



Norwich Investment Plan – Appendices 1-4

July 2020

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Appendix 1 – Outline Business Cases

Introduction

We have prepared outline business cases to support all eight projects. These outline business cases complement the information provided in Section 2 of our Investment Plan and provide further information. Further detail on these projects will be developed as part of Phase 2 of the Towns Fund work.

Our total ask of Towns Fund is £26.63m. This includes £500,000 to support programme management over the life of the programme which represents considerable value at less than 2% of the fund value.

We have prepared indicative BCR estimates which indicate that all projects have either high or very high value for money (VfM) (see below). We have done so on a conservative basis using established methodologies and ready reckoners. In most cases, we estimate that a fuller appraisal of the benefits of each project will show a higher BCR than is indicated below. Nonetheless, this early BCR work indicates that even with conservative assumptions **each project in our Investment Plan offers good or very good investment value for money.**

Project A – Digital Hub

Summary

We will use the Towns Fund to develop the Digital Hub, a new start-up and grow-on space for digital businesses in Norwich which will provide a focal point for the sector. The Towns Fund will contribute £2.5m to this project. The Digital Hub will be up and running by the end of 2022 and will provide space for 10-25 businesses and approximately 200 jobs.

Project description

The purpose of this project is to develop a new start-up and grow-on space for digital businesses in Norwich and provide a focal point for the sector as a whole. Given the risks associated with office development in the current climate, we are proposing to repurpose an existing building. Specifically, we will refurbish the Townshend House building in the city centre as a commercial space that provides start-up and grow on space for businesses in the digital/tech industry.

Townshend House is a four-storey, office building in the ownership of the City Council located at the heart of the City Centre, adjacent to the Castle and the central route from the train station to the City Centre. It is next to the Anglia TV building, and is highly accessible with good car parking. The building currently houses Norwich Property Services (NPS), a jointly owned, arms-length asset management organisation.



Townshend House

Given that NPS is seeking to move premises in the near future anyway, there is an opportunity to move quickly and bring this property to the market by Summer / Autumn 2022. This will enable us to test the strength of market demand and put in place the sectoral promotion elements that will support the long-term development of the digital sector in Norwich.

The former regional HQ of ITV, Townshend House is approximately 23,000 sq. ft NIA and, with the necessary refurbishment, could provide space for 10-25 companies (depending on size) and approximately 200 jobs. There is an opportunity to move quickly and bring this property to the market by Autumn 2022.

The Digital Hub will be professionally managed so as to offer a focal point for the sector - an entry point for potential investors and companies seeking to locate in Norwich. In this way, it will support the growth of the digital sector in Norwich and help boost our reputation as a digital cluster. The Digital Hub will include meeting and event space so that it can be used for networking, learning, and showcase events - which will be accessible to non-tenants as well.

Responding to COVID-19

We recognise that the COVID-19 pandemic is changing the way businesses think about what they need from office space. We have tested our proposition through a study of the office market which we commissioned earlier this year¹, which has found that these proposals remain highly relevant to the digital sector in Norwich, as there is a severe shortage of suitable space (see below), and fundamentally, the sector flourishes on face-to-face interaction and the networking that this building will support.

Our approach to this project is designed to mitigate the uncertainty in demand for office space post-COVID by repurposing a building in our ownership for businesses in the digital sector. This will not only help determine the level of demand but will also help build it back into Norwich. This can act as a catalyst for further future investments in digital office space by the City Council and partners, as well as private investors.

¹ Ramidus (2020) A Review of Office Accommodation in Norwich

Rationale/strategic case for investment

Norwich has a growing tech and digital cluster, with specialisms in InsureTech and gaming design, and a thriving creative scene. Technation estimates that the sector contributed £395m in GVA and supported 13,400 jobs in 2018². The cluster has experienced considerable growth in recent years, with a 30% increase in digital employment between 2010 and 2015, 73 business births in 2016³ and over 100 spinouts per year from the universities over five years⁴.

Since 2008, almost 30% of office stock in the city has been lost⁵ and finding adequate levels of commercial office space in Norwich is a major barrier to the continued growth and success of this sector. There are challenges for start-ups in finding somewhere to land, incubate and grow, as well as more established scale-ups and fast-growing businesses in finding larger spaces of more than 5,000 sq. ft.

There is a growing risk that these businesses could relocate to another location to access the space they need to flourish and that the momentum and highly skilled jobs which have been created will be lost. A recent review of the City's office market found that 'many of Norwich's fast-growing digital businesses have expressed frustration that their growth is being artificially stifled by the inability to find grow-on space (500-1,500 sq. m) in the city centre'⁶ The Digital Hub offers the opportunity to fill this gap in office provision for existing firms, whilst also attracting new jobs and businesses to the city.

Intervention is required because there is no similar location in the City which provides quality space of this kind for growing firms at the scale required. There are some successful smaller operators which demonstrate that space is required. For example, Fuel Studios is a has successfully provided smaller space for businesses, with large open communal areas, a shared kitchen and defined office spaces. It is based in an attractive building in the vibrant area of the Lanes. However, it is smaller than the proposed development. A study of the office market carried out this year concluded that 'in recent times there has been reduced developer appetite for new, large-scale office development, with low rental values making speculative development unviable...in short, there is a market failure.'⁷

Intervention is also required to create the hard and soft infrastructure that will support improved networking across the sector. The City already has strong networks including SyncNorwich, now in its fifth year with membership of over 1,300 members as well as many other; Norfolk Developers, HotSource and Norfolk Data Science. However, there is no single focal point for meetings, as much of this happens in local pubs and restaurants. The experience of the Bradfield Centre and other similar digital workspaces suggests that a more

² Tech Nation report (2018)

³ Norwich Economic Analysis – Future Growth Sectors (2017)

⁴ HESA (2018)

⁵ Ramidus (2020) A Review of Office Accommodation in Norwich

⁶ Ramidus (2020) A Review of Office Accommodation in Norwich

⁷ Ramidus (2020) A Review of Office Accommodation in Norwich

neutral, professional location for meetings is helpful to expand the diversity of the sector and to act as a point of access for technology investors.

Other options considered

As part of developing the proposed approach we have considered a number of other courses of action as follows:

Option Considered	Reason for rejecting
Do nothing	Not investing in digital workspace will leave the sector exposed to continued losses of valuable employment space, making it harder to support start-ups and growing firms, and making it harder to retain skilled workers and graduates. Without the Digital Hub, it will be hard to grow the cluster effectively and the City will not achieve its potential.
Invest in an alternative building	We have used our recent office market survey to consider a large number of potential alternative sites and premises. All of these alternatives suffer from either being relatively expensive and / or difficult to deliver, and / or difficult to achieve the broader strategic aims of the Hub (i.e. raising awareness of the sector and acting as a focal point). Also, most are not under the City Council’s control, adding to risk. This process has helped assure us that the approach we are proposing here is the best course of action given current uncertainties.

Alignment / Strategic Fit

Alignment with the goals of the Towns Fund

The Digital Hub meets the goals of the Towns Fund by supporting the development of high-quality enterprise infrastructure. Specifically, it provides outputs in terms of:

- Increase in the amount (and diversity) of high quality, affordable commercial floor space
- Increase in the amount of shared workspace or innovation facilities

In terms of local alignment, the development of the Digital Hub supports the Norfolk and Suffolk Local Industrial Strategy which has highlighted ICT and Digital Creative as a priority area, and which has highlighted the need to: ‘Create a new digital hub in Norwich for the incubation of start-ups and accommodation of scale-up businesses in the digital and creative cluster.’⁸

⁸ Norfolk and Suffolk Unlimited (2020) Draft Local Industrial Strategy

The Digital Hub fits with the Norwich 2040 priorities of A Creative City, A Fair City and A Dynamic City, by attracting new jobs and businesses and leveraging the attraction of city centre learning and cultural events.

Complementarity with other Town Deal projects

The Digital Hub complements our other projects which are focussed on the digital sector:

- **The Digi-Tech Factory** – the Digital Hub will provide accommodation for more employment that will help attract high skilled workers and retain graduates from UEA, NUA and City College Digi-Tech Factory, either for working for at a growing tech firm or starting a business.
- **Branding** – The Digital Hub will be a flagship project that will provide a focal point for innovation, collaboration and growth of Norwich’s tech and digital businesses. It will be a visible example of Norwich’s ongoing ambitious transformation.
- **The Halls** – by helping digital businesses – including creative digital businesses – to start and grow, the Digital Hub will provide demand for, and benefit from, the new facilities being developed at the Halls.

Theory of Change

The Digital Hub is a flagship investment designed to address the lack of a dedicated business space for the digital sector at a significant scale. It will help provide the space needed to enable firms in the sector to start-up and grow-on, and will help create a focal point for the sector through a specialist management service which will provide events and support networking / investor enquiries. This will support the existing digital sector, and help grow the sector by increasing graduate retention and providing jobs for graduates of the Digi-Tech Factory. In this way, it will help to create and retain high quality jobs within the city.

Estimates of project costs, timescale and spend profile

Townshend House will be delivered by Norwich City Council. Subject to more detailed feasibility work, the costs of refurbishing Townshend House are estimated at £2m which we would seek from Towns Fund. These costs are largely associated with improving the long-term energy efficiency of the building, as well as aesthetic upgrades and costs associated with turning the building into a modular workspace. The City Council would be contributing the value of the building, estimated at £1.65m. Depending on the date of the release of funding, Townshend House could be refurbished by Summer /Autumn 2022, after which Townshend House would begin to generate revenue.

Estimated Profile of Town Deal Funding

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Townshend House	£0.5m	£0.5m	£1.5m			£2.5m

We are also conscious that other buildings may become available as a result of the recession and will actively consider whether these provide a better location on a case-by case basis, this will have a bearing on the costs involved as well as the timing of delivery.

Estimated Benefit Cost Ratio

We have estimated the BCR of this project at 6.37. This BCR demonstrates that the project can be expected to provide excellent value for money. BCR is calculated on the basis of NPV of benefits and costs. Discount rate used is 3.5% in line with HMT guidance.

We have used reasonable ready-reckoners to estimate the GVA impact of additional employment in the City. We have used current market analysis (carried out post-COVID-19) to estimate likely rental income. We have assumed persistence of employment-related GVA benefits for three years in line with available guidance⁹.

A more detailed analysis will be required to determine additionality. At present we have conservatively suggested additionality of 47% in line with established guidance¹⁰. This reflects the fact that the Digital Hub will provide a high quality offer unavailable in the City. Whilst it might dissuade private sector developers to bring forward office space for the digital sector (though any such space is unlikely to provide the same high quality offer or serve as a focal point in the same way), equally Townshend House may increase wider demand for space and serve as an exemplar for private sector investment.

Even with these stringent assumptions, this project still offers a very strong BCR, in part because of the high level of leverage as a result of Norwich City Council assuming a high proportion of project costs (discussed below).

Funding secured from other sources, community and private sector involvement and major interdependencies

We are able to secure Business Rates Pool funding to carry out the design work which is made up of £315,000 Norwich City Council and £315,000 Norfolk Pooled Business Rates funding.

The value of Townshend House is £1.65m and constitutes a form of contribution / leverage.

Private sector leverage is possible, but as yet unconfirmed, though we have had conversations with several blue-chip organisations about potential tenancies for their digital teams. Most importantly, the building will secure rent from private sector tenants. As part of our business case work we will further model expected income and include this in our Stage 2 submission.

⁹ HCA (2014) Additionality Guide Fourth Edition

¹⁰ HCA (2014) Additionality Guide Fourth Edition which refers to BIS (2009) Research to Improve the Assessment of Additionality in which net estimates of additionality for different types of projects are provided.

Project B – Norwich Make Space at The Halls

Summary

This project will develop the Halls so that it has improved facilities for hosting cultural performances and state-of-the-art digital making facilities to support creators and artists to develop digitally-distributable content. £3.65m is sought from Towns Fund and this will generate 4 direct and 25 indirect jobs, support the development of the creative digital sector, and create £1.3m of visitor spend per annum in the wider economy.

Project description

The Halls is a multi-use cultural venue owned and run by Norwich City Council, and a Grade I listed ancient monument. The building passed into public ownership during the reformation in 1538 and is the most intact medieval friary in England in secular use. Today it is a successful receiving house and the largest concert venue in the city.

The project has two main aims:

1. To make The Halls, a unique city centre building, fit-for-purpose so it can continue to house community and cultural events to support the local economy. This will be achieved by investing in the facilities, including modern raked and gallery seating, increased digital capacity, fit for purpose audio visual, sound proofing and blackout capability, as well as major redesign to improve flow and accessibility.
2. To transform The Halls into a state-of-the-art digital making space so as to enable the building to meet the needs of the next generation of artists and audiences. Specifically, it will enable companies and local organisations to create content that can be digitally distributed, opening up new opportunities, revenue streams and audiences for performers. It will be a hub for collaborative creative thinking and generate new, highly valued, cross-sector partnerships between culture, digital and tech.

There is considerable demand for production space in the city. Norwich Make Space will be the first regional production hub of its kind in the UK. It will generate additional funding and support the local creative network of highly skilled producers, technicians and artists. Norwich Make Space will help retain talent in the city who will contribute to the economy by establishing their own creative enterprises.

Responding to COVID-19

This project supports a response to COVID-19 in two important ways. Firstly, as a large venue with lots of indoor space, the Halls are relatively well suited to supporting socially distanced performances. This will help to support the Norwich cultural sector should the requirement for social distancing persist over the medium term. Secondly, Norwich Make Space will support local performers to develop new revenue streams which are not dependent upon in-person attendance. The audience for these is potentially much broader than could be reached even by touring companies, and will be especially valuable if long-term shielding of vulnerable populations remains the norm for some time to come.

Rationale/strategic case for investment

This building is the only venue of its kind in the city. It is flexible and has the largest flat floor space of any cultural venue in Norwich. As a vital part of the city's cultural, economic and community life it promotes a mix of professional, amateur and community use and its multi-purpose use is seen as a strength. The Halls are located in the heart of the city and have been a focal point of the Creative Quarter since the 14th century. It has the potential to become a change vehicle for how the city's cultural partners operate together, encouraging more creative practice and joint working.

If the Halls are not refitted and developed it could be lost, leaving a massive hole in the city centre and in the cultural ecology of the city. This is particularly true given the recent closure of the Open Building. COVID-19 has meant a shift to an online presence for many cultural organisations. In a recent survey, 64% of people said they will continue to watch or participate in online experiences even after the re-opening of attractions, whilst 48% said they will continue to watch or participate in online activities in preference to going out after lockdowns are lifted, and 21% said they paid to watch or participate in online experiences during lockdown. This appetite for high quality online content creates a perfect moment in time for Norwich Make Space to generate ground-breaking new work in a digital world. The cultural sector is key to the city's recovery and The Halls has an opportunity to meet a gap in the cultural landscape and become the regional and national lead in digital creation.

The cultural sector in Norwich represents 7.5% of the economy, supports 3,000 jobs and contributes £50m GVA¹¹. The Halls has annual attendances of 120,000 and the investment proposed here would likely increase this by 100,000 per year¹². The future income (uplift) generated as a result of proposed fit-for-purpose renovations and black box studio is £100k per annum¹³. Four additional jobs will be created to underpin the project and the construction phase will create approximately 25 highly specialised jobs across a range of specialisms. Development of The Halls would not only create jobs but would underpin the cultural sector in the city by encouraging artists and skilled professionals to remain, and supporting them to set up their own cultural enterprises. The future ambition would be to look at the way The Halls could be managed through partnership which might involve commercial organisations.

Other options considered

As part of developing the proposed approach we have considered other courses of action as follows:

¹¹ Norwich City Council analysis

¹² Estimates by Norwich City Council

¹³ Estimates by Norwich City Council. Note: this is relatively conservative. The potential implications for revenue of streaming performances are large, though very hard to estimate up-front.

Option Considered	Reason for rejecting
Do nothing	<p>The private sector is unlikely to deliver a digital make space of equivalent quality and range of access. Through public ownership, the make space can be made available to a far wider group of artists and performers, with greater discretion over the fees required for use depending on the ability of the artists to pay. This will help ensure a wider range of voices is heard.</p> <p>Also, without this investment, the full potential of the Halls as a venue will not be achieved and there will be less flexibility to stage performances. The cultural sector is vital for the long-term attractiveness and quality of life of the City.</p>

Alignment / Strategic Fit

Alignment with the goals of the Towns Fund

The Halls aligns with the following themes and outcomes of the Towns Fund:

- Digital Connectivity – and the outcome relating to ‘increased utilisation of digital channels, by businesses, to access and/or supply goods and services’
- Arts, Culture & Heritage – ‘Improved arts, cultural and heritage offer that is more visible and easier for residents/visitors to access’
- Enterprise Infrastructure – output relating to ‘other schemes to support enterprise and business productivity and growth’

This project is valuable precisely because it aligns with a number of different themes and objectives of the Towns Fund.

Complementarity with other Town Deal projects

This project complements:

- **The Digital Hub** – by supporting the wider digital ecosystem and providing state-of-the-art equipment which can be used by digital creative businesses.
- **The Digi-Tech Factory** – by supporting the wider digital ecosystem and therefore creating demand for relevant skills.

Theory of Change

The Halls supports two important elements of our strategy. Firstly, the development of the Make Space supports the creative part of Norwich's digital sector. It will enable firms and performers to use technology to increase their revenue and to find new customers/audiences. This is particularly important given that COVID-19 may suppress

opportunities for revenue from in-person live events for some time. Secondly, the enhancement of the venue itself will help retain an important cultural asset in the city centre and enhance the cultural offer in Norwich. This is an important element in maintaining a high quality of life which helps attract and retain skilled residents and companies.

Estimates of project costs, timescale and spend profile

Estimated Profile of Town Deal Funding

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Norwich Make Space in the Halls	£0.25m	£1.9m	£1.5m			

Estimated Benefit Cost Ratio

We have estimated the BCR of this project at 2.88. This BCR demonstrates that the project can be expected to provide good value for money. BCR is calculated on the basis of NPV of benefits and costs. Discount rate used is 3.5% in line with HMT guidance.

We have used reasonable ready-reckoners to estimate the impact of additional employment. Visitor spend has been calculated using average figures for the East of England from the latest Visit Britain data on the basis of an estimated 35,000 extra visits per year, with 80% of these being day-trips and 20% overnight stays. It is estimated that £100,000 per annum of additional revenue will be generated by the new facility, though this is conservative and there is significant potential upside. We have assumed persistence of employment-related GVA benefits for three years in line with available guidance¹⁴.

A more detailed analysis will be required to determine additionality. At present we have conservatively suggested additionality of 47% in line with established guidance¹⁵.

Funding secured from other sources, community and private sector involvement and major interdependencies

Funding from other sources, includes:

- Norwich City Council capital grant (confirmed) – £450k
- Norwich Consolidated Charities (expected) – £100k
- Arts Council of England (expected) – £450k

¹⁴ HCA (2014) Additionality Guide Fourth Edition

¹⁵ HCA (2014) Additionality Guide Fourth Edition which refers to BIS (2009) Research to Improve the Assessment of Additionality in which net estimates of additionality for different types of projects are provided.

Project C – Digi-Tech Factory

Summary

We will use Town Deal funding to support the creation of a Digi-Tech Factory at City College Norwich. The Town Deal will contribute £1.5m to this £10.5m project (the other £9m already secured) which will develop a significant new skills facility by September 2021, allowing us to train 577 individuals (477 students learners and 100 apprenticeships) per year in digital skills.

Project description

This project will deliver a new dedicated skills facility - the Digi-Tech Factory - which will provide a modern, industry-standard and efficient environment including 12 Digital Studios for the teaching of digital based learning and 5 “elabs” to support hands on application of learning in robotics, that will bring together digital technology, engineering and design courses. It will be home to a wide range of full- and part-time courses, as well as apprenticeship learning, from creative media, to software and programming, and ‘hard’ digital skills relating to networking, infrastructure development, electronics and automated manufacturing. The aim is to create a high-quality learning environment for students that feels more like a professional environment than a classroom.

Its presence will add to the already thriving digital tech sector in Norfolk and Suffolk by supporting the teaching and research of nearly 500 students, providing experience opportunities to over 100 apprentices and creating new jobs on campus, as well as providing support to 68 businesses more widely in Norwich, through training of employees or via providing facilities and resources for in career development of staff.

Responding to COVID-19

This project will support our response to COVID-19 by further supporting access to digital skills for local people. This will help many young people locally to get access to employment in fast growing digital occupations, which in many cases will be amenable to remote working.



Rationale/strategic case for investment

City College Norwich is well placed to ensure that the Digi-Tech Factory supports the development of an inclusive and highly skilled workforce. This will be achieved by growing activity with young people engaged within full time learning and significantly increasing apprenticeship activity, offering opportunities for individuals to enter professions or upskill within them. Specific programmes that this project will deliver such as the development of Access to HE and Adult Basic Digital Skills Provision will widen participation and include the ability to support retraining. Both the 16-18, apprenticeships and adult programmes, will provide opportunities for progression to Level 4-6 study through City College Norwich via an apprenticeship or traditional undergraduate at UEA and NUA partners. Already the City College has a track record of widening participation where in 2017/2018, 24% of HE students were from low participation wards compared to national average for HE of 11%.

The Digi-Tech Factory will provide support for the fast growing digital and creative hub found in Norwich. In addition, to the development of new curriculum activities for students and apprentices, the site will be strategically placed by the Creative Arts Building within the City College Norwich site to maximise collaboration between the digital and creative industries. The Digi-Tech Factory will also support Norwich's strength in InsureTech through providing enhanced specialist teaching facilities in key areas such as cybersecurity that are critical for the sector.

The Digi-Tech Factory will play an important role in improvements to productivity as a result of more digital skilled future employees. The OECD has consistency found a strong link

between digital capacity and improvements in productivity. In a recent 2017 report¹⁶, they stress that digital skills could be increasingly important for workers and interdisciplinary digital skills will be necessary to support industries of the future. The Digi-Tech factory is based on these underpinning principles and has the capacity to play a key role in productivity gains in regional industries over the coming years.

Other options considered

As part of developing the proposed approach we have considered a number of other courses of action, as follows:

Option Considered	Reason for rejecting
Do nothing	The development of the Digi-Tech Factory has clear benefits for the City by supporting more local people into fast-growing occupations. Our economy needs more trained people with digital skills to continue to grow. This is true in the digital sector and across the economy. Not developing the Digi-Tech Factory would make it harder for young people to find good employment, and would risk slowing the growth of our economy.
Invest in another form of digital skills provision	City College Norwich is a high quality institution with a strong delivery track record and high standards of education provision. There are no other comparable investment opportunities which would provide this kind of digital training for young people in Norwich.

Alignment / Strategic Fit

Alignment with the goals of the Towns Fund

At the local level, the development will support the 2040 priority of A Fair City by providing facilities and infrastructure and a new community learning course to improve adult basic digital skills in Norwich. As the largest provider of 16-18 education in Norfolk and Suffolk, the Digi-Tech Factory has the reach to engage with a large cohort of young people across the region to develop their digital tech skills. It supports Norwich’s ambition to be a Creative City and a Dynamic City by supporting residents to access the skills that existing and new companies need and encouraging entrepreneurship. This is also a key element of the New Anglia Local Industrial Strategy.

¹⁶ OECD (2017) ‘The Next Production Revolution’

Complementarity with other Town Deal projects

It complements other Town Deal projects:

- **Digital Hub** – by providing a pipeline of digitally skilled graduates to work in digital companies.

Theory of Change

The digital sector is a key focus of the TIP. We want to ensure that we (1) provide opportunities for local people to access long-term employment in the digital sector in Norwich and (2) that we increase the skills pipeline available to local businesses. This project will help nearly 500 students annually to gain relevant, industry-tested digital skills. This will be immensely important for the long-term growth of the digital sector as well as other sectors that increasingly employ workers with digital skills. This project is highly complementary to the Digital Hub in particular as it will help ensure a strong provision of skills locally to support the growth of the digital sector.

The Digi-Tech factory will:

- Provide the physical infrastructure for the continued growth of provision to meet the skills shortages within the digital sectors, and underpin the training of students engineering and construction where digital skills are increasingly vital
- Pilot all three of the new technical level (T-level) qualifications from 2020 and be home to the digital T-level pathways from September 2020 and digital aspects of construction, engineering and manufacturing T-levels in subsequent years
- Embed digital skills in other 16-18 programmes, preparing young people for the workforce, offer a broader range of digital technology courses and enhance the existing technology-based engineering, construction, and creative courses
- Increase student numbers by 477 across 16-18 years, apprenticeships and adult students – 139 in T-levels, 40 in HE courses, 48 in Level 2 Diplomas, 100 apprentices and 250 in basic adult digital skills
- Generate additional income for the college through growth in student numbers – the per annum contribution increase to the college is 6% of the total project costs
- Support residents into higher paying jobs creating a £2.84m salary uplift¹⁷ – digital jobs pay on average £10k more and digitally enabled jobs pay on average £2,800 more than non-digital jobs¹⁸

¹⁷ City College Norwich estimates

¹⁸ Average salary for digital jobs is £42,578/annum and for digitally enabled jobs is £35,227 compared to non-digital jobs at £32,477 (Technation, 2018)

Estimates of project costs, timescale and spend profile

Town Deal funding of £1.5m is sought to enable the Digi-Tech Factory to be progressed. This investment leverages a £6m commitment by New Anglia LEP and a £3m commitment by City College Norwich.

This project strongly fits the aim of the Town Deal funding to support 'shovel-ready' projects, as the site for the building has already been cleared via demolition of the previous building, and planning permission has been secured, with R G Carter delivering the site.

The project will commence in Summer 2020 with a completion date of Autumn 2021. It will therefore offer opportunities for tangible expenditure within the 2020/21 financial year for government.

Estimated Profile of Town Deal Funding

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Digi-Tech Factory	£1m	£0.5				£1.5m

Estimated Benefit Cost Ratio

We have estimated the BCR of this project at 19.93. This BCR demonstrates that the project can be expected to provide excellent value for money, reflecting the high level of leverage. BCR is calculated on the basis of NPV of benefits and costs. Discount rate used is 3.5% in line with HMT guidance.

City College Norwich have calculated the salary uplift expected, based on reasonable comparators. We have assumed persistence of employment-related GVA benefits for two years per learner cohort, and for ten years in total, in line with available guidance¹⁹.

A more detailed analysis will be required to determine additionality. At present we have conservatively suggested additionality of 60% in line with established guidance²⁰.

Funding secured from other sources, community and private sector involvement and major interdependencies

The Digi-Tech Factory has secured £6m of funding from the LEP's Local Growth Fund. The college is providing match funding of £3m.

There are opportunities for further private match funding in the form of sponsorship, which we are exploring.

¹⁹ HCA (2014) Additionality Guide Fourth Edition

²⁰ HCA (2014) Additionality Guide Fourth Edition which refers to BIS (2009) Research to Improve the Assessment of Additionality in which net estimates of additionality for different types of projects are provided.

Project D – Advanced Construction and Engineering Centre

Summary

The Advanced Construction & Engineering (ACE) Centre will create high quality learning environments for Industry 4.0, sustainable transport, and advanced construction techniques. The project will require £3.1m of Towns Fund investment and will support 170 learners per annum, and help the growth of the wider Norwich economy.

Project description

The ACE Centre will create key technologically-enabled learning environments to support:

- Advanced engineering and manufacturing - updating and refurbishment of a dedicated teaching lab for automated engineering and manufacturing practices where efficiency and sustainability are key concerns. Providing modern facilities for computer designed mills and lathes, as well as the enhanced ability to teach Industry 4.0 aligned processes. Improvements in training facilities related to work with Programming Logic Controllers (PLCs) which are at the heart of enhancing efficient and sustainable manufacturing processes in a more automated world and some initial training equipment related to additive manufacturing.
- Sustainable Transport - creation of the first motor vehicle training facility in the region specifically designed to support hybrid and electric vehicles. There is a compelling and urgent need for the current training in motor vehicle engineering to have the infrastructure, equipment and facilities to be ready to support the creation of a low carbon transport infrastructure.
- Advanced Construction - creation of a new learning environment for the delivery of advanced construction training, including support for civil engineering training. The facilities for this key sector of training require considerable modernisation to ensure that the latest practices and equipment are available to students, and to inspire the next generation of students to consider technical construction roles.
- Digital technologies - creation of three advanced technology classrooms to enable skills in technologies such as Computer Aided Design (CAD) and Building Information Modelling (BIM) which would support developments in the productivity, efficiency and sustainability of both the engineering and construction industries through use of digitally enabled technology.

As a provider of the new T levels, the ACE Centre would support a T level in Construction (n=40/yr) as well as the T level Engineering pathways (yet to be finalised by the government (predict n=80/yr). In addition, the ACE Centre would support the broadening of the apprenticeship offer (n=+30/yr), as well as supporting study at HNC/HND level (n=+20/yr), which is seen as critical for the local sector skills plans. Finally, facilities could support adult learning opportunities, including upskilling of existing employees or the re-skilling required to provide new skills to those seeking new careers.

Responding to COVID-19

COVID-19 has badly affected the employment prospects for young people in particular. It is essential that more pathways are created to help young people into secure full time employment. In this way, this project will ensure that young learners in Norwich have more opportunity to secure good, long-term employment in sectors that are most resilient to economic downturn due to the pandemic.

Rationale/strategic case for investment

Advanced engineering and manufacturing and construction are seen as key sectors to the Norfolk and Suffolk economy. This project is aligned to the sector skills plans for those sectors.

The advanced engineering and manufacturing area would enable delivery of one of the new T level pathways from September 2022 and apprenticeship provision. One of our key large employers, ATB Laurence Scott, identified that “what apprentices learn within a training environment also plays an instrumental role to business for example; colleges and training centres that are able to use modern high tech equipment could open up new developments for improving productivity/quality/repeatability with the learner at the forefront of this”. The ability to provide up to date equipment of higher specification would allow growth in our apprenticeship provision. It would also enable engineering students to be exposed to industry standard equipment to better prepare them for jobs.

The sustainable transport area would be the first motor vehicle training facility in the region specifically designed to support hybrid/electric vehicles, supporting the creation of low/zero carbon transport. This need is driven by Government initiatives such as 'Road to Zero' to pursue a green agenda and professional associations, like the Institute of the Motor Industry. It would also support the Local Industrial Strategy as a ‘clean growth region’. It would enable delivery of one of the Engineering and Manufacturing T level pathways from September 2022, as well as the opportunity to offer a Level 3 award as part of an apprenticeship, and possibly a Level 4 award for employers to update the skills of existing staff. Lotus support our plan to develop and state “it is our belief that for learners to excel in their chosen vocation, they need to experience exposure to the latest technologies, techniques and components not only to support the role they are being asked to undertake in the workplace but to help these learners to contribute to the development of new products and processes within our business”.

The advanced construction area would provide a new, up-to-date environment and equipment to enable effective delivery of the new T level in Construction from September 2020 and also support Level 4/5 HNC/D Construction students. It will address the need for updated technology ensuring students have access to equipment such as Trimble Robotic Stations and aerial mapping/surveying solutions being used by industry. In addition, we would be able to offer a wider selection of modules to employers in relation to the HNC/D in Construction and increase numbers.

The digital technologies would complement the other areas with the introduction of Industry 4.0 aligned processes and the digitalisation of engineering. Higher specification IT equipment, touch screen integration with PLCs, variable speed drives, 3D modelling

applications and BIM software will mimic industry standards and support student and apprentice skills development. This would address the need for updated technology to effectively support civil engineering apprentices and employers such as Plandescil, Norfolk County Council and Clancy Consulting. Laurence Scott have highlighted this as a priority development area.

Other options considered

As part of developing the proposed approach we have considered a number of other courses of action as follows:

Option Considered	Reason for rejecting
Do nothing	The development of the ACE Centre has clear benefits for the City by supporting more local people into fast-growing occupations. Businesses in relevant sectors need to be able to access workers with relevant skills in the latest technologies. Not developing the ACE Centre would make it harder for young people to find good employment, and would risk slowing the growth of our economy.
Invest in another form of engineering skills provision	City College Norwich is a high-quality institution with a strong delivery track record and high standards of education provision. There are no other comparable investment opportunities which would provide this kind of engineering training for young people in Norwich.

Alignment / Strategic Fit

Alignment with the goals of the Towns Fund

The ACE Centre supports the Towns Fund theme of Skills Infrastructure. It supports all five of the outputs in this theme, namely:

- Increase in capacity and accessibility to new or improved skills facilities
- Availability of new specialist equipment
- Increased and closer collaboration with employers
- Increase in the breadth of the local skills offer that responds to local skills needs
- Increased benefit for the public education over the long term

Complementarity with other Town Deal projects

This project complements:

- **The Digi-Tech Factory** – by supporting the wider digital ecosystem and therefore creating demand for relevant skills.

Theory of Change

Digital technology is essential to growing the economy of Norwich in the future. The ACE Centre is an important element of ensuring that digital skills are supported across the economy, not only in the digital sector itself. Providing training in these disciplines will help local industries and will provide long-term career opportunities for local people. The manufacturing, engineering and construction sectors are important sectors across the wider Norfolk and Suffolk economy, and supporting these sectors to increase productivity by supplying dedicated skills training is a priority.

Estimates of project costs, timescale and spend profile

Estimated Profile of Town Deal Funding

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
ACE Centre	£0.31m	£2.79m				

Estimated Benefit Cost Ratio

We have estimated the BCR of this project at 2.29. This BCR demonstrates that the project can be expected to provide good value for money. BCR is calculated on the basis of NPV of benefits and costs. Discount rate used is 3.5% in line with HMT guidance.

City College Norwich have calculated the salary uplift expected, based on reasonable comparators. We have assumed persistence of employment-related GVA benefits for two years per learner cohort, and for ten years in total, in line with available guidance²¹.

A more detailed analysis will be required to determine additionality. At present we have conservatively suggested additionality of 60% in line with established guidance²².

Funding secured from other sources, community and private sector involvement and major interdependencies

There are opportunities for further private match funding in the form of sponsorship and/or provision of equipment, which we are exploring.

²¹ HCA (2014) Additionality Guide Fourth Edition

²² HCA (2014) Additionality Guide Fourth Edition which refers to BIS (2009) Research to Improve the Assessment of Additionality in which net estimates of additionality for different types of projects are provided.

Project E – East Norwich and Carrow House

Summary

We will put in place a masterplan for the East of Norwich which will unlock the full potential of this highly significant area of the City, which over the long term has potential to deliver 4,000 homes, 100,000 sq. metres of employment space, and up to 6,000 new jobs to 2038. As important as these outcomes is the opportunity to raise the profile of the City. We have established a public/private partnership to deliver this, working with local landowners.

A key component of the project will be to refurbish and repurpose Carrow House to provide over 50,000 sq. ft of space for professional and business services in close proximity to the Station and the City Centre. Refurbishing Carrow House will be an important first step in realising the nationally significant opportunity in East Norwich.

Project description

Norwich has a major opportunity to accelerate the regeneration of East Norwich to create a new high-quality urban quarter. This project will develop a comprehensive masterplan for this important growth area of the City, enabling the City Council and partners to ensure that the new urban quarter becomes a high quality addition to the City, providing a base for the long-term growth of Norwich.

The East Norwich development area itself is approximately 50ha and is comprised of sites including the Deal Ground, land in Trowse and the former Utilities site and Carrow Works. This is a nationally significant development area, with the potential to deliver a major extension to the City Centre: up to 4,000 new homes and 100,000 sq. metres of new employment space, accommodating up to 6,000 new jobs, and act as a catalyst for regeneration of both East Norwich and the wider city.

Alongside the development of the masterplan we propose to invest repurposing a prominent office building within the regeneration area - Carrow House - to provide over 5,000 sq. metres of floorspace for the professional services and knowledge industry. This refurbishment will help kickstart the revitalisation of the area and is able to be delivered within a year of funding being released.

Carrow House itself features prominently in Norwich and is just east of the city centre. It is within close proximity of the train station, HE/FE institutions (UEA and City College). The building itself is a combination of a Grade-II listed former home of the Colman family and a post-War II office building, located adjacent to Carrow Abbey, and set within attractive grounds. The building has good car parking provision, which coupled with good access to the station make it a realistic location for high quality business and professional services activities once refurbished.



Map of the East Norwich Regeneration Area showing the location of the Station and Carrow House



Front entrance of Carrow House

Responding to COVID-19

The East Norwich Masterplan will be able to reflect the impact of COVID-19 and consider how best to design the new urban quarter so as to ensure future resilience to the impact of COVID-19 (i.e. sufficient space).

Rationale / strategic case for investment

East Norwich Masterplan

To have several contiguous central sites, amassing to a land area of significant scale, within a 15-minute walk of the train station is a rare opportunity for a city. This potential is significantly augmented by the assets that lie within the area: the remains of the 12th Century Carrow Abbey, fine listed buildings, remarkable trees and gardens, extensive frontage to navigable rivers, and natural wetland habitat all provide a potentially valuable backdrop to redevelopment and the opportunity to create a new part of the city of remarkable quality.

The Masterplan is needed in order to ensure that the separate opportunities that exist are considered and planned as a whole as this will enable the whole area to become more than the sum of its parts. Without a masterplan, there is a risk that development will:

- Proceed more slowly than it would if a comprehensive plan were in place
- Proceed in a piecemeal fashion that reduces the value of the area and does not achieve the ambition for a new urban quarter

The Masterplan will build on existing work undertaken to develop a Vision for East Norwich²³. This work sets out the potential scale of the opportunity, but is also clear that delivering the new urban quarter will require addressing some significant site-specific challenges, including: restricted access to some sites, flood risk, site contamination, heritage and preservation issues, and the limited capacity of the strategic road network in this part of the city to accommodate significant additional traffic. Key infrastructure requirements include roads and bridges, sustainable transport links, green infrastructure, and social / community infrastructure potentially including a new primary school.

Therefore, the masterplan is necessary to develop an evidenced and comprehensive assessment of what is needed. This development is a transformational opportunity to expand the city eastwards and reposition the train station at the centre of the city centre. It is critical that this strategic opportunity is grasped to allow the outcome to be greater than the sum of the parts.

Carrow House

As discussed above in relation to the Digital Hub, Norwich has over the last decade lost a large amount of City Centre office space and there is a risk that, due to the impact of COVID-19, more could be lost permanently to residential use via permitted development. Analysis carried out on behalf of the City Council has identified this as a 'market failure' – as lack of commercial space fundamentally constrains the ability of the economy to grow.

²³ 5th Studio (2018) A Vision for East Norwich

It is therefore important to help bring forward commercial sites that can support the resurgence of the City Centre. Carrow House is an important opportunity because it is currently owned by Norfolk County Council and is available to purchase. We have discussed the potential to purchase the building using Towns Fund investment and have agreed an understanding that the County Council will seek to sell the building to us if funding is secured, in order to help the aims of the East Norwich masterplan. Therefore this is an opportunity with high deliverability. The refurbishment work can be completed within a year, allowing the building to come to market quickly. The building and the grounds are high quality with good car parking, and in a good location – which will help support the kinds of professional services occupiers we want to attract and retain.

Other options considered

As part of developing the proposed approach we have considered other courses of action as follows:

Option Considered	Reason for rejecting
Do nothing	Failing to develop a masterplan for East Norwich will likely result in piecemeal development that fails to unlock the full potential of this regeneration area. Not investing in Carrow House will mean that this building has an uncertain future, and is far less likely to contribute to the growth of high quality professional services in Norwich.
Only deliver the masterplan	Carrow House is an important opportunity to realise the aims of the East Norwich Vision and provide a spur to future development in the area.
Invest in an alternative building / site in East Norwich to kickstart regeneration	We have considered alternative approaches to kickstarting the regeneration of East Norwich. We feel that other sites / buildings do not offer the same combination of quick delivery and relative certainty of delivery that Carrow House does. Securing a Grade II listed building as a flagship professional services building is also too important an opportunity to miss, and an opportunity not provided by other sites.

Alignment / Strategic Fit

Alignment with the goals of the Towns Fund

The development of the East Norwich Masterplan and the refurbishment of Carrow House fit with the Towns Fund themes of Urban Regeneration, Planning and Land Use, and Enterprise Infrastructure. The projects will deliver the following types of outputs listed in the Towns Fund guidance:

-
- Delivery of quality residential or commercial space in key locations (town centres, gateway areas, employment sites)
 - Increase in the amount (and diversity) of high quality, affordable commercial floor space
 - Increase in the amount of shared workspace or innovation facilities

The Masterplan will further unlock over the longer-term projects which address other target outputs of the Towns Fund, namely:

- Remediation and/or development of abandoned or dilapidated sites
- Delivery of new public spaces

Complementarity with other Town Deal projects

The East Norwich development fits with the Norwich 2040 priorities of A Creative City, A Liveable City and A Connected City. The diverse new quarter will support the creation of skilled jobs and economic development by providing space for professional service and advanced manufacturing businesses, as well as new living, retail and leisure spaces. The close proximity of the East Norwich sites to the city centre and to the station allow the establishment of car free development, support by walking/cycling network that connects the city to the Broads. A 'green grid approach' to landscape will integrate existing under used open spaces, restored gardens, and newly created landscapes to enhance connectivity and biodiversity.

It complements other Town Deal projects:

- **Revolving Fund** – the fund can be used to help unlock some of the sites identified in the masterplan.
- **Branding** – by creating a distinctive, new quarter, East Norwich will help redefine the wider perceptions of the City.

Theory of Change

This project will deliver a masterplan that will enable the redevelopment of this area of the City. In turn, the redevelopment of East Norwich will:

- Expand the city centre eastwards and regenerate brownfield sites in East Norwich which will enhance the attractiveness of this important gateway to the City.
- Provide up to 4,000 new homes and 100,000 sq. m of employment space, accommodating up to 6,000 new jobs. By itself, this will deliver over 40% of the growth envisaged for Norwich in the Greater Norwich Local Plan to 2038.
- Provide new retail and leisure space, and new social amenities.

The new urban quarter will be consciously planned to provide a modern, sustainable urban quarter. The project will draw on successful case studies from the UK and Europe. The design

of the new Port of Norwich marina may be inspired by the surrounding of the Quayside buildings at Royal William Yard in Plymouth. Hammarby Sjöstad in Stockholm is an excellent example of how dense urban blocks (5-8 storeys) can be integrated with a waterfront landscape. The Palo Alto Project in Barcelona has transformed a former factory into a space that brings studios and creative professionals' workshops together and has now become the most popular street market in Barcelona. The Wharf Flea Market and the SESC Pompeia have also successfully converted redundant factory and wharf spaces to create inspiring creative and social settings.

The refurbishment of Carrow House into office space for high quality business and professional services will:

- Increase the amount of high-quality commercial space in the city by 5,070 sq. metres
- Create 420 jobs

Estimated Benefit Cost Ratio

We have estimated the BCR of this project at 4.59. This BCR demonstrates that the project can be expected to provide very good value for money. BCR is calculated on the basis of NPV of benefits and costs. Discount rate used is 3.5% in line with HMT guidance.

The BCR for this project has been calculated purely on the basis of the employment generated at Carrow House, not the longer-term employment and housing impacts that we expect the East Norwich masterplan will help unlock. We have used reasonable ready-reckoners to estimate the GVA impact of additional employment in the City. We have used current market analysis (carried out post-COVID-19) to estimate likely rental income. We have assumed persistence of employment-related GVA benefits for three years in line with available guidance²⁴.

A more detailed analysis will be required to determine additionality. At present we have conservatively suggested additionality of 47% in line with established guidance²⁵.

Funding secured from other sources, community and private sector involvement and major interdependencies

The long-term potential of the East Norwich Masterplan to leverage in private sector funding is estimated in the hundreds of millions of pounds, given the size of anticipated development opportunities.

A total of £455k will be secured from the East Norwich Partnership to support the Masterplan development work. The partnership and contributions comprise of:

²⁴ HCA (2014) Additionality Guide Fourth Edition

²⁵ HCA (2014) Additionality Guide Fourth Edition which refers to BIS (2009) Research to Improve the Assessment of Additionality in which net estimates of additionality for different types of projects are provided.

Partner	Amount
Norwich City Council	£100k
Norfolk County Council	£50k
Broads Authority	£5k
Serruys Property Company (owners of Deal Ground / May Gurney site)	£75k
Fuel Properties (prospective owner of Carrow Works	£75k
National Grid / RWE (owners of Utilities site)	£75k
Homes England	£75k
Total	£455k

Other partners are New Anglia LEP and South Norfolk Council who are contributing time and expertise.

Project F – Revolving Fund

Summary

We will address the persistent challenge of neglected brownfield and derelict sites in the City by establishing a revolving fund. This will improve the visibility of these areas and build needed homes across the City. Modelling of indicative sites suggest that we can deliver 260 homes over the next nine years, working in partnership with local developers. As important as this will be improving the appearance of key city centre sites.

Project description

We will establish a revolving fund to unlock stalled brownfield sites in order to deliver energy efficient, modern homes and workspaces to meet the needs of a growing and dynamic city economy. In many cases, the sites will be bought through the revolving fund and then sold on to a developer, and the fund could be used to absorb costs involved in acquisitions e.g. through Compulsory Purchase Orders (CPOs).

There are various sites across Norwich which the Revolving Fund could be used to target. Many of these sites are derelict or eyesores, and in some cases are attracting anti-social behaviour. In many cases, the Council has been working to get these sites developed for over ten years, without success due to the lack of a viable CPO option. In effect, there is a market failure as some landlords choose not to develop or sell their sites, but hold out for unrealistic valuations. This stifles development at key sites in the city.

The Revolving Fund will change this by providing the resources to cover the costs and risks associated with CPO. The Towns Fund will provide the necessary resources and cover the costs in the unlikely event that the CPO process is unsuccessful.

The Council's intervention via CPO is intended to demonstrate that it will be pro-active in ensuring under-utilised sites are brought forward for development. This will foster a positive environment for investment by the private sector. Ongoing CPO activity will encourage landowners to bring sites forward rather than land banking them.

Sites vary in size and some may be packaged together. There is to be a mix of sites for both commercial and housing use.

Site selection and acquisition will be managed through the Council's existing assessment, funding and governance processes for large investments. This will ensure that each process is given thorough and proper assessment, and ultimately will only proceed with Cabinet approval.

Responding to COVID-19

COVID-19 will likely have an impact on the viability of some properties in the City. It may create opportunities to purchase buildings and sites which can be brought back into use through the Revolving Fund. This will help avoid the challenge of having prominent sites

vacant, or even falling into disuse. Equally, bringing back into use existing brownfield and dilapidated sites will help show that the City is open for business.

Rationale/strategic case for investment

Norwich has a number of brownfield sites, in and around the city centre, including on prime land, which are currently idle and, in some cases, have been for many years. Many of these sites are derelict and are eyesores, attracting anti-social behaviour. Sites become stalled for a number of reasons, but commonly there are issues with remediation / broader costs of development, and landowners holding sites in the hope of receiving offers which are far in excess of a realistic market value. Absentee landowners may have little incentive (or capacity) to improve the properties for market and so sites can remain in a deteriorated state for a long time. This has a negative impact on surrounding property values and the perceptions of Norwich and different parts of the city.

The Revolving Fund offers a way to address this pervasive market failure and provides the opportunity to regenerate these sites, improving the appearance of these areas and bringing them back into economic and social use. This may be by addressing office space shortages through provision of new employment space, by building high-quality and affordable housing, or improving connectivity and encouraging active travel through better access. The revolving nature of the fund will allow money to be recycled so that it can be used on an ongoing basis to address problem sites.

We have used the CPO approach for the Kings Arms site, with the CPO being unopposed in this case. This demonstrates that CPO can be an effective tool for getting access to sites where landlords are refusing to negotiate or develop. However, this is a smaller site than the sites being considered for acquisition as part of the Towns Fund and the financial risks associated with large CPO requires Towns Fund support to happen. Fundamentally, this investment from the Towns Fund is necessary to progress this approach, as without it we could not proceed with a given CPO on a site if the financial risks arising from an unsuccessful CPO are not covered, as the Council is unable to bear this risk.

Other options considered

As part of developing the proposed approach we have considered a number of other courses of action as follows:

Option Considered	Reason for rejecting
Do nothing	Without action, the existing sites that are underused or dilapidated will likely continue. Some such sites have been in a similar condition for 10 years or more, despite the Council being proactive in trying to work with landowners. In the wake of COVID-19, this problem will get worse without active intervention.

Norwich City Council to fund the Revolving Fund	The costs of CPO are a big deterrent to councils around the country and Norwich is no exception. In the unlikely event that CPO does not succeed, the Council would be left with a legal bill for the failed CPO and this risk makes it unviable for the Council to fund this initiative by itself. Moreover, the Towns Fund investment will allow us to target bigger and more economically important sites and therefore have more impact.
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Alignment / Strategic Fit

Alignment with the goals of the Towns Fund

The revolving fund fits with the Norwich 2040 Vision priorities of A Liveable City and a Fair City, specifically the goal to provide ‘housing that is fit for the future and meets the changing needs of our people’.

Complementarity with other Town Deal projects

It complements other Town Deal projects:

- **East Norwich and Carrow House** – the revolving fund may be used to finance the purchase of some smaller sites.
- **Public Realm** – complements activity aimed at improving connectivity, flow and movement around the city
- **Branding** – bringing derelict sites back into use as new dynamic spaces will help enhance Norwich’s image as an attractive place to live and work

Theory of Change

The Revolving Fund supports the improvement of the city centre by allowing us to directly tackle problem sites and buildings which play a role in deterring investment, encouraging anti-social behaviour, and lowering land values. The Revolving Fund will help us turn unproductive sites into attractive housing and commercial space, including affordable housing. It will enhance the attractiveness of the city centre and therefore contribute to improved quality of life.

The revolving fund will:

- Bring stalled brown field sites back into use by purchasing them from landowners who have left them idle
- Enhance the attractiveness of the city
- Improve connectivity and accessibility

Estimates of project costs, timescale and spend profile

Estimated Profile of Town Deal Funding

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Revolving Fund	£6.1m					

We have modelled the timescales for the Fund for the first three revolutions. The figures for Site 1 are based on a specific identified site (though the final choice of first site has not yet been determined), whilst Sites 2 and 3 are notional at this stage, though representative of the long-list of targets we have.

All timescales are indicative at this stage and assume a CPO is required. If CPO is not required the timescales will be faster. The initial phase will involve acquiring Site 1 through the Revolving Fund. The timeline will vary based on whether the site will go to a CPO enquiry.

If the process of acquisition goes via a CPO, it is estimated that Site 1 will be acquired and then sold off to a confirmed developer by 2021/22 Q2. The delivery of Site 1 might be expected to be completed by 2023/24 Q3.

Activity on the second site will be triggered by the receipt of Phase 1 monies. If the site goes to a CPO, the site is estimated to be acquired and sold on to another developer by 2024/25 Q4. The delivery of Site 2 might be expected in 2026/27 Q1.

The process of acquiring the third site might be expected by 2026/27 Q4 and sale of the site to the developer would then be in 2027/28 Q2. The development would then be finished by approximately 2029 Q1.

Estimated Benefit Cost Ratio

We have estimated the BCR of this project at 3.51. This BCR demonstrates that the project can be expected to provide good value for money. BCR is calculated on the basis of NPV of benefits and costs. Discount rate used is 3.5% in line with HMT guidance.

We have used reasonable ready-reckoners to estimate the GVA impact of additional employment in the City. We have used current market analysis (carried out post-COVID-19) to estimate likely rental income. We have assumed persistence of employment-related GVA benefits for three years in line with available guidance²⁶. Assumptions about approximate sites and timescales are detailed above.

²⁶ HCA (2014) Additionality Guide Fourth Edition

A more detailed analysis will be required to determine additionality. At present we have conservatively suggested additionality of 47% in line with established guidance²⁷.

Funding secured from other sources, community and private sector involvement and major interdependencies

The build cost of the private developments unlocked via the activity of the Revolving Fund is estimated at £42.3m over the three phases. In terms of public sector leverage, Norwich City Council's HRA retained right to buy receipts will be invested to support the delivery of affordable housing – an estimated investment of £3.54m.

²⁷ HCA (2014) Additionality Guide Fourth Edition which refers to BIS (2009) Research to Improve the Assessment of Additionality in which net estimates of additionality for different types of projects are provided.

Project G – Public Realm

Summary

We will regenerate two important city centre locations: St. Giles / Upper St. Giles, and Hay Hill. These schemes are part of a broader City Centre Public Spaces Plan and will contribute to improved user experience and attractiveness of the city centre. BCRs calculated for these projects show good or very good value for money.

Project description

Improving areas of public realm involves investing in public spaces in the city centre to redesign and regenerate urban spaces and improve connectivity and navigation over the next five years. The City Centre Public Spaces Plan (July 2020) illustrates the projects that are planned to enhance squares and public gardens, improving traffic management and lower car emissions, and creating new walking and cycling connections. These improvements will contribute to the Norwich 2040 City Vision to promote creativity, liveability, connectivity, fairness and dynamism within the city centre.

There are two sites, involving street improvements, new pedestrian crossings and open space improvements, which will be the focus of the Towns Deal funding:

- **St Giles/Upper St Giles** – a main historic street leading to the heart of the city centre that presents an opportunity to widen footways to give more space to pedestrians, create opportunities for outdoor dining, enable loading areas to work better and plant trees. A new pedestrian crossing will help the safe flow of pedestrians. The enhanced streetscene will encourage economic investment and increased footfall.
- **Hay Hill** – a square close to the marketplace and the main shops. Hay Hill is one of few open spaces within the city centre; however, at present complicated level changes, site furniture and a complex layout hinder the ability of city residents and visitors to easily walk through, sit on the steps and enjoy the activities around them. A clearer central area will encourage extended use and host cultural activities and events.

Responding to COVID-19

Both of these projects will provide more space for pedestrian movements in the relevant areas, therefore helping support social distancing and increasing the volumes of pedestrians that can move safely through the area. The St. Giles scheme will improve the ability of local restaurants to provide outdoor dining which will have an important economic benefit for these establishments if social distancing measures continue to be required in the medium term. Improved space provision in Hay Hill will likewise help ensure that suitable small scale activities will be possible in this area.

Rationale/strategic case for investment

Norwich has an attractive and historic city centre, which visitors enjoy exploring when visiting the city and residents and workers benefit from in their leisure time. The city aspires

to create a liveable and walkable city centre and build on the afterwork offer and 'coffee culture' by improving pedestrian flow, improving the network of public spaces and accessible green space.

The flow of people around the city is currently limited by narrow footways and heavy traffic. A challenge for the city going forward will be to encourage people to come into the city centre, whilst managing car use, relieving space and reducing pollution. In the past, some streets have had traffic removed (such as Upper St Giles), but have not been redesigned to adapt to this new condition and have been left feeling bare and empty. Meanwhile others are constrained by heavy traffic, for instance St Andrew's Street and Magdalen Street.

On St Giles Street the narrow pathways frustrate pedestrians and lower footfall to independent businesses. Upper St. Giles has a distinct character with an independent retail offer but is disconnected from the major independent retail area "the Lanes". Upper St Giles will be transformed into a street for people to spend time in rather than to move through. The streetscape will be enlivened with street cafes, dining and associated trees and Sustainable Drainage System (SuDS) features. St Giles Street will retain its strong and impressive linear character but with wider and attractively paved footways, improved informal crossing and decluttering, to increase accessibility and footfall. The widened footways linked to established and anticipated businesses will encourage the use of the street for cafes and street retail opportunities. These changes linked to enhancements on Upper St Giles will create a vibrant and unique retail and residential area.

Hay Hill presents an opportunity to enhance much needed open space within the city centre and has connections to major retail centres via Weavers Lane and William Booth Street. It was last designed in the 1980s and currently has complex levelling, ineffective street furniture and waymarking. Redesigning the space will encourage greater use of the area, establishing it as a place to hold events/cultural activities, having widespread economic benefits for the surrounding retail streets. Norwich market was recognised as a winner in the 2019 market awards and has a wide and diverse range of catering stalls. At present there are very limited opportunities for seating and extended use. The re-designed Hay Hill linked via an enhanced Weavers Lane to the market will provide a range of seating and opportunities for events and extended retail enhancing connectivity between the two spaces.

In the context of COVID-19 recovery, there are opportunities to redefine how public space is used to secure the economic future of the city centre given significant increases in online shopping and home working. It will also be important for there to be adequate space for movement around the city when visitor numbers rise, given that social distancing may need to persist.

Alignment / Strategic Fit

Alignment with the goals of the Towns Fund

This project fits with the Towns Fund theme of Urban regeneration, planning and land use and the output 'delivery of new public spaces' as well as the outcome of 'enhanced townscape that is more attractive and more accessible to residents, businesses and visitors'.

Locally, this project fits with a number of priorities in the 2040 Vision. It supports Norwich to be ‘A Liveable City’ by enhancing use of low-emission and affordable transport that improves air quality in public spaces, and to be a ‘Connected’ and ‘Fair’ city by promoting walking and cycling with space where all people can come together, share and exchange. Improvements to the public realm also nurture creativity by regenerating urban spaces, developing the unique mix of experiences in the city centre and maximising heritage assets to transform perceptions of the city. Provision of good quality public space will contribute to ‘A Dynamic City’ as this is something valued by businesses.

These enhancements to the public realm support wider investments in public space and transport infrastructure, such as through the Transforming Cities Fund.

Complementarity with other Town Deal projects

It also complements other Town Deal projects:

- **East Norwich Masterplan & Carrow House** – by helping to reshape the geography and connectivity of the city centre
- **Branding** – boosting the perception of Norwich as an attractive place to visit, invest and set up business

Theory of Change

This project will enhance the appearance of two important areas of the city. It will therefore help local businesses by providing a more attractive environment and help design out some existing flaws which contribute to anti-social behaviour in some instances. It will make a contribution to enhancing overall quality of life in the city given the central importance of both of the target areas. As such it will help encourage further investment and help attract and retain skilled workers and businesses.

Estimates of project costs, timescale and spend profile

Estimated Profile of Town Deal Funding

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Public Realm		£1m	£3m			

Estimated Benefit Cost Ratio

We have estimated the BCR for Hay Hill at 5.36 and St Giles at 2.27, demonstrating that the project can be expected to provide good or very good value for money. This is calculated using DfT’s AMAT tool from draft design.

Funding secured from other sources, community and private sector involvement and major interdependencies

Additional funding has been secured from the Transforming Cities Fund and Norfolk County Council Local Transport Plan.

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- £75k Transforming Cities Fund programme funding will pay for the improvement of William Booth Street and the associated crossing on Theatre Street. These are connected to the Hay Hill project, enhancing the connectivity and flow benefits the site will bring.
 - £100k of County Council Local Transport Plan funding will pay for a new zebra crossing at the entrance to Upper St. Giles, which will be the first element of the St Giles project to be implemented. It will enhance the main Towns Fund project to increase footfall to the street.

Project H – Branding

Summary

We will put in place a communications approach to ensure that what Norwich has to offer – as a place to live, work, and locate a company – is understood. We will build on our successful City of Stories campaign and ensure that this programme of work links into our other initiatives, particularly the development of the Digital Hub.

Project description

This project will establish a cohesive commercial proposition for Norwich as ‘the place’ for business and promote the city as one of the best places in the world to live, learn, work and succeed. It will articulate the city as having real opportunity and an amazing quality of life that retains and attracts top talent to drive business, similar to that of the neighbouring successful cities, Oxford and Cambridge.

A major component of the project will be the creation of a digital platform, Invest Norwich. This will act as a gateway for new businesses and people to understand what the city offers, articulating the distinctive opportunities in each of the eight districts. It will attract new business and welcome people into these social innovation networks, providing information and support to potential new businesses and individuals. In developing our approach, we have drawn on established best practice, including the highly successful Invest Adelaide platform.

Responding to COVID-19

We believe that COVID-19 further enhances the case for smaller, more liveable cities like Norwich over larger metropolises. Norwich has a huge amount to offer businesses and skilled workers who would like to relocate from larger cities. This project will help raise the profile of the City for these groups.

Rationale/strategic case for investment

Norwich is a successful city with a diverse economy, world renowned universities, a strong cultural offer, good transport links and a high quality of life. A recent survey of our digital businesses found that 97% of respondents rated the quality of life in the City as ‘good’ or ‘very good’²⁸. Yet this success is poorly understood by those outside of the city. In a recent survey, 32% of the UK population struggled to place Norwich on the map and 42% have no perception of Norwich. Almost three in four companies have problems recruiting staff to come to work and live in Norwich.

It is important for Norwich to position itself as an attractive location for businesses and talent to relocate, as well as for people to live and work remotely. This will enable the city to capitalise on the potential trend for people to move from large, densely populated urban areas to smaller cities where quality of life is higher. There is some evidence that the

²⁸ Tech Nation (2017) Survey of Norwich Digital Businesses – pg. 10

experience of COVID-19 has reinforced this dynamic and it is important that Norwich benefits from this.

This new branding campaign offers the opportunity to boost perceptions of Norwich and promote the city’s strong brand and cultural offer. This piece of work would also take a new approach to inward investment by building a commercial social network that underpins wider district strategies and action plans. This collateral will create a proposition to showcase the city’s USP – its business, people, our city - our “social innovation”.

Other options considered

As part of developing the proposed approach we have considered other alternatives as follows:

Option Considered	Reason for rejecting
Do nothing	Will not help raise the profile of the City and therefore the impact of the other projects in the Towns Fund, and wider investments in Norwich, will not be as strongly leveraged.

Alignment / Strategic Fit

Alignment with the goals of the Towns Fund

This project supports the success of all of the other projects in our Investment Plan, particularly the Digital Hub, The Halls, East Norwich Masterplan & Carrow House, and the Revolving Fund.

The project itself will support improved resident, business and visitor perceptions by helping to develop a stronger narrative for the City that is better understood nationally.

Complementarity with other Town Deal projects

As above, this project supports the success of all of the other projects in our Investment Plan.

Theory of Change

This work will:

- Develop eight District Business Strategies that will articulate the unique opportunities in each of the districts and attract new businesses and welcome people into their social innovation networks, whilst meeting the needs of the business community within each of the areas.
- Establish the InvestNorwich brand, guidelines and platform and implement a campaign strategy that will together provide a gateway for new businesses and people to better understand what the city has to offer, including the business and inward investment opportunities. The project will create collateral that will deliver a group of key assets to enable partners to act as champions for the InvestNorwich brand.

- Create a Toolkit for staff recruitment and retention that will build on initial research already undertaken to establish the “pull factors” for companies and their employees. The toolkit will be created for the benefit of companies and recruitment agencies in Norwich.
- Provide access to business mentors / Growth Hub.
- Promote the City of Stories Brand.

It is essential for Norwich to have a stronger brand nationally so that we can attract skilled workers and good companies to the city. This project will help publicise the work of the Towns Fund, our Vision 2040 projects, and other related initiatives in the city. It complements the Digital Hub by helping to raise the profile of the city as a digital cluster. It will complement the East Norwich Masterplan by helping to publicise this nationally significant project.

Estimates of project costs, timescale and spend profile

Estimated Profile of Town Deal Funding

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Branding	£80k	£100k				

The project will be delivered by Norwich BID in collaboration with key partner organisations including Norwich City Council and Norfolk Chamber of Commerce. In the long-term, this is a sustainable project, as it will create a self-governing network fit for purpose and will gain the buy in of local district “champions” willing to promote and sustain the network.

The estimated cost is £180k for the full development of the project. Current work activity (May – July 2020) includes establishing an evidential report on “Pull factors” to Norwich from both an employer and employee perspective, creating eight business clusters and the Invest Norwich Platform.

This is an 18-month project. Work in the first three months will focus on developing District Business Strategies and working with businesses to consider how best to operate in a post-COVID-19 context. Through this work, businesses will begin to develop a shared vision for the district and establish networks of collaboration. Over time (>6 months), businesses will have greater influence over what new buildings and regeneration takes place as well as where new homes, shops and offices should be built. Businesses will also identify and protect important local green spaces.

Funding secured from other sources, community and private sector involvement and major interdependencies

The Towns Fund will fund this project in its entirety.

Appendix 2 – Outline Stakeholder Engagement Plan

Purpose

The purpose of this Outline Stakeholder Engagement Plan is to set out how stakeholders will be involved in the further development of the Norwich Towns Fund projects. This will involve refining and further developing the project business cases to ensure that they reflect the knowledge of partners in Norwich and meet the needs of businesses and residents in the city.

Once the Heads of Terms have been agreed with Government, we will develop a detailed Stakeholder Engagement Plan.

Principles

We will use the following guiding principles throughout engagement:

- **Co-design** – it is important that these projects are developed based on the need and experience of businesses and residents in the city
- **Inclusivity** – we will ensure that we engage with a wide range of stakeholders, including large businesses, SMEs, business networks, universities, colleges, community and voluntary groups, and residents
- **Complementarity** – we will reach out to stakeholders through existing engagement mechanisms and structures

Stakeholder consultation

We will engage with a wide range of stakeholders. We will go through a stakeholder mapping process for each Towns Fund project to identify who we will engage with. Where possible, we will use existing engagement mechanisms and structures. This may include, but is not limited to:

- Businesses and business groups – Norwich Business Improvement District, Norfolk Chamber of Commerce, Building Growth Group, NAAME Group, Tech East
- Colleges and education or training institutions – City College Norwich
- Existing Boards – Vision Board, Good Economy Commission, East Norwich Partnership, Norwich Opportunity Area
- Innovation assets and groups – Hethel Engineering Centre, Norwich Research Park, Cambridge Norwich Tech Corridor

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- Networks – e.g. Synch Norwich, HotSource
 - Residents and community groups
 - Universities – Norwich University of the Arts and University of East Anglia (including Institute of Productivity East)
 - Voluntary, Community and Social Enterprise sector

We will use a variety of consultation techniques, depending on which method is most effective for each group involved. This may include workshops, one-to-one interviews and surveys. Our stakeholder mapping process will also set out in detail the different techniques we will use.

We will seek to further shape and refine the projects with stakeholders. The questions we ask of stakeholders will very much depend on the project. This could include (but is not limited to):

- What does this project need to look like?
- What are your skills needs?
- What should a new urban quarter look like for Norwich?
- How should public spaces be designed in Norwich?
- What does high quality employment space look like?

We will undertake this work over the remainder of 2020.

Appendix 3 – Members of the Norwich 2040 Vision Board

Original Board

- Aviva
- Creelman Associates
- Norfolk Chambers of Commerce
- Norwich Business Improvement District
- Norwich Cathedral
- Norwich City Council
- Norwich City Football Club
- Norwich University of the Arts
- The Forum Trust
- University of East Anglia

Additions to form Vision Recovery Group

- Broadland Housing
- Foolproof
- Good Economy Commission
- Goodery Ltd
- Hudson Architects
- Intu Chapelfield
- Nelson Infant School
- NHS Norfolk and Waveney Clinical Commissioning Group
- Norfolk County Council – Public Health
- Norwich Opportunity Area
- The Good Host
- Wensum Junior School
- Your Own Place

Appendix 4 – Members of the Town Deal Board

- Andrew Dernie, Aviva (Chair)
- Chloe Smith MP
- Chris Sargisson, Norfolk Chamber
- Chris Starkie, New Anglia Local Enterprise Partnership
- Clive Lewis MP
- Cllr Alan Waters, Norwich City Council
- Cllr Mike Stonard, Norwich City Council
- Graham Nelson, Norwich City Council
- Helen Lewis/Julie Schofield, University of East Anglia
- Julia Nix, Jobcentre Plus
- Linn Clabburn, Cambridge Norwich Tech Corridor
- Minnie Moll, Jarrold
- Phil Courtier, South Norfolk District Council/Broadland District Council
- Sarah Steed, Norwich University of the Arts
- Stefan Gurney, Norwich Business Improvement District
- Stephanie Beggs, Cities and Local Growth Unit
- Stephen Evans, Norwich City Council
- Vince Muspratt, Norfolk County Council