

## New Anglia Local Enterprise Partnership Board Meeting

**Wednesday 21<sup>st</sup> February 2018**  
10.00am to 12.30pm  
Marble Hall, Surrey Street, Norwich, Norfolk

### Agenda

No.	Item	Duration
1.	Welcome	20 mins
2.	Apologies	↑ ↓
3.	Declarations of Interest	
4.	Welcome from Lindsey Rix	
5.	Actions / Minutes from the last meeting	
<b>Forward looking</b>		
6.	Brexit Analysis	For Discussion
7.	Economic Indicator Trajectories and Targets	For Discussion
<b>Governance and delivery</b>		<b>70 mins</b>
8.	Governance Review	For Approval
9.	24 Month Operation Plan Review	Update
10.	New Anglia LEP ERDF Bid	For Approval
11.	Sub-National Transport Forum	For Approval
12.	Chief Executive's report including PwC and Mary Ney Review Implementation Plan	Update
13.	Finance Report including Confidential Appendices	Update
14.	Any Other Business	

**Date and time of next meeting:** 21<sup>st</sup> March 2018. 10am-12.30pm

**Venue:** The Jockey Club, Newmarket, Suffolk



## **New Anglia Board Meeting Minutes (Unconfirmed) 17<sup>th</sup> January 2018**

### **Present:**

Cllr David Ellesmere (DE)	Ipswich Borough Council
Doug Field (DF)	East of England Coop
Cllr John Griffiths (JG)	St Edmundsbury Borough Council
Cllr Cliff Jordan (CJ)	Norfolk County Council
Dominic Keen (DK)	High Growth Robotics
Steve Oliver (SO)	MLM Group
Cllr Andrew Proctor (AP)	Broadland District Council
Prof David Richardson (DR)	UEA
Lindsey Rix (LR)	Aviva
Sandy Ruddock (SR)	Scarlett & Mustard
Dr Nikos Savvas (NS)	West Suffolk College
Cllr Alan Waters	Norwich City Council
Jeanette Wheeler (JW)	Birketts
Tim Whitley (TW)	BT

### **In Attendance:**

Cllr Richard Smith (RS)	Suffolk County Council (For Colin Noble)
Shan Lloyd (SL)	BEIS
Chris Dashper (CD)	New Anglia LEP
Iain Dunnett (ID)	New Anglia LEP
Chris Starkie (CS)	New Anglia LEP
Helen Wilton (HW)	New Anglia LEP
Tracey Jessop (TJ)	Norfolk County Council
Sue Roper (SuR)	Suffolk County Council
Johnathan Reynolds (JR)	Orbis (For Item 4)

<b>Actions from the meeting: (17.01.18)</b>	
<b>Capital Growth Programme Projects</b> Identify whether other LEPS have received requests for investment in flood defence schemes.	<b>CD</b>
<b>Chief Executive's Report</b> For CS to produce a paper on the impact of GCGP changes	<b>CS</b>
<b>1</b>	<b>Welcome from the Chairman</b>
Doug Field (DF) welcomed everyone to the meeting and thanked Jonathan Reynolds and Orbis for hosting the meeting. He welcomed Richard Smith who is deputising for Colin Noble.	
<b>2</b>	<b>Apologies</b>
Apologies were received from: Cllr Colin Noble	
<b>3</b>	<b>Declarations of Interest</b>
Full declarations of interest can be found at <a href="http://www.newanglia.co.uk/about-us/the-board/">http://www.newanglia.co.uk/about-us/the-board/</a> . The board were reminded that declarations of interest are required as part of LEP scrutiny and must be submitted to the LEP office at the earliest convenience. Declarations relevant to this meeting:  <b>Item 7: Capital Growth Programme Projects</b> Projects for Approval David Richardson and Steve Oliver  Projects for Deferral Nikos Savvas, Richard Smith, Cliff Jordan, Sue Roper and Tracy Jessop  Projects for Rejection David Richardson, Richard Smith, Cliff Jordan, Sue Roper and Tracy Jessop  <b>Item 9: Integrated Health and Employment Service Proposal</b> Cliff Jordan & Tracy Jessop  <b>Item 10: Growing Places Fund investment The Malthouse</b> David Ellesmere and Steve Oliver  <b>Item 11: New Anglia Capital</b> Doug Field declared an interest in the investments in MBASO and Novofarina  Chris Starkie (CS) reminded Board members that the new Declaration of Interest form supplied by Government needed to be completed and returned by the next Board meeting on 21 <sup>st</sup> February as it must be published on the LEP web site by 28 <sup>th</sup> February in order for the LEP to remain compliant. In the future any declarations made at the Board meetings will be transposed onto Board member's forms as well as recorded in the minutes. Any changes identified between Board meetings should be advised to Charley Purves and forms will be updated accordingly. Lindsey Rix (LR) asked about the process should a Board member participate in the investment approval process and subsequently become involved in the contract. CS advised that the LEP should be notified at the earliest opportunity either directly to the Office Manager or at the next Board Meeting and the relevant Declaration of Interest form would be updated accordingly.	
<b>4</b>	<b>Welcome from Orbis Energy</b>
Johnathan Reynolds welcomed Board members to Orbis Energy and provided an overview of the organisation covering the range of work carried out, its achievements over the past 9 years and provided examples of some of the programmes in which it has been involved. The presentation included details of the importance of the UK and the East in the world renewable energy market. Johnathan then left the meeting.	
<b>5</b>	<b>Minutes of the last meeting 22<sup>nd</sup> November 2018</b>
<i>Actions from last meeting updated as follows:</i> <b>LEP Governance Review</b>	

	<p>To express preferences over committee roles to LiR by 1<sup>st</sup> December – Complete – a table of proposed committee members will be circulated prior to next Board.</p> <p><b>Business Investment Proposal – Confidential</b></p> <p>To receive more detail on the skills spending within the proposal – details are available at the meeting or on request.</p> <p><b>May Ney Review Including Standards of Conduct</b></p> <p>To receive details of where the policies can be accessed - complete</p> <p><b>Board Forward Plan</b></p> <p>To provide feedback on the plan and propose any additional items - complete</p> <p><b>Business Performance Reports</b></p> <p>To receive a proposal on the Eastern Agri-Tech initiative by email – On hold due to the winding up of GCGP and awaiting clarification about their financial position.</p>	<p><b>ALL</b></p> <p><b>NK</b></p> <p><b>HM</b></p> <p><b>ALL</b></p> <p><b>CS</b></p>
<b>6</b>	<b>Aims and Objectives for the Year</b>	
	<p>Chris Starkie (CS) provided a presentation on the strategic aims and objectives for the LEP for 2018.</p> <p>Board members discussed the importance of promoting the East as a brand and Dominic Keen (DK) felt that more could be done to champion local business success stories.</p> <p>David Ellesmere (DE) asked how New Anglia compared to other high performing LEPs and whether it was proactively looking to identify best practise elsewhere. CS confirmed that New Anglia was actively involved in the LEP network and was also increasing its involvement in ADEPT.</p> <p>Sandy Ruddock (SR) noted that the region had many micro and start-up businesses who would benefit from support from the LEP which needed to be promoted as the go-to organisation for small businesses.</p> <p>DF asked CS what he viewed as the 3 key aims to be achieved in the next 12 months. CS stated that he wanted the Board to have confidence in the LEP's internal processes, to continue to promote local business successes and to have secured a local industrial strategy.</p> <p>Steve Oliver (SO) asked that the LEP's aims include social mobility and social inclusion.</p> <p>The Board agreed:</p> <ul style="list-style-type: none"> <li>To note the content of the presentation</li> </ul>	
<b>7</b>	<b>Capital Growth Programme Projects</b>	
	<p>DF proposed breaking this item into the various bid groupings namely those which were proposed to be approved, deferred or rejected. It was agreed that meeting attendees would register their interest in each group individually.</p> <p>Chris Dashper (CD) took the majority of the paper as read and reviewed the key points of the proposal.</p> <p>He explained that the projects had also been considered by the Investment Appraisal Committee.</p> <p>Approved Projects</p> <p>David Richardson (DR) and SO declared an interest in this item and left the room</p> <p>CD proposed that the Board approve the award of Growth Deal grant funding to the Bacton to Walcott Coastal Management Scheme and to the Cefas Research Centre.</p> <p>This was approved by the Board</p> <p>DR &amp; SO returned to the room.</p> <p>Deferred Projects</p> <p>Nikos Savvas (NS), Richard Smith (RS), Cliff Jordan (CJ), Sue Roper (SuR), Tracy Jessop (TJ) declared an interest in this item and left the room.</p> <p>CD advised that further work would be carried out on these projects and some would be included in a later round of funding as appropriate.</p> <p>LR noted that the Board should have a holistic view of future projects in order to properly assess which were the best projects in which to invest the limited funds available so that investments were not solely made in those projects presented first.</p>	

	<p>The meeting discussed the issue of whether flood defences should be funded locally or nationally. SR asked if other LEPs had received requests to fund similar projects. CD asked for approval to defer the projects as listed. This was agreed by the meeting.</p> <p>Rejected Projects DR declared an interest in this item and left the room. NS returned to the room. RS, CJ, SuR and TJ also declared an interest in this item and therefore remained outside the room.</p> <p>CD reviewed the list of rejected projects detailing the rationale behind the decisions. SO asked whether any could be referred to New Anglia Capital. CD advised that Liquid 11 could possibly apply for New Anglia Capital but would be more suitable for Growing Business Fund.</p> <p>CD asked for approval to reject the projects as listed. This was agreed by the meeting.</p> <p>DR, RS, CJ, SuR and TJ returned to the meeting.</p> <p><b>The Board agreed:</b></p> <ul style="list-style-type: none"> <li>• To note the contents of the report</li> <li>• To approve the award of Growth Deal grant funding to the following projects in table 1: <ul style="list-style-type: none"> <li>• Bacton to Walcott Coastal Management Scheme</li> <li>• Cefas Research Centre</li> </ul> </li> <li>• To approve the recommended decision option for each of the projects in tables 1, 2 and 3. (Table 2: Recommended to defer and Table 3: Recommended to reject)</li> <li>• CD to Identify whether other LEPS have received requests for investment in flood defence schemes.</li> </ul>	<b>CD</b>
<b>8</b>	<b>New Anglia Voluntary Community Sector Programme Extension</b>	
	<p>Iain Dunnett (ID) took the majority of the paper as read and reviewed the key points of the paper including the history of the fund and its achievements to date.</p> <p>DE expressed his support highlighting the importance of multi-year grants for organisations in order to assure future funding. He noted that this should be based on performance over a 1 year deal rather than the size of the organisation.</p> <p>DE also queried how performance was rated proposing using the length of unemployment prior to entering employment as one criteria.</p> <p>ID advised that the criteria would be reviewed as part of the re-scoping of the fund.</p> <p>The meetings agreed to the proposal. NS and SO offered to sit on the Funds Appraisal Panel.</p> <p><b>The Board agreed:</b></p> <ul style="list-style-type: none"> <li>• To note the content of the proposal</li> <li>• To agree the re-scoping of the criteria for the fund as described in the paper.</li> <li>• To agree that the LEP makes the further commitment of a £250,000 grant from the Growing Places Fund for 2018/19 and to agree to review further commitments for two years beyond 2018 at an appropriate stage.</li> <li>• To agree that NS and SO would sit on the Funds Appraisal Panel.</li> </ul>	
<b>9</b>	<b>Integrated Health and Employment Service Proposal</b>	
	<p>CJ &amp; TJ declared an interest in this item and left the room.</p> <p>Iain Dunnett (ID) took the majority of the paper as read and reviewed the key points of the paper.</p> <p>RS expressed support for the project noting that there was a similar scheme in Suffolk and CD confirmed that the LEP were already in discussion with them.</p> <p>CS proposed that the funding be agreed subject to the funding being matched as detailed in the proposal.</p> <p>The meeting discussed the benefits of the project.</p>	

	<p><b>The Board agreed:</b></p> <ul style="list-style-type: none"> <li>To note the content of the proposal</li> <li>To support the overall purpose of the proposal against the key LEP objectives of employability and skills.</li> <li>To provide matching finance at a rate of £120k per annum for three years to the project to assist in leveraging over £2million of European Social Funds (ESF). This is dependent on other matched funding being secured.</li> </ul>	
<b>10</b>	<b>Growing Places Fund investment The Malthouse – Confidential</b>	
	<p>DE &amp; SO declared an interest in this item and left the room.</p> <p>ID took the majority of the paper as read and highlighted the key points of the proposal. He explained that the LEPs Investment Appraisal Committee have reviewed an initial appraisal and a full appraisal of the development, including an externally completed assessment of the loan application. These reviews included an assessment of the development for strategic fit from an economic perspective and the financial aspects.</p> <p>LR noted that if the further £900k is raised from another party then the point of the LEP having first charge would be renegotiated at the Investment Appraisal Committee.</p> <p>DF noted that a discussion was required at a future date as to how the board balances fairness &amp; transparency in similar investments.</p> <p><b>The Board agreed:</b></p> <ul style="list-style-type: none"> <li>To note the content of the proposal.</li> <li>To approve a recommendation made by the LEPs Investment Appraisal Committee that an offer of a £600,000 loan is made to the current owner of the Ipswich Malthouse for its redevelopment into bespoke business units.</li> </ul>	
<b>11</b>	<b>New Anglia Capital</b>	
	<p>DF declared an interest in the investments MBASO and Novofarina and took no further part in the discussion.</p> <p>CD advised the meeting that this was the bi-annual report as requested by the Board and took the majority of the paper as read and asked the Board for questions.</p> <p>The Board reviewed the approach to risk with DE noting that some investments will naturally fail but that the portfolio should be assessed as a whole.</p> <p>CS noted that the jobs created by NAC were generally high value jobs with a lower cost per job than that in the Growing Business Fund.</p> <p><b>The Board agreed:</b></p> <ul style="list-style-type: none"> <li>To note the content of the report.</li> </ul>	
<b>12</b>	<b>Chief Executive’s report including PwC and Mary Ney Review Implementation Plan</b>	
	<p>CS took the majority of the paper as read and provided an update on the following items:</p> <p><b>Mary Ney Review</b> - CS noted that the Board is compliant with the Mary Ney recommendations on the issuing and publication of papers and minutes however this process is still being rolled out to the relevant sub-committees. This will be achieved by 28<sup>th</sup> February 2018.</p> <p><b>Government Dashboard</b> – The proposed dashboard was circulated to attendees. CS requested approval for the dashboard and asked whether the Board wanted to see the report on a regular basis. Board agreed to the Dashboard and confirmed that there was no requirement to include it in Board papers. Improvements to Board reporting are being progressed in line with the timeframes included in the PwC report.</p> <p><b>Unilever</b> – The meeting discussed the current situation. Jeanette Wheeler (JW) noted that the recent press stories had provided a negative view of the state of investment in the region and</p>	

	<p>that more positive promotion was required. CS agreed noting that the LEP had to balance sensitivity to job losses and the promotion of other investments.</p> <p><b>COO Recruitment</b> - short listing has begun with first interviews scheduled to take place before the end of January.</p> <p><b>CGCP</b> – CS reviewed the issues raised by the changes to GCGP including the impact of possible changes to the borders of the LEPS. CS offered to produce a paper on the subject detailing known facts and potential impacts. JW requested details of the impact of changes on LEP programmes and investments.</p> <p><b>The Board agreed:</b></p> <ul style="list-style-type: none"> <li>To note the content of the report</li> <li>To endorse the Dashboard</li> <li>For CS to produce a paper on the impact of GCGP changes</li> </ul>	<b>CS</b>
<b>13</b>	<b>Finance Report</b>	
	<p>CS took the majority of the papers as read and asked for questions from the Board.</p> <p><b>The Board agreed:</b></p> <ul style="list-style-type: none"> <li>To note the content of the report.</li> </ul>	
<b>14</b>	<b>Appointment of New Director</b>	
	<p>Andrew Proctor (AP) &amp; LR met to interview two candidates and proposed Jonathan Reynolds as the new board member.</p> <p>The Board agreed:</p> <ul style="list-style-type: none"> <li>To approve the appointment</li> </ul>	
<b>16</b>	<b>Any Other Business</b>	
	<p>It was agreed that Item 16 would be completed prior to Item 15 given the latter's confidential nature.</p> <p>Tim Whitley (TW) advised that Adastral Park is hosting the Innovate UK Conference on 27<sup>th</sup> January to which Board Members were invited.</p> <p>TJ updated the meeting on the position with Carillion advising that the Council had been in discussion with Highways England and received confirmation that contingency plans were in place and no projects in the East would be impacted by the collapse.</p> <p>NS advised that on 16<sup>th</sup> April East of England Education providers would be hosting a promotional event and requested promotion from the LEP.</p>	
<b>15</b>	<b>Remuneration Committee - Confidential</b>	
	<p>Non Board Members left the meeting.</p> <p>The confidential minutes of the Remuneration committee were presented by DF. The minutes contained a salary recommendation for the Chief Executive Officer (CEO) and a salary banding for the Chief Operating Officer (COO). There was also details of the performance management process for the CEO.</p> <p>The Board agreed:</p> <ul style="list-style-type: none"> <li>To note the content of the minutes for the Remuneration Committee</li> <li>To agree the recommendations made by the Remuneration Committee</li> </ul>	

**Next meeting:**

**Date and time of next meeting:** 21<sup>st</sup> February, 2018. 10am-12.30pm

**Venue:** The Marble Hall, Surry Street, Norwich, NR1 3NG

**Actions from New Anglia LEP Board Meetings**

<b>Date</b>	<b>Item</b>	<b>Action</b>	<b>Update</b>	<b>Actioned By</b>	<b>Status</b>
17/01/2018	Capital Growth Programme Projects	Identify whether other LEPS have received requests for investment in flood defence schemes.		CD	On-Going
17/01/2018	Chief Executive's Report	For CS to produce a paper on the impact of GCGP changes		CS	Completed
22/11/2017	Business Performance Reports	To receive a proposal on the Eastern Agri-Tech initiative by email.	On hold pending clarification on the situation at GCGP	CS	On Hold
25/10/2017	Implementing the Economic Strategy	To be advised of the retention rate of jobs created through the VCS Challenge Fund	NCF provided three case studies of projects supported by the VCSE Challenge Fund with figures for job creation and retention. Across the Access to Community Trust, Pro Corda and Museum of EA Life a total of 21 people have found employment and have been retained in those jobs.	ID	Completed
25/10/2017	Implementing the Economic Strategy	Investigate whether any Co-Ops have applied for the VCS Challenge Fund	The number of Coops/ social enterprises supported by the Vcse fund was 6	CD/ID	Completed
20/09/2017	Business Performance Reports	To receive a future report on the approach to NAC investments	Included in the January half-yearly update	CD	Completed





**New Anglia Local Enterprise Partnership Board**  
**Wednesday 21<sup>st</sup> February 2018**

## **Agenda Item 6**

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### **Brexit Analysis for Norfolk and Suffolk**

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Author: Alexander Riley / Lisa Roberts

#### **Summary**

This paper provides a summary of the report that has been produced by Metro Dynamics on the potential impacts of Brexit for Norfolk and Suffolk. Patrick White from Metro Dynamics is attending the Board meeting and will present the conclusions of the research and draw out some of the most important findings by sector. The report also highlights measures the LEP and partners are taking to minimise the challenges and maximize the opportunities of Brexit.

#### **Recommendation**

The board is asked to:

- Support the recommendations in the report
- Support the activities the LEP is undertaking to mitigate the challenges and take advantage of the opportunities of Brexit and identify additional activities or areas of focus

#### **Background**

The LEP, Norfolk County Council and Suffolk County Council commissioned consultants Metro Dynamics to assess the potential impact of Brexit on the region's economy, focusing on the potential challenges and opportunities across different economic sectors and identifying individual companies that might be significantly affected.

The attached report has been developed as a result of this work and this paper provides a high-level summary of the key points.

#### **Main Report**

The report presents a detailed analysis of the potential impacts of Brexit on six sectors that are particularly exposed to Brexit in Norfolk and Suffolk - Agriculture, Manufacturing, Construction, Offshore wind energy, Digital and Life Sciences.

The report considers the impact of Brexit specifically on the workforce, trade, regulations and funding for each of these sectors.

It also poses a set of challenges and opportunities for Norfolk and Suffolk in relation to Brexit, identifying a key role for the LEP and partners in supporting local businesses and institutions to secure the skills and funding needed to grow, internationalise and innovate - in line with the Government's Industrial Strategy.

The report also proposes that the LEP, as well as local authorities, should be more proactive in engaging with businesses pre and post-Brexit to ensure that they are well-placed to address any future challenges.

It concludes with a set of policy recommendations to help inform the LEP and local authorities on the strategic approach that they might take in the period ahead.

Key recommendations of the report include:

- Develop a local industrial strategy to further reinforce the sectoral specialisms that Norfolk and Suffolk have, and to ensure that central Government is fully aware of the contribution that those specialisations make to the national economy.
- Review and focus the LEP's Growth Hub, Innovation Hubs and skills deal activity to more proactively reach out to those businesses which could have opportunities for growth and/or be more challenged by Brexit.
- Focus and strengthen place marketing and inward investment in order to reach out to the people that need to be attracted and retained as well as the investment needed to drive productivity.
- Attract large scale private sector investment in infrastructure and development, requiring places to further focus their investment marketing activity and develop a very strong place based story and proposition.
- Collaborate with other regions and sectors elsewhere where there is a common interest in reaching out to new markets or designing new products.

### **New Anglia LEP Activity**

In order to respond to the recommendations, the LEP executive has developed an initial eight point Brexit action plan outlining our approach to taking forward the recommendations in the report, in line with the implementation of our Economic Strategy.

1. **Local Industrial Strategy.** The LEP will use the opportunity to develop a Local Industrial Strategy to reinforce the sectoral specialisms of Norfolk and Suffolk, building on the work of the Science and Innovation Audit and wider evidence base. We are actively pursuing the opportunity with Government to be a pilot area.
2. **Developing our sector and innovation strengths.** As part of this process we are working with the national Knowledge Transfer Network and Smart Specialisation Hub to improve the way innovation and sectoral specialisms are mapped nationally. The limitations of the data that is used means strengths within Norfolk and Suffolk sectors are not recognised nationally. We are also working with them on developing a cluster evidence pack which will support our cluster development. We will pilot this with the view for it to be scaled up across the UK. This will place us in a good position to respond to the Industrial Strategy Strengths in Places fund when it is launched later this year.
3. **Driving Inward Investment and place marketing.** The LEP is leading on the development of a shared inward investment strategy which is due to be presented to the LEP Board in May. This strategy will aim to enable integrated inward investment and business location offer and will include activity around building a stronger place offer and proposition to help attract new infrastructure investment and non-EU Foreign Direct Investment.
4. **Gathering intelligence.** James Allen joins the LEP Executive team later this month from the CBI. His role includes building business intelligence which includes working with local partners on impacts of Brexit on businesses. This intelligence is regularly fed into Government.
5. **Championing local business.** The LEP is developing a range of case studies which championing local "trail-blazers" and actively promote them through national, regional and local opportunities. These will be presented in a range of ways including videos, blogs, leaflets and report interviews.

6. **Improved targeting of support.** The new Business Growth Programme is being refined to better align with the new Economic Strategy and enabling the LEP's Growth Hub to focus on more complex problems such as the challenges posed by rule changes caused by Brexit and skills shortages and also concentrate on higher growth businesses.
7. **Supporting exporters.** The LEP working with the Growth Hub, Chambers and Department of International Trade are exploring how collectively we can enhance the international trade service for our businesses which have the greatest potential for overseas trade.
8. **Collaborating with other parts of the UK.** The LEP is actively looking at ways to help identify opportunities to collaborate with other parts of the country where there are common interest or complementary strengths which will open opportunities to new markets and new products. Examples include the Local Energy East Strategy and Energy Hub and Nuclear Sector Deal.

## **Recommendation**

The Board is asked to:

- Support the recommendations in the attached report
- Support the activities the LEP is undertaking to mitigate the challenges and take advantage of the opportunities of Brexit and identify additional activities or areas of focus



# The potential implications of Brexit for Norfolk and Suffolk

Threats and opportunities of Brexit for key economic sectors

*November 2017*

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# Introduction

The councils of Norfolk and Suffolk, together with New Anglia LEP, have commissioned Metro Dynamics to assess the potential impact of Brexit on the region's economy, focusing on the potential challenges and opportunities across different economic sectors and identifying individual companies that might be significantly affected.

This report presents the findings of a detailed analysis of the potential impacts of Brexit on six economic sectors that are particularly exposed to Brexit in Norfolk and Suffolk, as agreed with the Steering Group. It is part of a broader research process, undertaken over several stages and in close consultation with our clients. This process is illustrated in the diagram on the next page.

Following a background analysis of the key economic and policy implications of Brexit at the national level based on recent studies and the Government's position, we produced a high-level assessment of potential impacts in Norfolk and Suffolk on 19 different sectors. These were drawn from the strategic sectors identified in the Norfolk and Suffolk Strategy and other prominent sectors in the Norfolk and Suffolk economy. Building on the findings of this work, we agreed with the Steering Group a set of six sectors for a more detailed analysis: **Agriculture, Manufacturing, Construction, Offshore wind energy, Digital and Life sciences**. The analysis was complemented by research into significant Norfolk and Suffolk companies operating in these sectors.

Naturally, the impact of Brexit is not limited to the chosen sectors. As such, the final six sectors and the extent to which they were aggregated (for instance by choosing to focus on Offshore wind rather than the wide energy sector more broadly), were selected on the basis of: (1) their particular significance to the Norfolk and Suffolk economy (both in terms of employment and value added); (2) the likelihood of their being highly impacted by Brexit; and (3) their strategic importance to Norfolk and Suffolk. This was determined in consultation with the Steering Group.

The analysis presented here focuses on these six sectors and considers potential challenges and opportunities brought about by the impact of Brexit on:

- **Workforce** – including the EU labour force and the potential impacts of Brexit on immigration patterns.

- **Trade** – including future arrangements after the expected departure of the UK from the European Single Market.
- **Regulations** – in regards to the many EU directives incorporated into UK law.
- **Funding and Investment** – including the role of European funds and subsidies and the capacity to continue to attract foreign private investment.

Our approach has been to identify local economic strengths, based on an analysis of Norfolk and Suffolk's employment patterns and companies, to sit alongside analysis of the sectoral impacts of Brexit, which are often reflective of national trends.

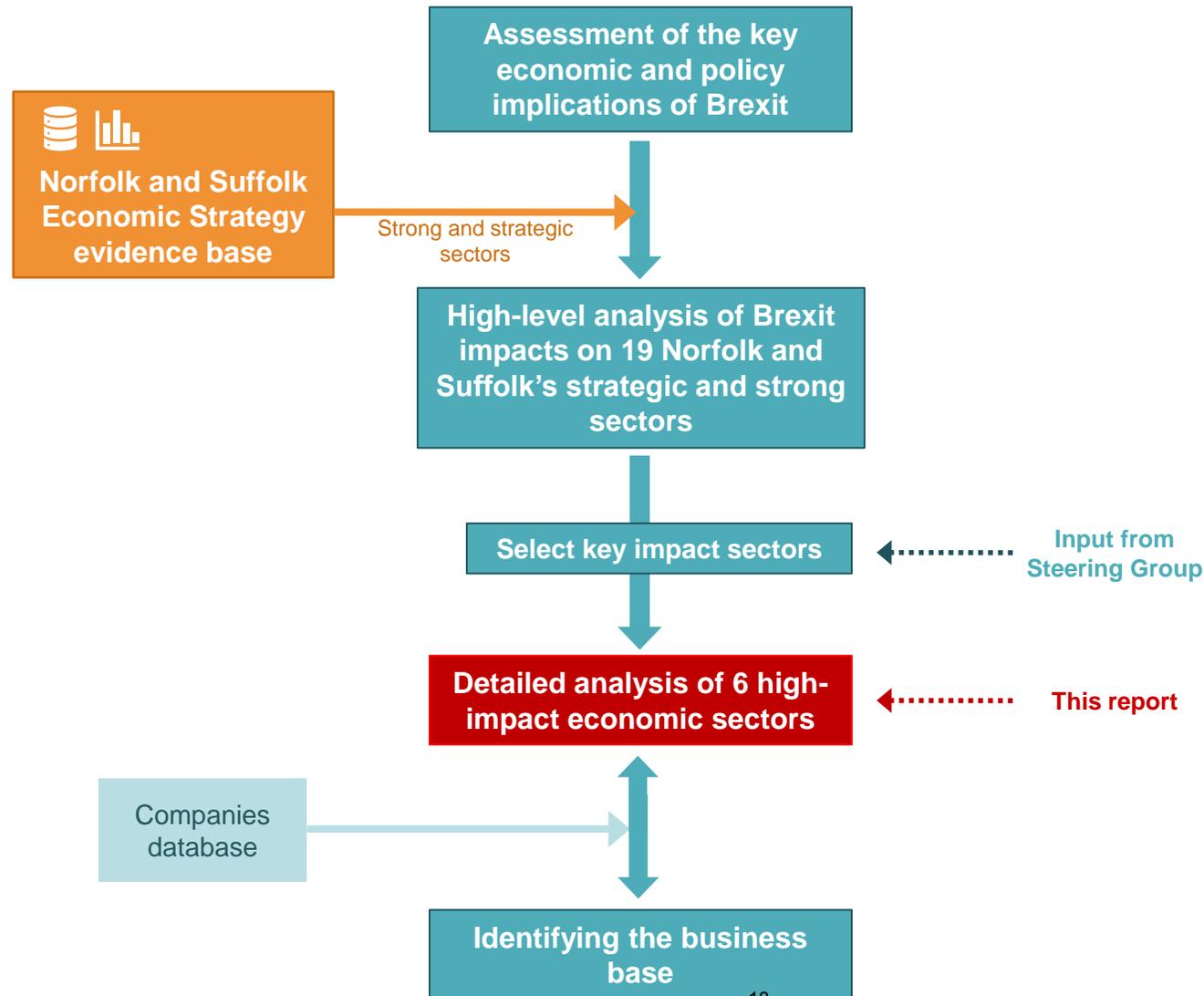
Although considerable uncertainty remains on the specific outcomes of Brexit, this report identified a set of challenges and opportunities for Norfolk and Suffolk, including:

- Retaining the current EU workforce, both low and highly skilled, who are key to the future success of some of Norfolk and Suffolk most important sectors, such as agriculture, manufacturing, construction and life sciences.
- New opportunities to uplift the economy, using innovation and technology to upskill the workforce and create better paid jobs.
- The need for companies to adjust to new trade arrangements and potential tariffs and other barriers, while using the opportunity to increase the UK share of their supply chains and open their products to new markets worldwide.
- The importance of ensuring continued funding for research and development and innovation, as well as alternative sources of funding for agriculture and farming businesses that often rely on EU subsidies.
- The need to continue to be attractive to foreign investment.

The LEP could have a key role in this process, supporting local businesses and institutions in securing the necessary skills and funding to continue to grow, internationalise and innovate, in line with the National Industrial Strategy.

# The purpose of this project

Identify the impacts of Brexit on Norfolk and Suffolk's economic sectors and businesses



# Agriculture

Agriculture is a crucial sector in the economy of Norfolk and Suffolk. The region is not only strong in crop farming and animal production, but also in the strong supply chains these agricultural sectors provide to other local sectors of specialism, particularly manufacturing of food, beverages and machinery.

The last official data shows that 16,160 Norfolk and Suffolk residents work in Agriculture, forestry and fishing, which amounts to 2.2% of the region's workforce, a much higher share than the 0.8% in England (ONS, 2011). Even when farm agriculture activities are excluded, Agriculture, forestry and fishing composes 2.8% of the GVA produced in Norfolk and Suffolk, compared to a figure of 0.7% for the whole of England excluding London (ONS, 2015). Important sub-sectors for Norfolk and Suffolk include the production of sugar, malt, poultry and pork, and potatoes.

For the broader East of England region, the Department for Environment, Food and Rural Affairs estimates a total of 40,698 jobs in agriculture, including short-term and seasonal workers. This region accounts for 13.4% of farming jobs in England, and, as Table 1 shows, sugar beet and potatoes are the two most significant crops. In fact, the East of England grows 32.3% of England's total potato crop and 65.6% of England's sugar beet crop (Defra, 2017).

Sugar beet production is particularly important in Norfolk and Suffolk as the LEP area is home to three of the largest sugar manufacturing facilities in the UK: Wissington, Bury St. Edmunds and Cantley. According to British Sugar (2017), these facilities employ 335, 230 and 180 workers respectively and together make use of over 1,900 suppliers growing sugar beet across the wider region.

Growing cereals for the production of malt is also significant in Norfolk and Suffolk, due to the area's favourable growing conditions (NFU, 2016b) and links to the regional specialisation in beverage manufacturing. Furthermore, East Anglia has the second largest number of pigs in England.

In Agriculture, forestry and fishing, 10% of workers in the UK are EU nationals (36,000) according to data from the Annual Population Survey (ONS, 2017). It is important to note that the sample used in this survey does not account for short-term or seasonal workers.

**Table 1: Crop hectareage in East of England as a percentage of total hectareage in England (2016)**

Crop	East of England: percentage of total national hectareage
Wheat	28.0
Barley	21.4
Oilseed rape	24.7
Sugar beet	65.6
Potatoes	32.3
Field grown vegetables	28.8

**Table 2: Large Agriculture companies in Norfolk and Suffolk (examples)**

Company	Location
Cofco International UK	The Havens, Ipswich
Hutchinson Group	Hunstanton
Banham Group	Attleborough
Heathpatch	Semer, Ipswich,
Traditional Norfolk Poultry	Shropham, Attleborough
Lawson Partners	Stadbroke
H.G. Gladwell & Sons	Copdock, Ipswich

# Brexit impact on Agriculture



## Trade

The agricultural sector is likely to be significantly impacted by Brexit, as it is highly reliant on trade with EU countries. In 2016, 73.3% of UK exports of agricultural products were to the EU (ONS, 2017). According to the CBI (2016), this is likely to continue due to the difficulty of transporting perishable goods, which would impede trade further afield.

Given this dependence, UK agricultural exports would be particularly vulnerable to the introduction of trade barriers such as tariffs. On average, tariffs are 36% on dairy products, 20% on animal products and 10% for fruit and vegetables. This would reduce competitiveness vis-a-vis EU countries. As the agricultural sector in Norfolk and Suffolk is intrinsically linked to other sectors, most notably food and drink manufacturing, trade barriers to agricultural products could have deleterious effects on interconnected sectors (CBI, 2016).

To mitigate this, Paul Kenwood (2017), the Managing Director of British Sugar, has stated that he would wish for any tariffs which act as barriers to trade with Ireland, France and Italy to be matched by reciprocal tariffs to protect the thriving British sugar beet industry.

Despite the relative dependency of the UK agricultural system on the EU, the sector could become more open looking. Brexit offers the UK the opportunity to expand its exports globally. This optimism is shared by British Sugar (2017), particularly given the removal of the quota system, as will be discussed in the following section.



## Regulations

EU rules regarding marketing standards and product safety apply for products sold on the EU market, even for non-EU imports, so continued adherence to these is essential (NFU, 2016a). Regulatory stability and certainty will be necessary to ease trade in agricultural products (CBI, 2016).

However, changes to EU regulations may bring positives by allowing the UK to establish its own domestic regulatory policy (*ibid.*). For example, in an article by the Managing Director of British Sugar, Paul Kenwood (2017) writes that Brexit provides the chance to design a sugar policy which benefits the UK's domestic industry. The EU-imposed quota system has previously controlled the quantity of sugar produced in and sold by the UK (British Sugar, 2017), so that, for instance, when there was a surplus crop in 2015, it could not be sold on the UK, EU or world markets (Kenwood, 2017). In October 2017, this quota system will be revoked (British Sugar Beet Review, 2017).

In the case of regulatory changes to the wider agricultural sector, new policies will need to ensure that favourable access between the UK and EU markets is maintained.

# Brexit impact on Agriculture

## Workforce

A restriction on the free movement of people in the EU is highly likely to affect the agricultural sector in Norfolk and Suffolk.

Agriculture is a labour-intensive sector which is reliant upon both full-time and seasonal EU labour. Between April 2016 and March 2017, 10% of the workforce (36,000 people) were non-UK EU nationals (ONS, 2017). This figure is unlikely to account for temporary and seasonal workers, as it is from the Annual Population Survey, which uses a sample of UK residents.

UK agriculture's reliance on seasonal EU labour derives from many farms' inability to recruit sufficient domestic workers (NFU, 2016a). According to the National Farmer's Union Deputy President Minette Batters, "...80,000 seasonal workers plant, pick, grade and pack over nine million tonnes and 300 types of fruit, vegetable and flower crops in Britain every year" (NFU, 2017). This underlines the extent to which the official estimate of 36,000 EU workers diverges from the number of seasonal workers in reality.

This reliance on EU labour applies to Norfolk and Suffolk. Across the region, thousands of Eastern European workers pick fruit, vegetables and salads. A supply of both seasonal and permanent workers is similarly important to poultry and pig farming (NFU, 2017).

Without access to a ready supply of relatively cheap EU labour and absent desire among UK nationals for agricultural work, farms may find it difficult to locate sufficient work for the season. Labour shortages may reduce the production and growth of UK farms, necessitating increased imports and price rises (Smithson Hill, 2017).

## Funding and investment

The main source of funding for the agricultural sector comes from the Common Agricultural Policy (CAP), which has become central to the agricultural sector in the UK. The aim of CAP is to address the failure of agricultural markets in delivering fair incomes to farmers by helping farmers deal with market volatility and to buffer them against shocks.

In 2015 alone, farmers in the UK received €3.084 billion in direct payments (NFU, 2016a). On average, these payments contribute 55% of the total income from farming (CBI, 2016). CAP payments enable farmers to meet the higher cost associated with higher welfare and environmental standards, without which many farms would be unable to survive (NFU, 2016a).

Alongside CAP subsidies, the UK was allocated €5.2 billion for rural development projects between 2014 and 2020 (NFU, 2016a). These funds are used to support increased farm productivity, micro/small enterprises and farm diversification, rural tourism, rural services, cultural and heritage activities, and forestry productivity, and will no longer be available after the current funding round ends in 2020.

# Manufacturing

Norfolk and Suffolk has a wide and diverse manufacturing sector employing over 61,000 workers.

Manufacture of food products is by far the largest sub-sector, employing 13,681 people. Half of these jobs are concentrated in production and processing of poultry meat (detailed analysis on page 9), an area of high employment growth and specialization in Norfolk and Suffolk. Firms operating in the area include Bernard Matthews, Tulip and 2 Sisters Food Group. Manufacturing of beverages is also an area of high local specialisation that employs over 2,000 people in Norfolk and Suffolk. Most of these jobs are in beer manufacturing, with Adnams based in Southwold and Greene King in St Edmundsbury. In addition, Aspalls, based in Mid Suffolk, drives local strength in the production of cider, Muntons, a major malt exporter, is based in Stowmarket, and Britvic, located in Norwich, is an important soft drinks manufacturer. Other significant food products produced in the region include prepared meals, cocoa and chocolate, condiments and animal feeds. Finally, the manufacture of sugar also has a large workforce in the area through the British Sugar manufacturing facilities in Wissington, Bury St. Edmunds and Cantley.

Other important sub-sectors in terms of employment include the manufacture of fabricated metal products, machinery and equipment, and rubber and plastic products – all with more than 5,000 jobs in Norfolk and Suffolk. The manufacture of metal products primarily involves metal structures for industrial use, structures and elements for the construction industry and machining. Machinery and equipment includes non-domestic cooling and ventilation equipment and agricultural and forestry machinery. Plastic and rubber manufacture encompasses a broad range of products, including packing goods and plastic elements for construction.

Other manufacturing sub-sectors with more than 2,000 jobs in Norfolk and Suffolk include the printing and reproduction of recorded media, manufacture of motor vehicles (eg. Hethel Engineering Centre), chemicals, and furniture and wood products. Finally, the manufacture of pharmaceuticals is also an important sector for Norfolk and Suffolk. Although not amongst the top manufacturing sub-sectors in terms of employment (with just below 1,000 jobs), the concentration of pharmaceutical jobs in Norfolk and Suffolk is 17% higher than in Great Britain. This sector is key for innovation in manufacturing based on high-skilled and high-wage jobs. Pharmaceutical companies in Norfolk and Suffolk include Baxter Healthcare, in Thetford, and Genzyme, in Haverhill.

**Table 3: Top Manufacturing sub-sectors in employment (Norfolk and Suffolk, 2015)**

Main SIC-2 sub-sectors	Number of jobs
Food products	13,681
Fabricated metal products	6,820
Machinery and equipment	6,452
Rubber and plastic products	5,883
Printing/reproduction of recorded media	3,122
Motor vehicles	2,833
Chemicals and chemical products	2,707
Furniture	2,584
Wood products	2,456
Beverages	2,272
<b>Total Manufacturing</b>	<b>61,017</b>

**Table 4: Large Manufacturing companies in Norfolk and Suffolk (examples)**

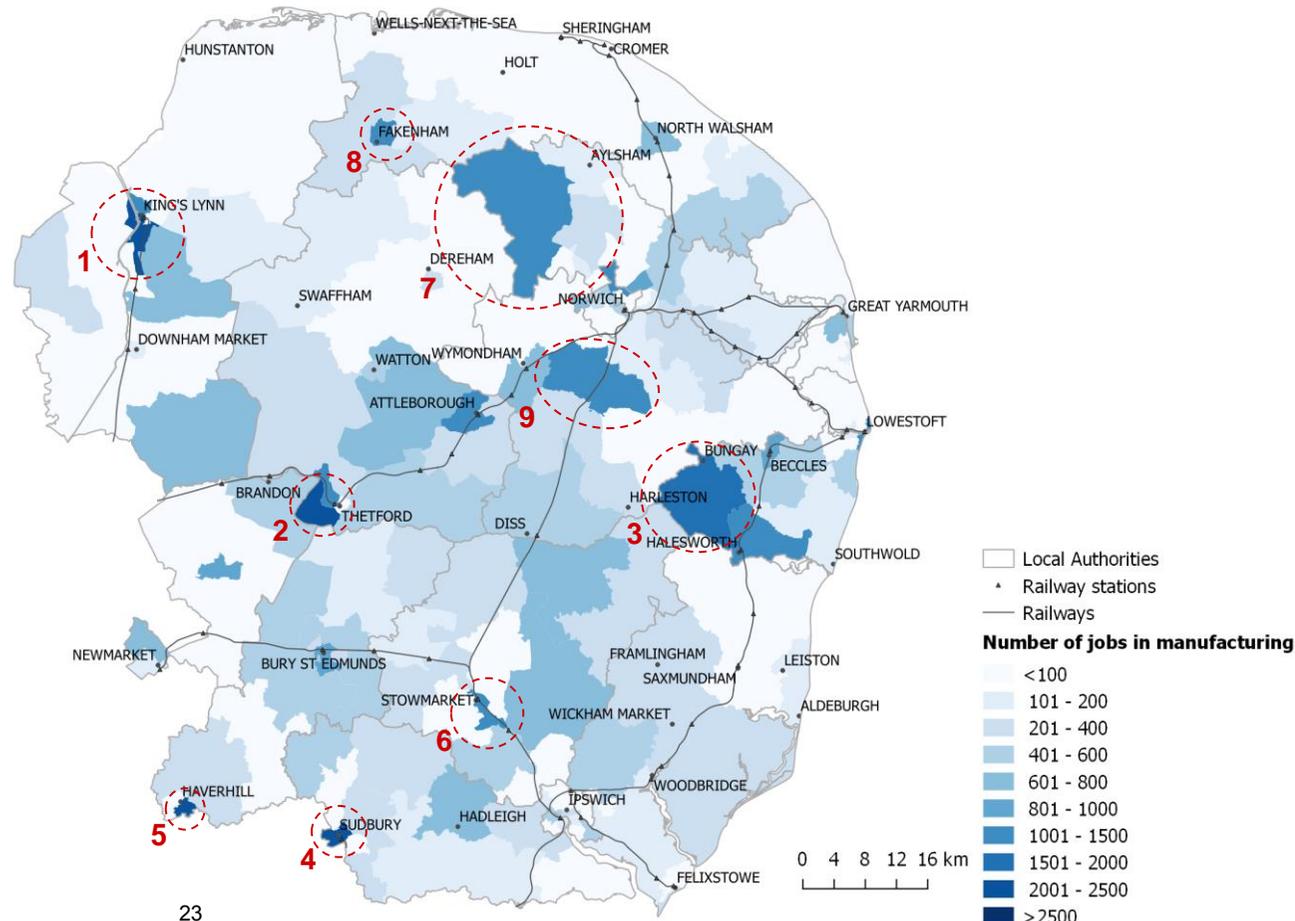
Company	Location
Greene King	Bury St Edmunds
Forfarmers UK	Bury St Edmunds
Baxter Healthcare	Thetford
Bosch Lawn And Garden	Stowmarket
Direct Table Foods	Little Saxham
British Sugar	Wissington; Bury St. Ed.; Cantley
Palm Paper	King's Lynn
Bernard Matthews	Norwich
Tulip	Stadbroke
2 Sister Group	Thetford

# Manufacturing

Figure 1 maps the spatial distribution of manufacturing jobs in Norfolk and Suffolk. Overall, it shows that jobs in the manufacturing sector are fairly dispersed across the whole area of Norfolk and Suffolk. Nonetheless, the following areas have particularly high concentrations of jobs in manufacturing:

Geographic area	No. jobs	SIC-2 sub-sectors	Example companies
1 King's Lynn and surrounding area	3,752	Paper and paper products; machinery and equipment	Palm Paper, Cooper Roller Bearings Company, A T Promotions
2 Thetford	3,216	Pharmaceuticals; fabricated metal; rubber and plastic	Baxter Healthcare, Trox UK, Advanced Air (UK), Camvac
3 A144 between Bungay and Halesworth	2,816	Food products	Cleveleys Foods
4 Sudbury	2,135	Textiles	Silk Industries, 4 BG Group, Walters Holdings
5 Haverhill (East)	2,125	Pharmaceuticals; computer, electronic and optical products	Genzyme, IFF, Herbert Group
6 Stowmarket (South East,)	1,417	Chemicals and chemical products; beverages	PPG Industries (UK), Muntons
7 Between Dereham and Aylsham	1,324	Beverages	Broadland Wineries
8 Fakenham	1,256	Machinery and equipment; electrical equipment	PMC Harvesters, P4
9 Hethel Engineering Centre	1,185	Motor vehicles	Lotus, MSF Technologies, Multimac

Figure 1: Spatial distribution of manufacturing jobs in Norfolk and Suffolk (2015)



# Poultry and meat processing

Within food production, Norfolk and Suffolk have particular strengths in the processing and preserving of poultry meat, and the production of meat and poultry meat products. Together, these sectors employ nearly 8,000 people in the region. These jobs are mainly located in the following areas:

Geographic area	Number of jobs (2015)	Example companies
1 Area South East from Bungay and Halesworth	1,589	Cleveleys Foods
2 Attleborough and surrounding area	871	Banham Poultry
3 Between Dereham and Aylsham	862	Bernard Matthews
4 Lowestoft Harbour	543	Waveney Valley Smokehouse
5 Thetford	526	2 Sisters Food Group
6 Outskirts of Bury St Edmunds	502	Direct Table

Figure 2: Spatial distribution of poultry/meat manufacturing jobs in Norfolk and Suffolk (2015)

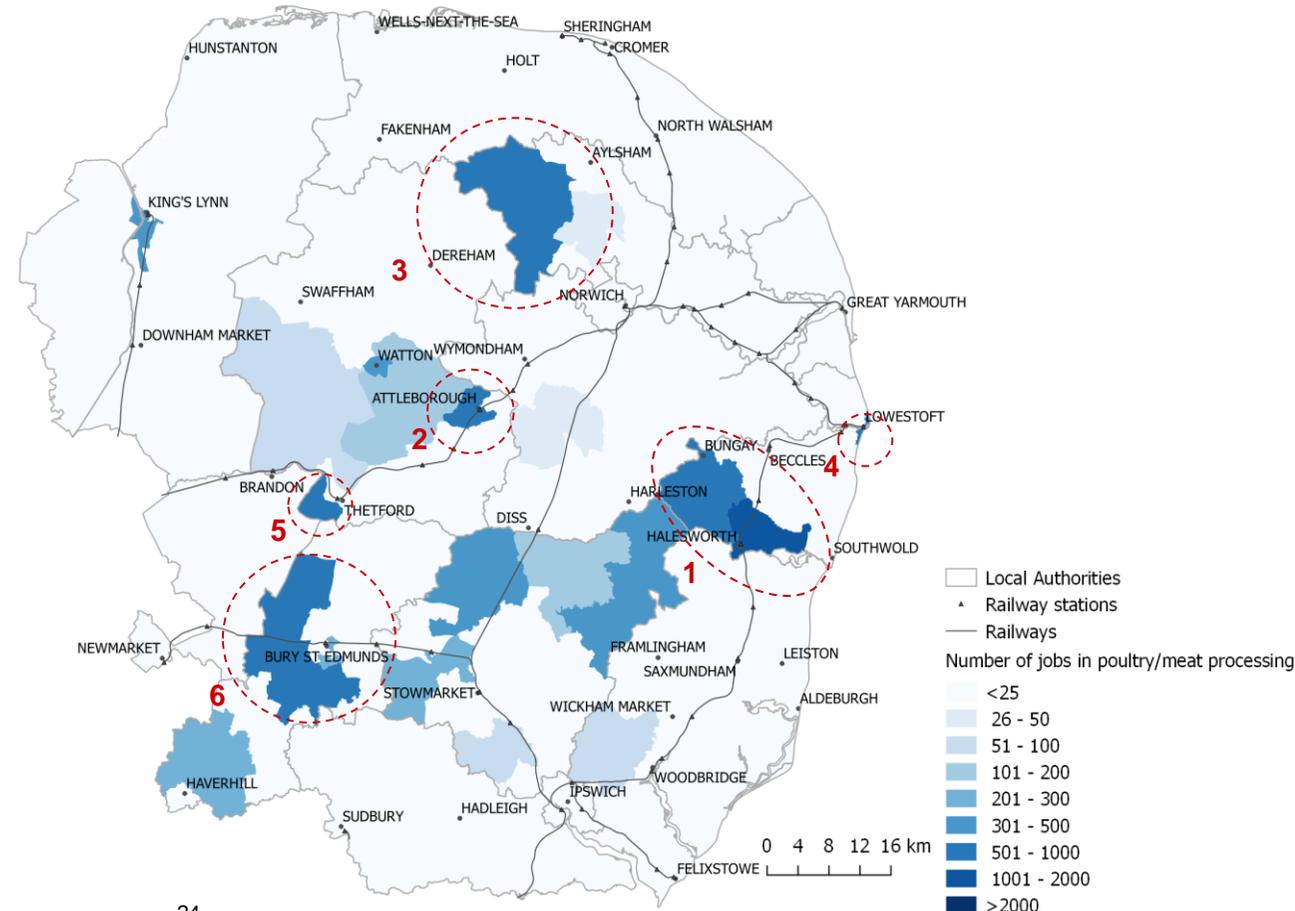


Table 5: Top poultry/meat manufacturing sub-sectors in employment (Norfolk and Suffolk, 2015)

Main SIC-5 detailed sectors	Number of jobs (2015)
Processing and preserving poultry meat	4,347
Production of meat and poultry meat products	3,041
Processing and preserving meat	471
<b>Total Poultry And Meat Processing</b>	<b>7,859</b>

# Brexit impact on Manufacturing



## Trade

Manufactured products account for 89.8% of total goods exports and 91.0% of total goods imports in the UK, and UK-EU trade is substantial. In 2016, the EU share of exports in manufactured products was 47.7%, whilst the EU share of imports was 57.7% (ONS, 2017). Manufactured goods move along complex supply chains which operate across the EU. The UK is reliant on exports to the EU, and the interdependency of companies along the supply chain in the single market means that the any imposition of tariffs would increase costs for manufacturers (CBI, 2016).

The fall of the value of the pound post-Brexit has impacted trade of manufactured goods in different ways, and sterling appears set to remain weak. Firstly, this has increased the cost of imported manufactured products (Tait Walker, 2016). Auditors Creaseys believe that this may boost the UK domestic market, as companies are forced to source nationally. Secondly, the weak pound cheapens exports, making UK exports more competitive.

The UK pharmaceuticals sector trades a lot with the EU. A total of 44% of UK exports are to the EU. Supply chains in pharmaceuticals operate across borders, which has raised fears of trade barriers at various stages of production. In the EU, there are no import tariffs on pharmaceuticals; however, tariffs exist on raw materials and machinery, which, if imposed, would increase production costs (CBI, 2016). It is unclear whether the UK will be able to negotiate favourable terms of trade for these items (Simmons and Simmons LLP, 2017).

Concerning poultry and meat processing, less than 25% of British meat is exported (Global Meat News, 2016); however the EU is the UK's most important export market. In 2016, exports of preserved meat and meat products to the EU comprised 78.1% of total exports (ONS, 2017). For poultry, it is primarily 'dark meat' (thighs and legs) that is exported, while 'white meat' (breast and wings) serves the domestic market (FWI, 2016). Estimates suggest that tariffs would fall between €187-1,283 per tonne of poultry meat or €1,024-2,765 per tonne of processed poultry meat. Given the disparity in domestic demand for 'dark' and 'white' meat, a fall in exports of dark meat precipitated by the imposition of tariffs would result in its overproduction, severely damaging poultry manufacturers' profitability (ADBH, 2016). A failure to impose tariffs or quotas on imports or form free trade agreements with other countries may flood the domestic market with cheaper global imports (*ibid.*), further damaging the domestic industry.



## Regulations

The EU determines many manufacturing regulations and laws which are standardised across EU member states. EU laws and regulations apply to many different legislative areas, including product safety, employment, health and safety, and environmental and consumer protection (EEF, 2016b). Regulatory compliance is central to trade and investment agreements, particularly as many EU laws (for example those concerning labour markets and health and safety) have been integrated into domestic law (*ibid.*). For instance, exports of manufactured goods are subject to various regulations and standards, which facilitates their easy trade between EU countries (CBI, 2016). In order to continue trading in the EU, UK manufacturers would have to conform to EU product safety and product standards (EEF, 2016b). Therefore, it is recommended that the UK continue to comply with certain legislations, such as employment and health and safety regulations, in order to maintain stability. However, the UK may opt for a more flexible legislative and regulatory framework, which is independent of the EU (*ibid.*).

The pharmaceutical sub-sector is highly regulated by the EU, consisting of both regulations, guidelines to be followed by national governments, and directives, which are integrated into domestic law (Bird and Bird LLP, 2017). Prevalent at multiple stages of production, the EU has harmonised regulation in the following areas: clinical trials, pharmacovigilance, joint procurement, marketing authorisations, data flows and intellectual property (*ibid.*, Simmons and Simmons LLP, 2017). Continued regulatory alignment would enable UK medicines to be sold in the EU. It is particularly important that manufacturing standards and safety regulations are consistent (PwC, 2016b), as non-compliance would affect UK pharmaceutical companies' competitiveness if their products were perceived to be of lower standard than those produced in the EU (Norton Rose Fulbright, 2016a). Outside of the EU, the freedom of pharmaceutical companies to assert intellectual property rights could prevent parallel importation into the UK (Bird and Bird LLP, 2017).

Similarly, EU regulations dictate the terms of trade in poultry and meat processing. The majority of export health certificates and trade agreements have an EU dimension (Jean-Pierre Garnier, Head of Exports at AHDB Beef and Lamb, Global Meat News, 2016). The UK has health certification agreements with over 100 countries (FWI, 2016), demonstrating the importance of EU regulation for trade globally, not only with other EU member states. As with manufacturing, it is deemed preferential for regulatory compliance to be maintained in order to ease trade.

# Brexit impact on Manufacturing

## Workforce

As with agriculture, manufacturing is reliant on EU labour. Sector-wide in the UK, between April 2016 and March 2017, 10.9% of the workforce (318,000 people) were non-UK EU nationals (ONS, 2017). A survey conducted by CBI in 2016 found that nearly two-thirds of manufacturing companies surveyed anticipated recruitment problems in the immediate future.

Underlying the need for EU workers in manufacturing in the UK is a long-standing skills gap, rooted in disparities between the skills provided by education/training and those required by employers (EEF, 2016a). A report presented at the National Manufacturing Debate, an annual conference for the manufacturing industry, listed shortages in technical skills, such as robotics, artificial intelligence, software, data analysis, and electrical/electronic engineering (Cranfield University, 2017). Responding to these shortages is the common practice of moving highly-skilled engineers at short notice across the EU, which may be threatened by the end to freedom of movement (CBI, 2016).

Furthermore, Brexit may result in the movement of manufacturing away from the UK. The increased reliance upon UK workers could lead to higher wages, however as UK workers generally expect to be paid more than their EU counterparts, companies may choose to move their operations abroad where labour costs are lower.

The EU workforce is also important in pharmaceuticals. Multinational pharmaceutical companies in the UK often draw on an international talent base (PwC, 2016b). Skilled workers, mainly from the EU, are seen to have been key to the strength of UK pharmaceutical research and development (Bruegel, 2017b). Restricted freedom of movement may encourage companies to relocate to an alternative EU country with easier access to EU labour, and the UK may become a less attractive destination for highly-educated EU workers (ibid.).

Typically referring to a lower skills set, industries relating to the manufacturing of food products rely heavily on EU migrant labour. EU workers represent 30% of the labour force in the food production sector and 60% in the poultry meat industry, according to the British Poultry Council Chief Executive, Richard Griffiths (Open Britain, 2017). Sourcing these jobs domestically is considered problematic due to their perceived undesirability (AHDB Pork, 2016).

## Funding and Investment

EU funding is integral to maintaining a dynamic and innovative manufacturing sector in the UK. In 2015, the majority (68%) of Research and Development expenditure in the UK was channelled to manufacturing (CBI, 2016). A number of specific schemes have benefitted the sector and driven innovation. Between 2007 and 2013, €7 billion was granted to the UK as part of the EU Framework Programme 7 (FP7), €1.2 billion of which was used to support around 10,000 companies (with the majority used for education/training) (EEF, 2016b). Under Horizon 2020, the UK was the second largest recipient of funding of all EU countries, totalling €1.8 billion, with 22% directed to businesses (ibid.). Locally, EU funding has been important, as the Hethel Engineering Centre is funded by the EU Regional Development Fund. Losing eligibility for these funds may damage UK manufacturing's long-term vibrancy and competitiveness.

Foreign investment also maintains the health of the sector. Manufacturing receives a relatively low share of foreign direct investment (FDI); however, it is vital to boosting productivity through efficiency improvements and the development of new products. Therefore, lower levels of investment would diminish potential future productivity gains (Beck, 2016). In a letter from the Japanese government to the UK and EU, the sustainability of inward investment and continued presence of European headquarters of Japanese companies was called into question (Andy Neely, Head of the Institute for Manufacturing at Cambridge University, 2016). The impacts of this have already been felt in the auto industry, which experienced a 30% decrease in investment in 2016 compared to the previous year (Campbell, 2017).

EU funding has been central to the development of the UK as a centre of pharmaceutical research and development, particularly given as the UK is the largest beneficiary of EU funding (Bruegel, 2017b). Key funds for this sector include the Innovative Medicines Initiative and Horizon 2020 (Bird and Bird LLP, 2017). In the face of funding uncertainty, UK multinationals may move their research projects outside the UK to ensure continued access to funding streams or change their lead team (PwC, 2016b). Furthermore, international firms may be reluctant to invest in research and development projects in the UK (UNESCO, 2016).

The impact of EU funding post-Brexit in poultry and meat processing are likely derive from the agricultural sector. If CAP payments were removed from farms without a replacement scheme designed and implemented by the UK government, this could result in farm closures or lower levels of output, impacting the supply of meat to process.

# Construction

The construction sector is strong and diverse in Norfolk and Suffolk, employing just under 50,000 people across a wide set of specialisms. Construction activities in Norfolk and Suffolk are mainly related to the general construction of buildings and infrastructure and to the more specialized construction and engineering activities of the energy sector, comprising offshore wind, oil and gas.

As shown in Table 6, there are 22,183 jobs in specialized construction activities in Norfolk and Suffolk. Most of these jobs are related to building construction, including electrical installation (4,800 jobs), plumbing, heating and AC (3,800 jobs), and joinery and building finishing (both with roughly 2,600 jobs). Together with construction of buildings (12,629 jobs), these activities form the core of the construction industry related to building construction. However, there are 2,300 more specialized construction activities based in the area, focusing on different types of structures and requiring specialized skills or equipment. These include activities related to the offshore wind, oil and gas energy sector. Derrick Services (specialized in drilling), East Coast Pipe and Fittings (piping services and equipment), and CLS Global Solutions (engineering, project management, fabrication and personnel services), all based in Great Yarmouth, are examples of companies working in this sector.

Architectural and engineering activities, technical testing and analysis employs 8,781 people in Norfolk and Suffolk and also includes activities related both to building construction (e.g. architectural and engineering design and consulting activities) and to the offshore energy sectors (e.g. technical testing and specialised engineering design and consulting). Gardline, a marine surveying business providing geotechnical services to the offshore wind, oil and gas sectors, and 3Sun Group, which provides skilled technicians for installation, inspections, operation and maintenance of wind turbines, and other services to the oil and gas industry, are examples of companies in this sector, both based in Great Yarmouth.

Finally, civil engineering activities employ 6,176 people in Norfolk and Suffolk. The principal activities are construction of roads and motorways and other civil engineering projects such as industrial facilities (except buildings) and outdoor sports and leisure facilities.

**Table 6: Top construction sub-sectors in employment (Norfolk and Suffolk, 2015)**

Main SIC-2 sub-sectors	Number of jobs
Specialised construction activities	22,183
Construction of buildings	12,629
Architectural and engineering activities; technical testing and analysis	8,781
Civil engineering	6,176
<b>Total Construction</b>	<b>49,769</b>

**Table 7: Large construction companies in Norfolk and Suffolk (examples)**

Company	Location
R.G. Carter Construction	Drayton, Norwich
Anglian Windows	Norwich
One Group Construction	Ipswich
Hopkins and Moore (Developments)	Melton, Woodbridge
Derrick Services (UK)	Great Yarmouth
East Coast Pipe and Fittings	Great Yarmouth
CLS Global Solutions	Great Yarmouth
Gardline Shipping	Great Yarmouth
3Sun Group	Great Yarmouth

# Brexit impact on Construction

## Trade

Trade is not the most significant aspect of Brexit impact in the construction sector. According to Sarah McMonagle, director of external affairs at the Federation of Master Builders, only 25% of construction materials are imported (Allen, 2017). Nevertheless, the EU is an important trading partner. According to a 2010 study conducted by the Department of Business Skills and Innovation (Designing Buildings, 2017), the EU is the origin of 64% of imports and destination for 63% of exports in building materials. Furthermore, of the top four countries from which the UK imports (Germany, China, Italy and Sweden), three are in the EU (Shepherd and Wedderburn, 2016).

Loss of access to the single market will have a significant impact on the industry. If duties or complex restrictions were placed on materials, this may cause shortages (Designing Buildings, 2017) or delays in importing and exporting essential resources (Gateley PLC, 2016). Consequently, materials will become more expensive, increasing the cost of construction, affecting both construction companies and those who use their services (Paul Manchester, Manchester Safety Services, Builder and Engineer, year unknown). The weakness of the pound has already contributed to increased material costs (Scape Group, 2017).

## Regulations

Regulatory change following Brexit may be of less concern. According to Burges Salmon (2016), EU law has minimal presence in the construction sector. Instead, its regulatory framework is a combination of UK and EU-directed legislation.

Areas of regulation where the EU is influential include working conditions, climate and the environment, health and safety, and import standards (CBI, 2016). In many cases, the UK chooses to conform to EU standards. For legislation relating to construction materials, continued compliance will be necessary to maintain ease of trade (CBI, 2016; Designing Buildings, 2017). It is unlikely that altering construction legislation and standards will be a priority (Burges Salmon, 2016).

In some instances, EU directives have been fully integrated into UK law. The most significant of which, according to Burges Salmon (2016), are Construction Design and Management (CDM) Regulations (CMS, 2016) and Energy Performance of Buildings (Eversheds-Sutherland, 2016). The repeal or dilution of EU directives is possible in the long term (*ibid.*). Fisher Scoggins Waters (2016) state that if the UK were to establish its own domestic policy, this could reduce the costs associated with complying with EU directives. Deregulation of this type could make the UK seem more attractive to investors (Ashfords, 2016).

# Brexit impact on Construction

## Workforce

The construction sector is highly dependent upon the free movement of workers from the EU. Both unskilled and skilled positions are filled by EU migrants (Builder and Engineer, year unknown). There are high numbers of non-UK EU nationals working in the sector, accounting for 8.8% of the workforce between April 2016 and March 2017 (ONS, 2017). RICS (2017) have shown that the sector could lose 176,500 workers should restrictions be placed on freedom of movement.

The main reason for the reliance on skilled EU workers, who are typically from Eastern European countries (Fisher Coggins Waters, 2016), is the failure to recruit from the domestic market due to a skills shortage within the sector (Eversheds Sutherland, 2016).

Restrictions on migration are likely to have broad implications for the construction sector. Firstly, it may impact wages and costs. The increased demand for skilled workers may drive up wages, resulting in higher project costs (Eversheds Sutherland, 2016). Monika Slowikowska, Founder of Golden House Developments, predicts that labour costs may rise by 15-20. If labour demand supersedes supply, project costs may increase, eventually impacting the fulfilment of housing targets (Designing Buildings, 2017). Higher material import costs and labour costs are forecast to cost the sector £570 million (Scape Group, 2017).

Secondly, it may have implications for the productivity and dynamism of the sector. A weaker workforce may reduce the capacity of house builders, further contributing to an increase in costs (Gateley PLC, 2016). Another impact may be that a lack of skilled labour results in project delays (Eversheds Sutherland, 2016). Uncertainties over workforce numbers have already begun to impact companies' willingness to bid for future projects (CBI, 2016).

More optimistically, UK workers may benefit from reduced competition for jobs and access to larger selection of roles within the industry (Builder and Engineer, year unknown). Without migrant workers to fill vacancies, a skills shortage may fuel investment in training and upskilling (Ashfords, 2016).

## Funding and Investment

Construction is considered to be one of the largest beneficiaries of EU funding (Fisher Scoggins Waters, 2016). It is funded both by the European Investment Bank (EIB) and European Investment Fund (EIF) and has access to the European Structural Investment Fund (ESIF), European Regional Development Fund (ERDF) and Joint European Support for Sustainable Investment in City Areas (Jessica). In 2015, the EIB and EIF together invested €7.8 billion in UK infrastructure projects (CBI, 2016). This is important for construction, as much of the sector is involved in the engineering, construction and design of infrastructure projects. These institutions also lent €665.8 to SMEs in 2015 (Designing Buildings, 2017).

The future sustainability of funding is of vital importance to the sector's continued success, particularly for infrastructure projects (CBI, 2016) and regeneration projects (Ashfords, 2016), and may also impinge on the ability of start-ups to emerge and thrive in the market (Designing Buildings, 2017). Existing UK contributions to these funds could be directed to infrastructure projects (Ashfords, 2016), however, Fisher Scoggins Waters (2016) suggest that projects may consequently receive funding for political reasons rather than based on merit.

In the short-term, the weak pound has attracted international investment (Savills, 2016a), but in the long term, the construction sector will likely suffer from the subdued private investment climate post-Brexit. Of particular concern is a reduction in foreign investment in commercial and residential development (Norton Rose Fulbright, 2017a). There is predicted to be a 30-40% decline across the country in commercial developments over the next five years (Savills, 2016b). Infrastructure projects will also be impacted. A study conducted by EY showed that Brexit has reduced the UK's long-term attractiveness to foreign investors (Construction News, 2017). Overall, this will likely cause an economic slump in the industry.

# Offshore wind energy

Norfolk and Suffolk have a strong and diverse offshore wind sector, and the region is key to upholding the UK's status as the world leader in offshore wind in hosting almost 70% of the UK's offshore wind capacity.

There are several offshore wind farms located off the coast of the two counties, including Sheringham Shoal (17-23 km north of Sheringham), Scroby Sands (2.5km off coast of Great Yarmouth) and Greater Gabbard (23km off the coast of Suffolk). The farms create jobs while under construction and also thereafter in their long-term operation and maintenance.

Sheringham Shoal created 50 permanent jobs, whilst Greater Gabbard created 100 permanent jobs with 95% employed from the local area.

Other projects are currently in the planning and construction phase. Vattenfall are planning to develop Norfolk Vanguard, which will be one of the largest offshore wind farms in the UK. Its sister project, Norfolk Boreas, will be of a similar size. It is likely that the two projects combined will require 160 technicians and managers by the mid-2020s. The Galloper wind farm is currently under construction, creating up to 700 jobs in the process and leaving 90 permanent jobs in operations thereafter. Furthermore, Dudgeon wind farm is also currently under construction and will be fully operational at the end of 2017, employing a further 70 people.

A wider economy surrounds the windfarms. Local companies are present at all stages of the supply chain, offering a range of support services integral to the functioning of the farms. They focus mainly on supply, installation, commissioning, operations and maintenance. Typically, these companies are located in coastal areas so as to be in close proximity to other marine services, ports and the wind farms themselves. Particular clusters exist in Great Yarmouth and Lowestoft.

Figure 3 on the following page illustrates the presence of companies across the supply chain.

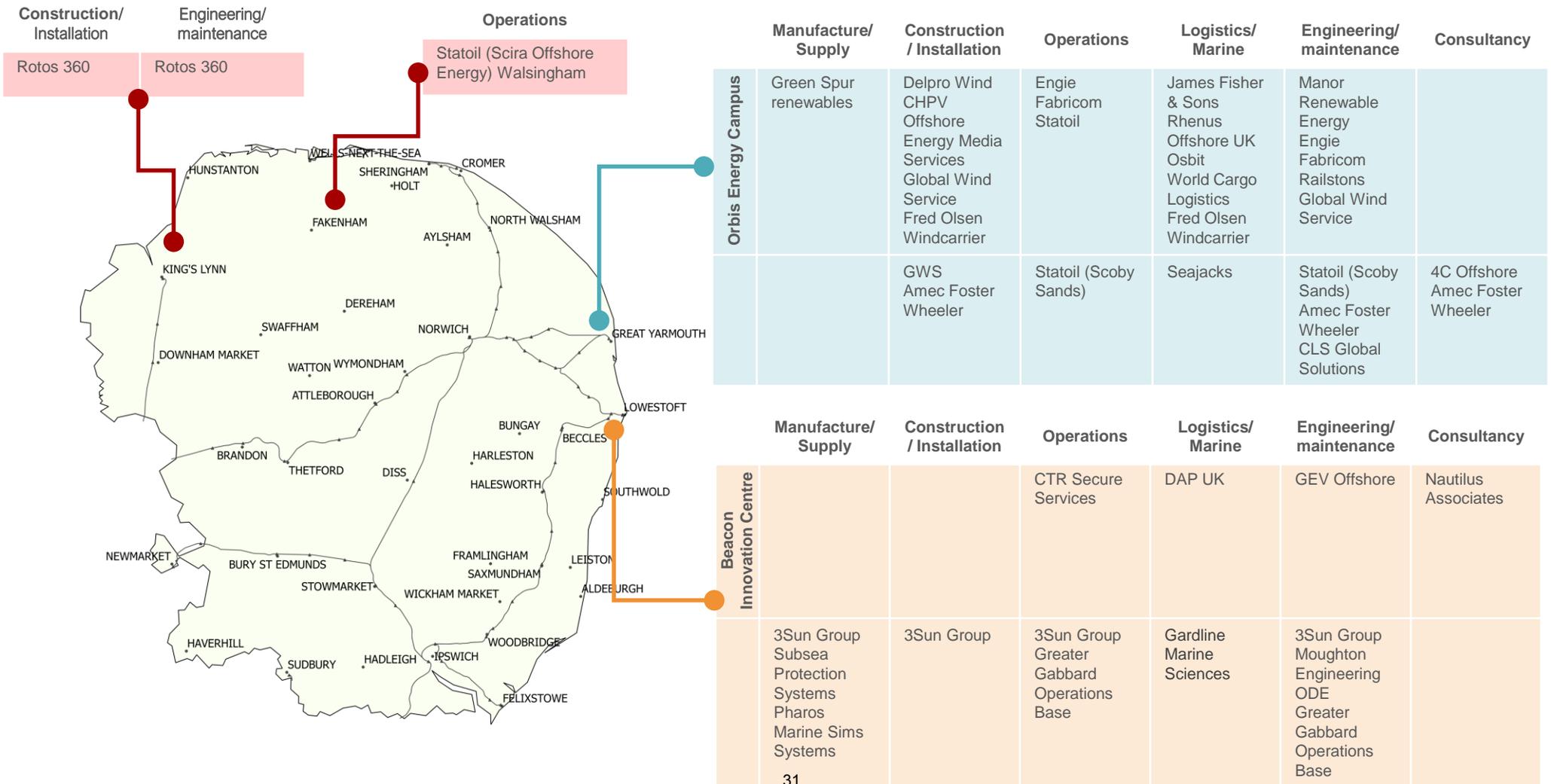
**Table 8: Large offshore wind energy companies in Norfolk and Suffolk (examples)**

Company	Location
Scira Offshore Energy	Walshingham
Scroby Sands Operations and Maintenance Facility	Great Yarmouth
Greater Gabbard Operations Base	Lowestoft
Gardline Shipping	Great Yarmouth

*(more examples on next page)*

# Offshore wind energy

Figure 3: Location of significant wind energy companies and supply chains in Norfolk and Suffolk



# Brexit impact on Offshore wind energy

## Trade

The UK is a net importer of energy (CBI, 2016) but leads the world in offshore wind, therefore the country exports related services. These include cable installation, equipment repair and construction (Renewable UK, 2016). These services are exported worldwide to Europe, the USA and Asia – in recent years, UK offshore wind sector companies have won 115 contracts to build and service 50 offshore wind projects abroad (*ibid.*). In a report by Renewable UK surveying 36 companies (2017), the UK offshore wind sector had won contracts in 18 countries in 2016.

This sector is considered to have great potential for growth in exports. It presents an opportunity to form new markets abroad, which will be crucial after Brexit (Renewable UK, 2017). The Government has recognised the sector's promise and even invited a delegation of senior Chinese figures to the UK to learn about offshore wind (Renewable UK, 2016). Post-Brexit, it is anticipated that exports will become more competitive due to the weak pound and the falling cost of offshore wind technology (Ambrose, 2017).

However, the UK's status as an ideal location to access the European offshore market, as claimed in a UK Trade and Investment (2015) publication, may be called into question by the removal of the UK from the single market. As with manufacturing and construction, the increased cost of importing materials and parts could impact domestic capacity.

## Regulations

Much energy policy has been shaped by the EU, encompassing member states' competitiveness, and security and environment policies (Chatham House, 2016). Post-Brexit, the UK will no longer be represented by EU energy bodies (Allen and Overy LLP, 2016). The most likely outcome of this for the UK offshore wind sector will be the necessity for continued adherence to EU regulations absent UK influence over their formation (RCG, 2016). In the long-term, the UK may choose to determine its own regulations, but this may make the UK less competitive than other EU countries (*ibid.*). Regulatory changes are likely to impact business, funding and investment.

For instance, some contracts may have particular clauses which necessitate continued compliance with EU law. For projects which have secured EU funding, it may be necessary to align regulations, whilst future projects may have problems acquiring funding due to regulatory mismatches. Changes to rules surrounding mergers, acquisitions and joint ventures, which are important given overseas investors' interest in the UK offshore wind sector, would also be significant. It is possible that the UK will need to adopt rules corresponding to the EU Merger Regulation, otherwise EU-based investors would need to consider the application of UK merger control rules as well as those of the EU (Norton Rose Fulbright, 2016b).

# Brexit impact on Offshore wind energy

## Workforce

One of the major existing challenges for the offshore wind sector relates to its workforce, as there is a shortage of offshore wind farm engineers in the UK (CBI, 2016). The Government's Offshore Wind Industrial Strategy, published in 2013, identified a lack of skills as a major issue, particularly in engineering, offshore skills, technician roles and roles specific to the sector, such as environmental analysis, lifting and helicopter/boat pilots. The general shortage of skilled engineers was identified as the driving factor. Other factors include competition from other sectors and the low profile of the industry; however, this is likely to change as the sector grows.

The offshore wind sector encompasses particular sub-sectors of construction and manufacturing, particularly given the importance of engineers, and is therefore likely to face similar problems post-Brexit. Furthermore, it is reasonable to assume that the skills shortage is likely to persist after the UK leaves Europe and may be worsened by companies finding it more difficult to access EU labour.

## Funding and Investment

The development of the offshore wind sector in the UK has greatly benefitted from EU funding. EU funding and European Investment Bank (EIB) loans contribute approximately £2.5 billion per year to energy-related infrastructure, climate change mitigation, and research and development (Chatham House, 2017). Specifically, EIB funding has made up a significant portion of wind farm construction costs, including the Galloper, Sheringham Shoal and Greater Gabbard farms off the coast of Norfolk and Suffolk (Norton Rose Fulbright, 2016b).

Another important source of funding is the European Fund for Strategic Investment (EFSI), which invests in energy infrastructure (Watson Farley and Williams, 2016). The UK has received over €8 billion of EFSI funding, of which around a quarter has been used to fund energy projects, including offshore wind projects (Chatham House, 2016). Furthermore, the European Research Council and Horizon 2020 has funded innovation and research and development in the energy sector (Watson Farley and Williams, 2016).

The UK is likely to lose eligibility for these funding streams upon leaving the EU, which may hold up the expansion of the sector. Watson Farley and Williams (2016) note that the UK may be able to access the 12% of EIB funds for renewable energy projects allocated to non-EU countries, however this does not compensate for lost access to larger funds.

The impact of Brexit on private investment in the sector is uncertain. The investment climate has remained strong with a number of new developments (Maritime Journal, 2017), such as the £300 million invested by Swedish company Vattenfall in Aberdeen Bay (Vaughan, 2016). However, Siemens, a major investor in and manufacturer of components for UK wind farms, has put investment plans on hold (Neslen, 2016), indicating a loss of confidence in the face of uncertainty. Deterred investment is likely to be short-term, which can be managed if the government provides the right incentives (Utilitywise, 2016). In the long-term, issues surrounding policy clarity may impede investment (Durham Energy Institute, year unknown), indeed Jennifer Webber, Director of External Affairs at RenewablesUK, considers this the most important factor in guaranteeing long-term foreign investment (Maritime Journal, 2017).

# Digital

The digital sector employs 18,695 people in Norfolk and Suffolk in a wide set of activities ranging from electronics manufacturing to publishing and media production. Two sub-sectors clearly dominate the digital economy in Norfolk and Suffolk in terms of employment: computer programming and consulting (6,891 jobs), and telecommunications (4,324 jobs).

Computer programming, consultancy and related activities cover mostly business services activities, such as software development, data storage and management, computer system design, and other IT support services. Jobs in these activities can be found all across Norfolk and Suffolk, but there are particular concentrations in Norwich, Ipswich, and the areas surrounding the two cities, as well as around Bury St. Edmunds.

Telecommunications, the second largest digital sub-sector, is clearly concentrated around Adastral Park, 7 miles east of Ipswich, where the main BT research facilities are based. This cluster houses roughly 70% of jobs in the telecommunications sector in Norfolk and Suffolk and, besides BT, is home to major companies such as Cisco, Fujitsu, O2, Huawei and a cluster of small, high-tech ICT companies. Besides Adastral Park, there are significant concentrations of telecommunication jobs in Norwich city centre, including Comm-Tech Voice and Data and Matrix Telecoms, and along the Brundall Gardens-Cantley Corridor, where companies such as Aspect International Telecoms are located.

Other high employment digital sectors include publishing, the manufacture of electronic products, computer repair and media production. Most publishing activities relate to the publishing of business and professional journals, a fast growing sub-sector in Norfolk and Suffolk employing roughly 1,000 people. Other activities include the publishing of newspapers, books and software. Publishing activities are mainly concentrated in and around Norwich, where companies such as Archant are based. The manufacture of computer and electronic products and computer repair each employ roughly 2,000 people. Although most of these jobs are relatively evenly distributed across Norfolk and Suffolk, there is a significant concentration in Norwich, where companies like Anovo, a French-owned large computer repair business, is located. Norfolk and Suffolk also have roughly 2,000 jobs in cinemas, film and TV production, and music recording and publishing.

**Table 9: Top digital sub-sectors in employment (Norfolk and Suffolk, 2015)**

Main SIC-2 sub-sectors	Number of jobs
Computer programming and consultancy	6,891
Telecommunications	4,324
Publishing	2,935
Manufacture of computer and electronic products	2,140
Computer repair	1,953
Film, television and music production	1,905
<b>Total Digital</b>	<b>18,695</b>

**Table 10: Large digital companies in Norfolk and Suffolk (examples)**

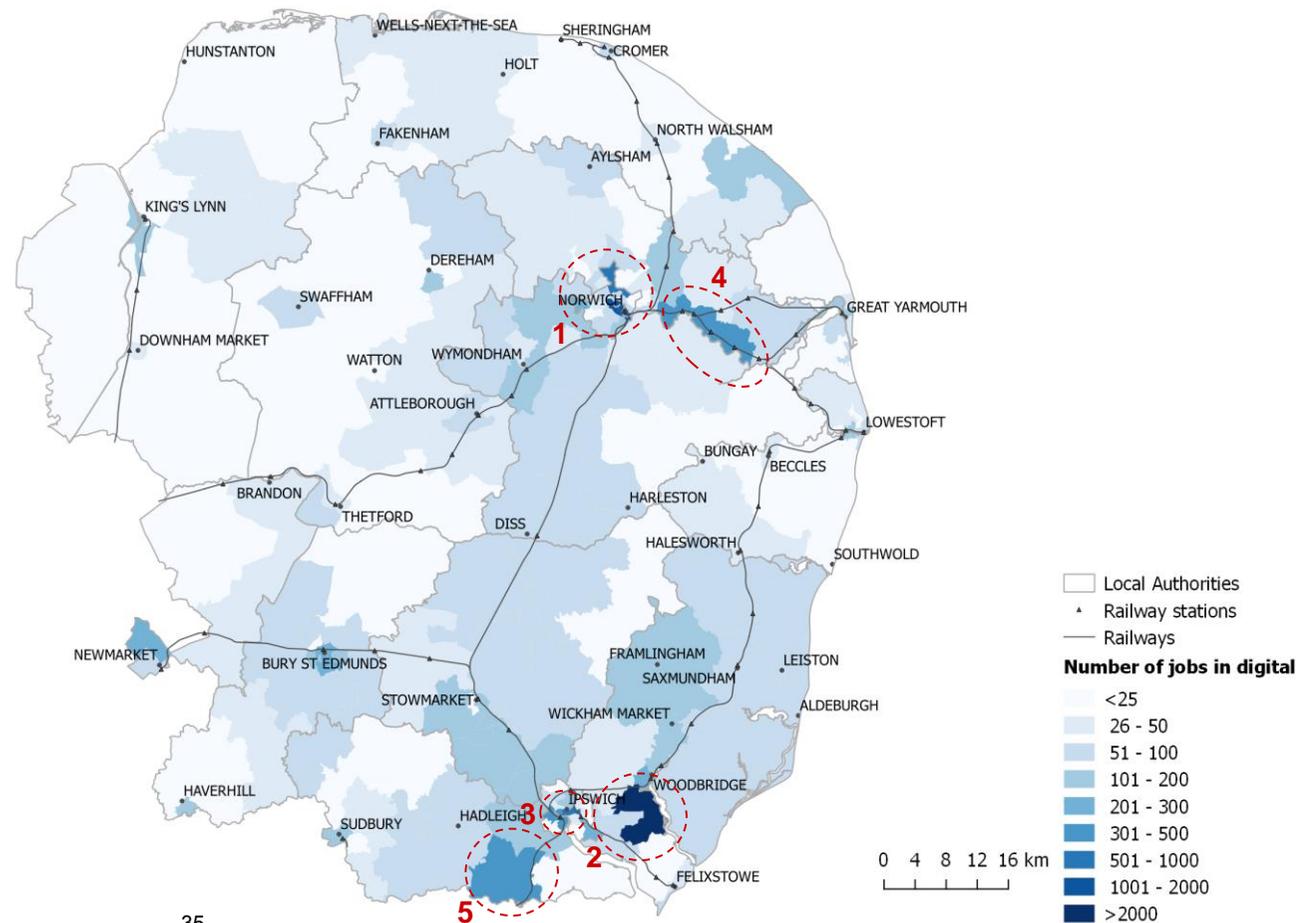
Company	Location
Arrow ECS	Newmarket
Archant Ltd	Norwich
Anovo	Norwich
Access UK Ltd	Holton St Mary
Getech Ltd	Ipswich
Optimise Media Group	Norwich
AST Connections Ltd	Great Yarmouth
BT	Ipswich
Trimble UK Ltd	Ipswich

# Digital

Figure 5 maps the spatial distribution of digital jobs in Norfolk and Suffolk, with an emphasis on computer programming, consulting and related activities, and telecommunications. There are digital jobs across the region, but there are clear concentrations in the following locations:

Geographic area	Sub-sector	No. jobs	Example companies
1 Central and outer North East Norwich	Computer programming	609	Optimise Media, Systems Powering Healthcare Ltd
	Telecommunications	388	Comm-Tech Voice and Data, Matrix Telecoms
	Other digital	2321	Archant Ltd, Anovo
2 Adastral Park	Computer programming	143	Blue Novation Ltd, Coderus,
	Telecommunications	2741	BT Research & Development HQ, Huawei
	Other digital	188	Arqiva Ltd
3 Central Ipswich	Computer programming	810	Trimble UK Ltd, Manhattan Software Group Ltd
	Telecommunications	264	Citytalk Comms Ltd, Zen Systems Ltd
	Other digital	396	Double S Design
4 Hoveton & Wroxham – Cantley Corridor	Computer programming	234	Breakwater IT, Geologix
	Telecommunications	269	Aspect International Telecoms
5 SW Ipswich	Computer programming	299	Access UK Ltd, Safe Computing Ltd, Sch 2014 Ltd

Figure 4: Spatial distribution of digital jobs in Norfolk and Suffolk (2015)



# Brexit impact on Digital sectors

## Trade

The digital sector is by nature borderless (CBI, 2016). However, according to Julian David, CEO of TechUK, tech businesses are still highly reliant upon the single market (2017). There are few concerns over potential barriers to trading digital goods. More pertinent is the trade in services, which makes up 81% of digital sector exports, of which over one third are exported to EU partners (Frontier Economics, 2017). However, WTO tariffs on digital services (and goods) are relatively low (Diginomica, 2017).

Arguably more concerning is the sector's ability to capitalise on the potential of the Digital Single Market (DSM). This aims to ensure the free movement of people, services and capital, enable access to online activities under fair competition, and maintain data protection (European Commission, 2017). Industry professionals hope to maintain access to the Digital Single Market following Brexit (CBI, 2016), and Brent Hoberman, Co-founder of Lastminute.com, sees it as fundamental to the success of the sector (McGoogan, 2016).

The impact of trade on telecommunications is likely to be relatively low, as telecoms services are rarely traded (Clifford Chance, 2017) and most providers serve a domestic customer base (Taylor Wessing, 2016).

## Regulations

Regulatory change is a major concern for the digital sector, as it is primarily services-based (Diginomica, 2017). Some areas of EU regulations and law will remain important, for instance data protection. It is essential that UK data protection laws align with EU and international laws so that UK companies can continue trading and processing EU data and transfer data globally (CBI, 2016). Despite Brexit, it has been confirmed that, as of early 2018, UK companies will have to abide by the new General Data Protection Regulation, which aims to unify data protection regulation EU-wide (Pinson-Roxburgh, 2017). Failure to comply with data protection laws can result in compliance costs (Diginomica, 2017).

As a distinct sub-sector, the regulatory challenges faced by the telecommunications industry are quite different to those of the digital sector as a whole. The majority of telecoms regulations are based on EU law (DXP, 2016). The framework is comprised of directives (which have already been incorporated into UK law), regulations and recommendations set by the European Commission (EC) (Clifford Chance, 2017).

Brexit will have divergent implications for different areas of telecommunications regulation and legislation. For instance, Ofcom may choose to deregulate net neutrality, boosting competition and investment (Taylor Wessing, 2016). Alternatively, some regulations may be incorporated into UK law. If the UK were to pursue its own data protection legislation, companies with data in the UK and EU will need to comply with both sets of regulations (DXP, 2017).

# Brexit impact on Digital sectors

## Workforce

According to Frontier Economics (2017), 18% of the workforce are from outside the UK, a third of which (6% of the total) are non-UK EU nationals. However, the proportion of foreign workers in digital companies can be high, indeed, up to 70% of the workforce of some digital businesses are non-UK nationals (CBI, 2016). As with other sectors, the UK digital sector has a shortage of technical skills, resulting in the need to seek talent from abroad (*ibid.*). Julian David, CEO of TechUK, concludes that access to a global workforce is vital to the sector (TechUK, 2017).

A relatively low number (4.5% in 2015) of telecommunications workers are non-UK EU nationals (ONS, Frontier Economics, 2017). Although small in number, they are often a valuable group of highly skilled workers, as demonstrated by BT Chief Executive Gavin Patterson's concerns about attracting talent (The Register, 2017), which is a particular challenge for senior executive positions (TechUK, 2017).

In a list of the ten best countries for computer programming, compiled by UK Business Insider UK (2016), half of the countries were in the EU, not including the UK. This illustrates the shortage of these skills in the UK. Programmers are particularly mobile within the digital sector, as computer languages are international (Barslund and Busse, 2017), and may choose not to move to the UK if it became difficult to get a visa.

## Funding and Investment

Investment is integral to the growth of the digital sector. A major challenge for new digital start-ups is their ability to access capital (Patel, 2016). The European Investment Fund (EIF) provides capital for start-ups (Clarks Legal, 2017) by funding venture capital firms and private equity funds. Between 2011 and 2015, the EIF gave €2.3 billion to UK based funds, which have supported over 27,000 UK companies (Patel, 2016). If the EIF ceased investment in the UK, the sector's dynamism would suffer.

However, private sector investment may remain buoyant. In 2016, UK tech companies raised more capital than any other European country (Turner, 2017). Investors are positive that there remains significant venture capital in the UK (McGoogan, 2016). For instance, Index Ventures, Octopus Ventures, Balderton Capital and Hoxton Ventures have expressed their continued support for the sector despite Brexit (Information Age, 2016).

Ceasing to be a member of the DSM could impact funding and investment. The European Commission website states that funding will be made available for projects relating to the DSM, however companies in the digital sector may lose their eligibility for these funds (Clifford Chance, 2017). Moreover, remaining outside of the DSM and deregulating the sector could affect the investment decisions of mobile and broadband operators (Norton Rose Fulbright, 2017b).

The telecommunications sector is reliant on EU funding streams. Examples include EU Research and Innovation funding through Horizon 2020, which supports emerging technologies such as 5G and the 'Internet of Things', the Investment Plan for Europe, which boosts investment in digital infrastructure, and the European Regional Development Fund, which facilitates broadband roll-out schemes (Broadband UK, 2017). Absent these funding streams, it is unclear how telecommunications companies will finance their investments, as higher costs would hinder research and development (TechUK, 2016). BT Executive Gavin Patterson has voiced his fears about the threat of reduced funding to research and development (The Register, 2017).

# Life Sciences

Life Sciences is a strategic sector for Norfolk and Suffolk. Its main local strengths are in the fields of food and health research, plant science, microbiology, animal health, ornithology and pharmaceutical research. According to the ONS Business Register and Employment Survey (2015), Norfolk and Suffolk have 2,128 jobs in natural sciences and engineering (most related to natural sciences), as well as 143 jobs in biotechnology (Table 9). These numbers do not include all of Norfolk and Suffolk's manufacturing companies' scientific and R&D activities, for instance the life sciences research carried out by pharmaceutical companies.

The highest concentration of natural sciences and engineering jobs (604) in Norfolk and Suffolk is in West Norwich, where the University of East Anglia and the Norwich Research Park (NRP) are located. The NRP is a campus for world-leading research in food and health, plant science and microbiology. It is home to research groups such as Earth and Life Systems Alliance, Food and Health Alliance and Industrial Biotechnology Alliance, and to institutes such as the Earlham Institute and the John Innes Centre (plant science, microbiology, and biotechnology applied to agriculture and nutrition), the Sainsbury Laboratory (plant diseases), and the recently formed Quadram Institute (food and health research and endoscopy), due to open fully in 2018.

There are 410 life sciences jobs located just south of Lowestoft, as the Centre for Environment, Fisheries and Aquaculture (Cefas) is located there. This is the UK's most diverse centre for applied marine and freshwater science and research, providing innovative solutions for the aquatic environment, biodiversity and food security.

Lower numbers of life science jobs are found in West Thetford (107 jobs) where The British Trust for Ornithology is located. There is also a cluster of animal health firms at Newmarket, and large pharmaceutical companies at Haverhill and Thetford, which benefit from links to the Cambridge life sciences cluster.

**Table 11: Top life science sub-sectors in employment (Norfolk and Suffolk, 2015)**

Main SIC-5 detailed sectors	Number of jobs
Natural sciences and engineering	2,128
Biotechnology	143
<b>Total Life sciences</b>	<b>2,271</b>

**Table 12: Large life sciences companies and institutes in Norfolk and Suffolk (examples)**

Company	Location
John Innes Centre	Norwich Research Park
Quadram Institute	Norwich Research Park
Earlham Institute	Norwich Research Park
The Sainsbury Laboratory	Norwich Research Park
Cefas	Lowestoft
The British Trust for Ornithology	Thetford

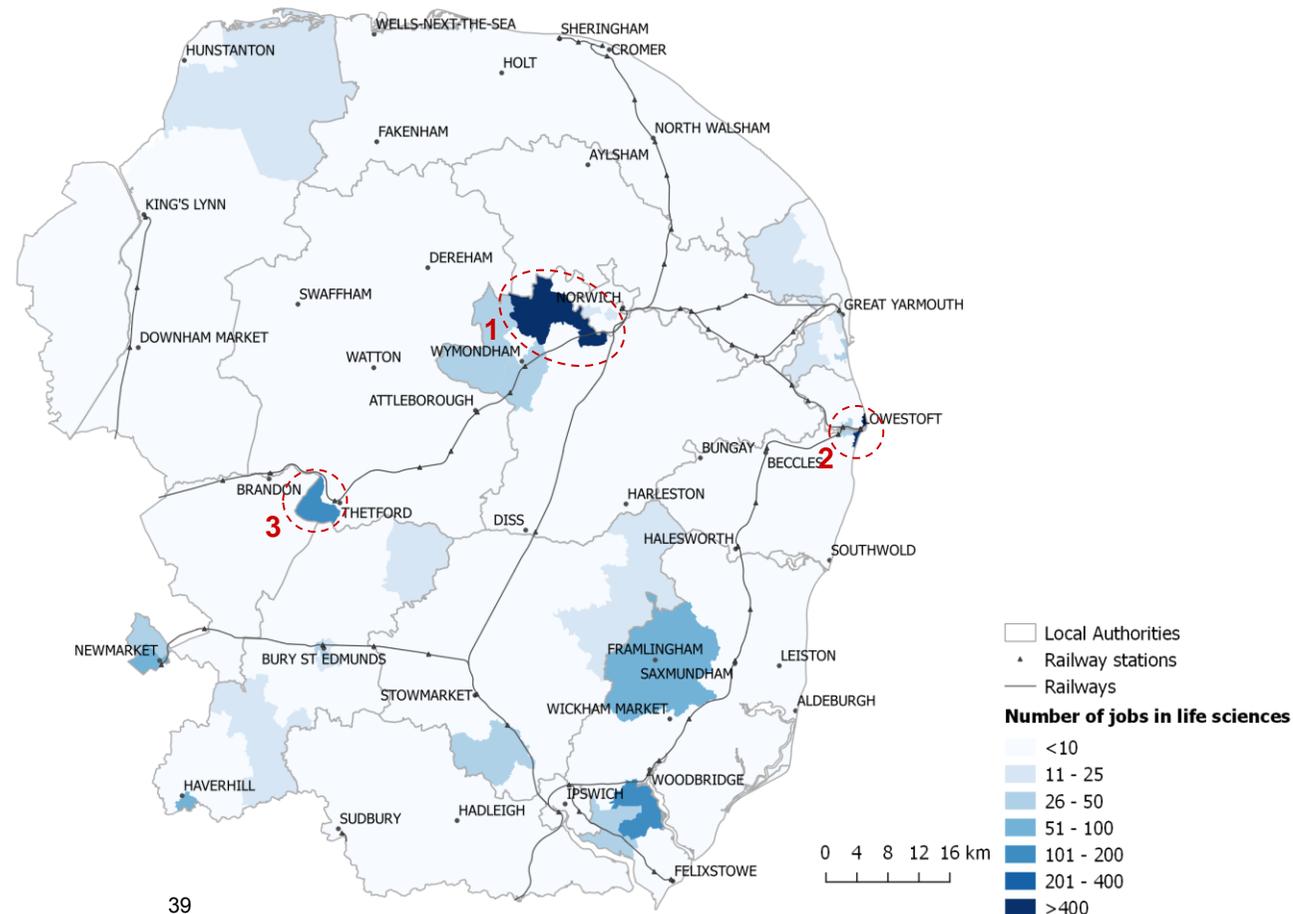
# Life Sciences

Figure 6 maps the spatial distribution of natural sciences and engineering jobs in Norfolk and Suffolk. Although this sub-sector includes activities related to physical sciences and engineering too, these represent a minority of scientific jobs in the region, and are mostly concentrated in Adastral Park.

Life sciences jobs are concentrated in the following locations:

Geographic area	No. jobs	Example companies
1 Norwich Research Park	604	John Innes Centre, Quadram Institute, Earlham Institute, The Sainsbury Laboratory
2 Lowestoft Harbour	410	The Centre for Environment, Fisheries and Aquaculture
3 Thetford	107	The British Trust for Ornithology

Figure 5: Spatial distribution of life science jobs in Norfolk and Suffolk (2015)



# Brexit impact on Life sciences

## Workforce

Global expertise is essential to the vibrancy of the life sciences sector. Scientific research and development is intrinsically international in scope and researcher mobility is seen as critical to the global success of UK science (House of Lords, 2016).

Within UK research institutions, 17% of STEM academics are non-UK EU nationals (CBI, 2016). As discussed in previous sections, the UK has a shortage of STEM skills, therefore, EU migration enables the sector to access the skills it requires from a wider pool of talent (CBI, 2016). Brexit may result in life science academics moving away from the UK (Simmons and Simmons LLP, 2017), as it becomes a less attractive destination.

Collaboration is also important. Internationally co-authored UK publications are cited more frequently than papers with solely UK-based authors, and 60% of UK scientific publications are co-authored with EU researchers (Bruegel, 2017a). In absolute terms, the top collaborative partners are Germany, France, Italy and the Netherlands (The Royal Society, 2017). A report by the House of Commons Science and Technology Committee published in 2016 warned that any restrictions placed on EU immigration would limit collaborative research.

## Funding

A generous and flexible funding environment is essential for the exploratory, innovative and research-based life sciences sector. Annually, life sciences companies in the UK spend £4.1 billion on research and development (CBI, 2016). As a net recipient of EU funding for research and development (Simmons and Simmons LLP, 2017), British science will struggle to replicate the automatic access to EU Research and Innovation programmes it has enjoyed until now (PwC, 2016b).

Scientific research and development has benefited greatly from EU funding. Natural and physical sciences (as well as engineering) receive the highest share of EU funding of all academic disciplines (The Royal Society, 2017). In 2015, under Horizon 2020, the largest EU Research and Innovation programme, UK university researchers received the largest share of total projects funded (over 2,000 per year) and the largest share of grants (€1.2 billion, or 16% of the total) (Bruegel, 2017a).

Furthermore, since 2007, the UK has won around 1,400 of 5,000 European Research Council Grants (Lucas, 2016). It is estimated that the UK will lose €1.5 billion per year in direct EU funds following Brexit (Bruegel, 2017a). Furthermore, the UK may lose access to collaborative projects with EU partners, as certain funding streams are directed solely to cross-border projects, indeed Horizon 2020 grants have done much to connect scientific researchers across the EU (Prospect, 2017).

# Concluding remarks

Although considerable uncertainty remains on the specific outcomes of Brexit while the UK Government negotiates the terms of its departure from the EU, this research identified a set of challenges and opportunities for six key sectors of Norfolk and Suffolk's economy. These challenges and opportunities will have different impacts across different economic sectors and geographical areas. The following points summarize our main conclusions, focusing on Brexit's impact on workforce, regulations, trade, funding and investment.

## Workforce

- Arguably the most significant impact of Brexit in Norfolk and Suffolk will be on the local labour force. There is consensus that non-UK EU nationals currently residing in the UK should be allowed to stay. But recent evidence suggests that many may wish to relocate, as the UK is perceived to be less desirable. In the long-term, it is highly likely that migration from the EU will drop. Moreover, Brexit will impact low and high skilled workers in different ways.
- Lower skilled EU workers often fill vacancies in agriculture, manufacturing and construction, many of which are seasonal or temporary, and therefore are difficult to fill domestically. It will be important to retain the current workforce as far as possible.
- In the future, there is an opportunity for these sectors to uplift the economy, as innovation could lower labour intensity by transforming a high number of low skilled, low paid jobs into higher skilled, better paid jobs. For instance, agri-tech is seen to help overcome labour shortages by reducing labour intensity through further mechanisation and automation (Robert Smith, Russell Smith Farms, Smithson Hill, 2017). The LEP could have a key role in this process, supporting local business in securing the necessary skills and funding to innovate, in line with the National Industrial Strategy.
- Many higher skilled professionals from the EU work in offshore wind, advanced manufacturing, digital (especially computer programming) and life sciences, due to a shortage of STEM skills in the UK. As with the lower skilled jobs, it is crucial to retain these workers. This may be challenging because, on the one hand, these are highly mobile workers who can easily find good jobs in other European countries, and, on the other hand, there might be increased costs for businesses to employ overseas workers (as is currently the case for non-EU workers).
- The LEP should support local businesses in retaining their skilled workers, while working with companies and education and training providers to ensure that STEM skills provision aligns with local skills demand.

## Regulations

- Leaving the EU provides the UK the opportunity to formulate its own regulatory regime, which in many industries has been EU-directed over the past several decades. This can be made more in accordance with UK-specific concerns and objectives, and may unlock increased investment. For example, in the digital industry, rules on net neutrality could be overturned, reducing red tape and consequently boosting competition and investment.
- However, the standardisation of regulations across the EU with many EU directives incorporated into UK law means that regulatory alignment and stability will be important across the sectors to maintain 'business as usual', easing trade and ensuring continued access to international funding. Consequently, in order to remain competitive, the UK is likely to have to continue conforming to many EU laws, policies and regulations.
- The relationship between regulation and trade is particularly pertinent in agriculture and manufacturing, including pharmaceuticals and poultry and meat processing, due to the importance of product safety standards. It is no surprise that companies in these sectors may be anxious about regulatory changes following Brexit. Companies in Norfolk and Suffolk will need to remain aware of any regulatory changes and how they may impact them.

# Concluding remarks (cont.)

## Trade

- The future environment and conditions for trade after the UK leave the European Single Market are still very uncertain. Negotiations on trade are not expected to start before December 2017 at best.
- Outside of the single market, the introduction of trade barriers, such as tariffs, is likely to impact UK exports, particularly in the agricultural and food production sectors, where tariffs are typically very high and Norfolk and Suffolk export a good deal of goods to the EU. Given the importance of farming and food production in Norfolk and Suffolk, this is a key area of concern for the region.
- Although most goods produced in Norfolk and Suffolk are sold on the UK market, tariffs will impact entire supply chains, affecting most manufacturing activities as well as construction, as various components and materials across the supply chain are traded with EU partners. For example, duties or restrictions placed on imports may cause shortages of materials, increasing costs in construction, which in turn will impact the entire region's economy. In this context, it is vital for the region that the UK Government achieves a favourable trade deal with the EU post-2019.
- The region will inevitably have to adjust economically. This is both a challenge and an opportunity. There is a clear opportunity to increase the UK share of companies' supply chains, and open products to new markets worldwide. The lower value of sterling may make UK exports more competitive, but it is important that local companies innovate and actively enter new markets. As companies often rely on imported inputs in their global supply chains, and because some high-value-added products (such as pharmaceuticals) are less sensitive to price changes, the recent depreciation in sterling has not generated a significant boost in UK exports (The Economist, 2017). Firms appear to be using sterling's weakness to bank increased profits in a time of uncertainty, rather than to move into new markets (*ibid.*). Exploiting new markets and cultivating a competitive advantage requires time, innovation and financing. The LEP can play a central role in supporting Norfolk and Suffolk companies in this endeavour.
- The trade of services is important for the digital sector, and whilst any potential tariffs would be low, the inability of the UK digital sector to take advantage of the free movement of services and capital as part of the Digital Single Market would inhibit the sector.

## Funding and investment

- EU funding plays a supporting role in all of the important sectors in Norfolk and Suffolk. Across manufacturing, digital and life sciences, EU funding has been integral to driving the evolution of the sector through research and development, and innovation. EU funding has also been important for investing in large scale infrastructure projects, indirectly supporting businesses and job growth in the construction and offshore wind sectors.
- In agriculture, the Common Agriculture Policy (CAP) heavily subsidises farming, without which many farms would close, severely damaging the rural economy. It is important that local businesses find alternative sources of funding – from Central Government or elsewhere – once they are no longer eligible for EU funding. The LEP may play a key role in working with local businesses and supporting them in securing the funding they need to continue to grow and innovate.
- Foreign Direct Investment (FDI) is key to raising national productivity, and, by extension, output and wages across all sectors (most significantly in manufacturing). There is evidence that EU membership has significantly increased FDI – the extent to which FDI will be affected by Brexit depends highly on future trading arrangements with the EU (CEP, 2016). The impacts also vary across sectors. For instance, investment has already declined in manufacturing, whilst investment is likely to slow in commercial and residential development, impacting construction. In the offshore wind sector, there has been a mixed post-Brexit reaction by foreign companies with some continuing to invest whilst others have put investment on hold. The digital sector, on the contrary, has continued to enjoy robust foreign private investment.

# Policy Recommendations

This report was commissioned to provide analysis of potential opportunities and challenges and information on companies within specific sectors where those impacts were assessed to be greatest. But the analysis also leads to potential conclusions about the strategic approach that Norfolk and Suffolk might take to supporting businesses in the period ahead. This slide summarises our conclusions about potential policy, very much in the context of the new Norfolk and Suffolk Economic Strategy.

- Local partners should take the opportunity of developing a local industrial strategy to further reinforce the sectoral specialisms that Norfolk and Suffolk have and to ensure that central Government is fully aware of the contribution that those specialisations make to the national economy. Many of these sectors have similar requirements (e.g. for technical skills, leadership skills, new technologies and easier to access funding and partnerships for smaller scale commercial research and innovation). And many face global opportunities for new markets and new products (e.g. clean energy, high tech food and drink production and digital / ICT)
- There is an opportunity to consider reviewing and focussing Growth Hubs, Innovation Hubs and skills deal activity to more proactively reach out to those businesses which could have opportunities for growth and/or be more challenged by Brexit (encouraging innovation and automation in food production is one example).
- As the labour market continues to tighten and if migration continues to slow, then there is a strong case for focussing and strengthening place marketing and inward investment in order to reach out to the people you need to attract and retain as well as the investment needed to drive productivity.
- Attracting large scale private sector investment in infrastructure and development will require places to further focus their investment marketing activity and develop a very strong place based story and proposition.
- Collaborating with other regions and sectors elsewhere to where there is a common interest in reaching out to new markets or designing new products.
- In the context of local industrial strategy consider a more in-depth piece of work in order to understand your business base in more detail and in a way that updates regularly, including the specific needs of individual businesses and how you can work with them. Both for central Government and locally it will be vital to have a more accurate understanding of your leading indicators and of business health and where the challenges and opportunities lie.

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# Metro — Dynamics

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**New Anglia Local Enterprise Partnership Board**

**Wednesday 21<sup>st</sup> February 2018**

## **Agenda Item 7**

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### **Economic Strategy Indicator Trajectories and Target Methodologies**

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Author: Alexander Frost / Lisa Roberts

**Purpose:** This paper outlines the robust methodology that has been developed to set targets for each of the eight Economic Strategy indicators up to 2021 along with forecast trajectories up to 2036.

**Recommendation:** The Board is asked to:

- Agree the methodologies that have been developed to set the targets for each of the indicators up to 2021.
- Agree the approach to monitoring and reporting on the indicators to the Board.

#### **Background**

The Economic Strategy for Norfolk and Suffolk 2017-36 sets ambitious targets for the two counties against eight indicators (see figure 1 below). These targets were agreed by the board as part of the development of the strategy and will help measure success and drive delivery.

The new indicators build on those that were set in the Strategic Economic Plan - GVA, new homes, new businesses, job creation and productivity. They also include new indicators on inclusive growth - employment rates, wages and skills – important measures to monitor the impact of growth on every section of society.

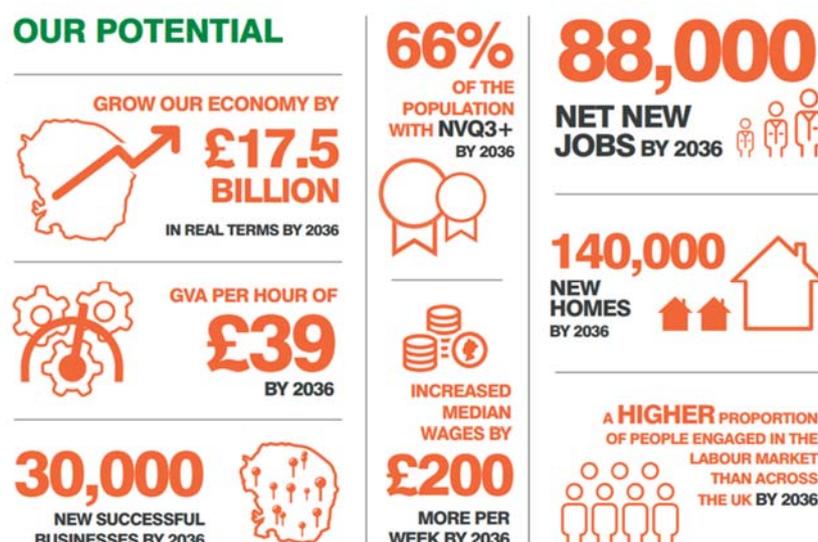
In order for the LEP and its partners to evaluate the impacts and learn from its investments and interventions it is important to have a robust foundation to start from.

Previous targets were set through discussion rather than formulated on a sound mythology. This made monitoring and reporting challenging. Through the evidence-focused nature of the new strategy we are keen to take a different approach to enhance our ability to learn and ensure greatest impact on growth.

The common evidence base which underpins the strategy, the indicator methodology and targets places the LEP and partners in a much better position to monitor and report on the indicators with greater clarity, consistency and accountability. It also enables the LEP and partners to flexibly react to prevailing economic conditions and shape and direct interventions and investments to ensure alignment with, and realisation of, the ambitions in the Economic Strategy.

Having targets that are set on sound methodology also builds confidence and robustness with our reporting to government. Positive feedback on our robust approach to setting targets was received following the LEPs Growth Deal three bid.

**Figure 1 – Economic Strategy indicators targeted delivery to 2036**



A user guide has been developed which provides an introductory overview and guidance for non-data users to the respective indicators. This is available at the following link <https://newanglia.co.uk/wp-content/uploads/2018/02/1802-Final-ES-indicators-user-guide.pdf>

The guidance provides answers to the following questions for each indicator:

- What do we mean/how do we define the indicator?
- Where is the data sourced from?
- How is it measured and calculated?
- How often is it updated?
- When was it last updated, and what is the baseline for the strategy?
- How is it forecast? And how were the annual targets set?
- What is the potential trajectory over the strategy period?

These methodologies and ‘user guides’ have been independently peer reviewed by a number of internal and external partners, including the Economic Strategy Steering Group, the Norfolk and Suffolk Data Practitioners Group, and Strategy consultants Metro Dynamics.

### **What happens next?**

With the formal adoption of the methodologies and associated targets to 2021, the LEP executive will begin to shape the monitoring and reporting processes for the indicators. The ambitions dashboard will be redesigned to include the new indicators. The indicators will be monitored on a rolling annual basis, with an official update at the annual LEP board, Leaders’ and sector leads session which is part of the agreed Economic Strategy annual progress review process.

The methodologies also will be used to help align LEP Programmes outputs to the indicators and set targets at LEP programme level. The user guide will be expanded to include a section for LEP Programmes which will answer the following question for each of the LEP Programmes:

- What outputs does the programme deliver?
- How do the outputs align with the Economic Indicators?
- How are these outputs defined?
- How often are the outputs monitored and updated?
- How have the targets been set for each output?

This will feed into the work underway looking at how the LEP reports and presents its programmes performance to the LEP board.

Part of this will include addressing how and when the supporting metrics (offering much greater detail underneath the indicators) will be monitored and reported. The work on LEP Programme Performance will be presented to the LEP board in April or May.

## Methodology Summary

Table 1 below summarises the recommended target-setting methodology sitting underneath the eight Economic Strategy indicators. These methodologies utilise established and recognised metrics, formulas and forecasts, which enables the setting of consistent and economically-aligned short term targets moving forward.

The short term targets – to 2021 – are also outlined, and highlighted as a share of the overall 2036 target. These targets all follow slightly different trajectories across the respective indicators given the contrasting economic context differing levels of certainty in the forecasts.

Nevertheless, all of the indicators share a high level of ambition, particularly in light of historic delivery. Targeted housing delivery to 2021 is almost double that achieved over the previous five years. For wages, targets are initially gradual but then place an onus on strong and recently unprecedented wage growth (in-line with the 1980 to mid-2000's average).

Even jobs, despite aiming for lower growth compared to the past 5 years (due to a tightening labour market), targeted rates of job creation remain ambitious when compared to the long-run historic trend and potential labour supply pressures (e.g. migration, aging population).

Alongside these targets and the associated methodology, the table also provides a brief overview of baselines, data sources, previous SEP delivery, timeframes and so forth.

Please refer to the associated appendices, as indicated in the table, for greater detail and narrative around the targets, methodologies and potential trajectory.

For even more in-depth detail please refer to the use guide which is available at the following link <https://newanglia.co.uk/wp-content/uploads/2018/02/1802-Final-ES-indicators-user-guide.pdf>.

These targets will help measure success and drive delivery of the Economic Strategy ambitions for Norfolk and Suffolk to be:

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

**Table 1 – Targeted delivery (to 2021) and accompanying methodology for the Economic Strategy Indicators**

Strategy indicator target to 2036	 <b>£17.5 BILLION</b> IN REAL TERMS BY 2036	 <b>88,000</b> NET NEW JOBS BY 2036	 <b>30,000</b> NEW SUCCESSFUL BUSINESSES BY 2036	 <b>140,000</b> NEW HOMES BY 2036	 <b>£39</b> BY 2036	 <b>£200</b> MORE PER WEEK BY 2036	 <b>HIGHER</b> PROPORTION OF PEOPLE ENGAGED IN THE LABOUR MARKET THAN ACROSS THE UK BY 2036	 <b>66%</b> OF THE POPULATION WITH NVQ3+ BY 2036
Indicator	Gross Value Added	Jobs	Businesses	Housing	Productivity (GVA per hour)	Median Wages (FT workers)	Employment rate	Skills (% of residents qualified to NVQ3+)
Indicator source	ONS	ONS and LEP	ONS	DCLG	ONS	ONS	ONS and LEP	ONS
Economic Strategy baseline value (and year)	£35.5bn (2015)	786,592 (2015)	61,015 (2016)	753,840 (2016)	£30.2 (2015)	£503.8 per week (2016)	76.9 p.c. (2016)	50.2 p.c. (2016)
Delivery during previous SEP (and per annum)	+£2.1bn (£0.7bn p.a.)	+43,919 (14,640 p.a.)	+5,705 (1,426 p.a.)	+19,730 (4,933 p.a.)	+£1.0 (£0.3 p.a.)	+£15.3 (£3.8 p.a.)	+2.6 p.p. (0.7 p.a.)	+0.9 p.p. (0.2 p.a.)
Targeted delivery to 2021 (and as a % of total target)	<b>+£4.8bn (27.2%)</b>	<b>+27,800 (31.6%)</b>	<b>+9,494 (31.6%)</b>	<b>+45,060 (32.2%)</b>	<b>+£2.4 (27.7%)</b>	<b>+£25.8 (12.9%)</b>	<b>+1.4 p.p. (27.0%)</b>	<b>+4.0 p.p. (25.0%)</b>
Target methodology	EEFM 2016 baseline forecasts	EEFM 2016 baseline forecasts	OBR Autumn 2017 projections (to 2022) followed by time-series trend	Local plans and permissions delivery (to 2021) followed by desired OAN delivery	EEFM 2016 baseline forecasts	OBR Autumn 2017 projections (to 2022) followed by EEFM-based regression trend	EEFM 2016 baseline forecasts	UKCES labour market projections, aligned to EEFM baseline forecasts
To be monitored (and availability of data for reporting)	Annually (January)	Annually (January)	Annually (January)	Annually (May)	Annually (February)	Annually (January)	Annually (January)	Annually (May)
Appendix for further detail	Appendix A	Appendix B	Appendix C	Appendix D	Appendix E	Appendix F	Appendix G	Appendix H

## Appendix A – Summary of target methodology and trajectory for Gross Value Added (GVA)

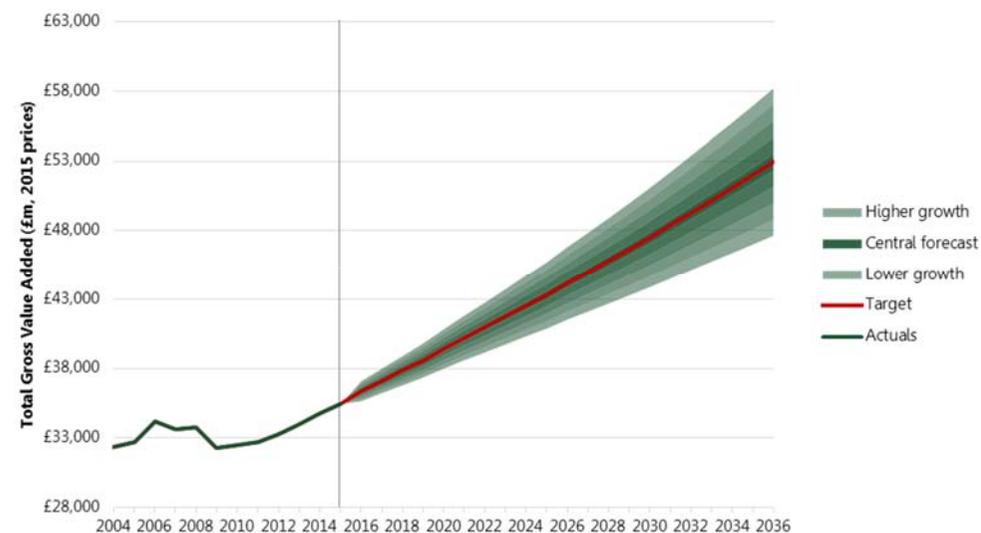
Strategy indicator	Strategy baseline- 2021 target	as a % of total target	2021-2036 target	as a % of total target
<b>Gross Value Added (£)</b>	£4.8bn	27.2%	£12.7bn	72.8%

*Target methodology:*

- Annualized targets have based on advanced and regionally harmonised econometric forecasts from the EEFM. As with the overall target, values have been drawn directly from the model, but adjusted (upwards) slightly (by roughly £1m p.a.) to reflect the rounding of the forecast to develop the strategy ambition.

*Trajectory and context:*

- Short-term (up to 2021) forecasts show a slight upturn in growth attributable to the ongoing robustness of the local labour market and improved business and consumer conditions. Short term targets are therefore ambitious.
- However, longer term, growth is expected to ease and stabilise given continued productivity sluggishness and wider macroeconomic headwinds. This has been factored into the longer-term targets, with the option of further review in 2021.



	2012-15	2015	2016	2017	2018	2019	2020	2021	2021-26	2026-31	2031-36	2015-36
	Previous SEP delivery	Strategy baseline	Short term targeted delivery						Targeted delivery over review points			Overall Strategy delivery
<b>Targeted delivery</b>	£2,145 (£715 p.a.)	<b>£35,446</b>	<b>£925</b>	<b>£748</b>	<b>£726</b>	<b>£739</b>	<b>£830</b>	<b>£798</b>	<b>£3,966</b>	<b>£4,207</b>	<b>£4,561</b>	<b>+£17,500</b>
<i>Y-o-y percentage change</i>	-	-	2.6%	2.1%	2.0%	2.0%	2.2%	2.0%	9.9%	9.5%	9.4%	
<b>Forecasted delivery</b>	£2,145 (£715 p.a.)	<b>£35,446</b>	<b>£924</b>	<b>£748</b>	<b>£725</b>	<b>£739</b>	<b>£829</b>	<b>£797</b>	<b>£3,962</b>	<b>£4,203</b>	<b>£4,557</b>	<b>+£17,484</b>
<i>Y-o-y percentage change</i>	-	-	2.6%	2.1%	2.0%	2.0%	2.1%	2.0%	9.9%	9.5%	9.4%	

\*Figures are in millions, 2015 prices

## Appendix B – Summary of target methodology and trajectory for Jobs

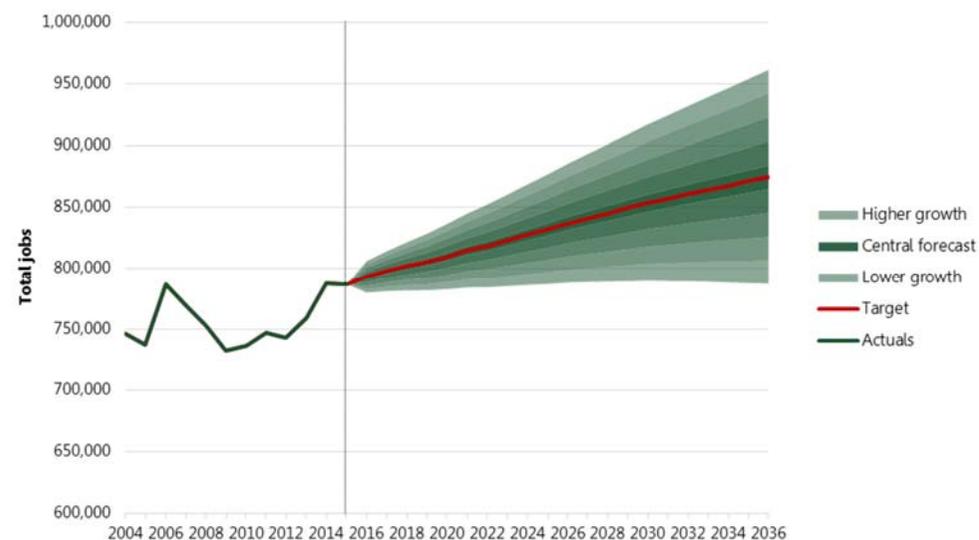
Strategy indicator	Strategy baseline- 2021 target	as a % of total target	2021-2036 target	as a % of total target
<b>Jobs</b>	27,800	31.6%	60,200	68.4%

### Target methodology:

- Like GVA, annualized targets have been drawn from the baseline forecasts from the EEFM. Similarly, these baseline forecasts have been adjusted (upwards) slightly (by only 10-20 jobs p.a.) to reflect the rounding of the forecast originally to develop the strategy ambition.

### Trajectory and context:

- Short-term forecasts show a continuation of the strong job creation that has been commonplace over the past 5 years. Short term targets for jobs growth therefore continue to be ambitious, with emphasis on front-end delivery for this ambition.
- However, given slowing population growth, decreasing spare capacity in the labour market and wider macroeconomic headwinds, longer term jobs growth is expected to ease, and this has been factored into the longer-term targets.



	2012-15	2015	2016	2017	2018	2019	2020	2021	2021-26	2026-31	2031-36	2015-36
	Previous SEP delivery	Strategy baseline	Short term targeted delivery						Targeted delivery over review points			Overall Strategy delivery
<b>Targeted delivery</b>	43,919 (14,640 p.a.)	<b>786,592</b>	<b>6,224</b>	<b>4,652</b>	<b>3,939</b>	<b>3,574</b>	<b>4,477</b>	<b>4,934</b>	<b>22,364</b>	<b>20,345</b>	<b>17,491</b>	<b>+88,000</b>
<i>Y-o-y percentage change</i>	-	-	0.8%	0.6%	0.5%	0.4%	0.6%	0.6%	2.7%	2.4%	2.0%	
<b>Forecasted delivery</b>	43,919 (14,640 p.a.)	<b>786,592</b>	<b>6,213</b>	<b>4,640</b>	<b>3,928</b>	<b>3,562</b>	<b>4,466</b>	<b>4,923</b>	<b>22,306</b>	<b>20,288</b>	<b>17,433</b>	<b>+87,759</b>
<i>Y-o-y percentage change</i>	-	-	0.8%	0.6%	0.5%	0.4%	0.6%	0.6%	2.7%	2.4%	2.0%	

## Appendix C – Summary of target methodology and trajectory for Businesses

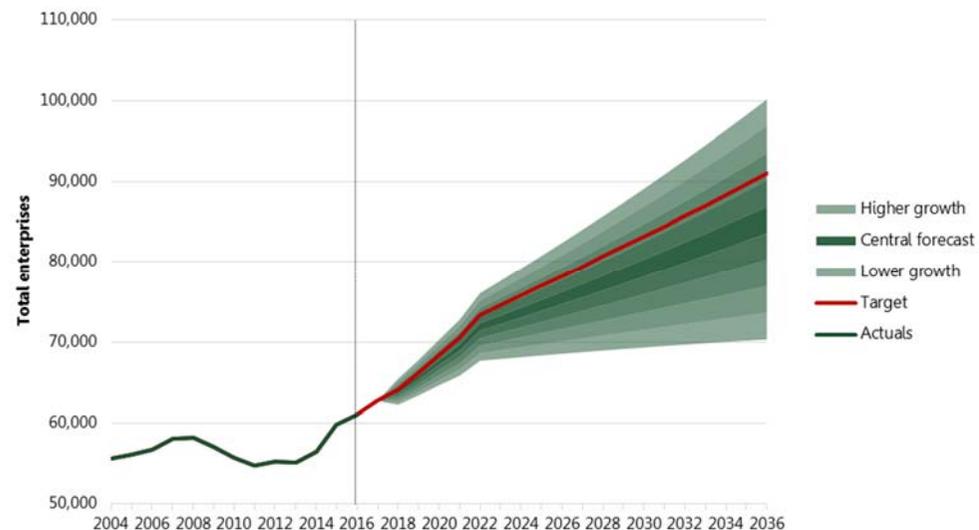
Strategy indicator	Strategy baseline- 2021 target	as a % of total target	2021-2036 target	as a % of total target
<b>Businesses</b>	9,494	31.6%	20,506	68.4%

### Target methodology:

- Targets have been based on forecasts drawn from OBR projections (up to 2022) followed by a time-series trend from 2022 onwards. Year-on-year values from the forecasts have been adjusted in line with the stretch of the ambition, with the ambition demanding +300 uplift p.a. above central forecasts.

### Trajectory and context:

- Short term, targets anticipate that the current 'boom' in enterprise formation will continue at a rapid pace (i.e. the 'gig-economy'), as predicted by mainstream forecasts. Similar to jobs, this places front-end emphasis on the delivery of the overall ambition.
- Longer term there is expected to be some normalization in enterprise rates, as reflected in the more gradual trend of the longer term targets. However, given the stretching-nature of this ambition, even 'normalized' targets remain above-average and ahead of central forecasts.



	2012-16	2016	2017	2018	2019	2019	2021	2021-26	2026-31	2031-36	2015-36
	Previous SEP delivery	Strategy baseline	Short term targeted delivery					Targeted delivery over review points			Overall Strategy delivery
<b>Targeted delivery</b>	5,705 (1,426 p.a.)	<b>61,015</b>	<b>1,705</b>	<b>1,429</b>	<b>2,045</b>	<b>2,188</b>	<b>2,127</b>	<b>7,691</b>	<b>6,259</b>	<b>6,556</b>	<b>+30,000</b>
<i>Y-o-y percentage change</i>	-	-	2.8%	2.3%	3.2%	3.3%	3.1%	10.9%	8.0%	7.8%	
<b>Forecasted delivery</b>	5,705 (1,426 p.a.)	<b>61,015</b>	<b>1,705</b>	<b>1,125</b>	<b>1,741</b>	<b>1,884</b>	<b>1,823</b>	<b>6,171</b>	<b>4,739</b>	<b>5,036</b>	<b>+24,225</b>
<i>Y-o-y percentage change</i>	-	-	2.8%	1.8%	2.7%	2.9%	2.7%	8.9%	6.3%	6.3%	

## Appendix D – Summary of target methodology and trajectory for Housing

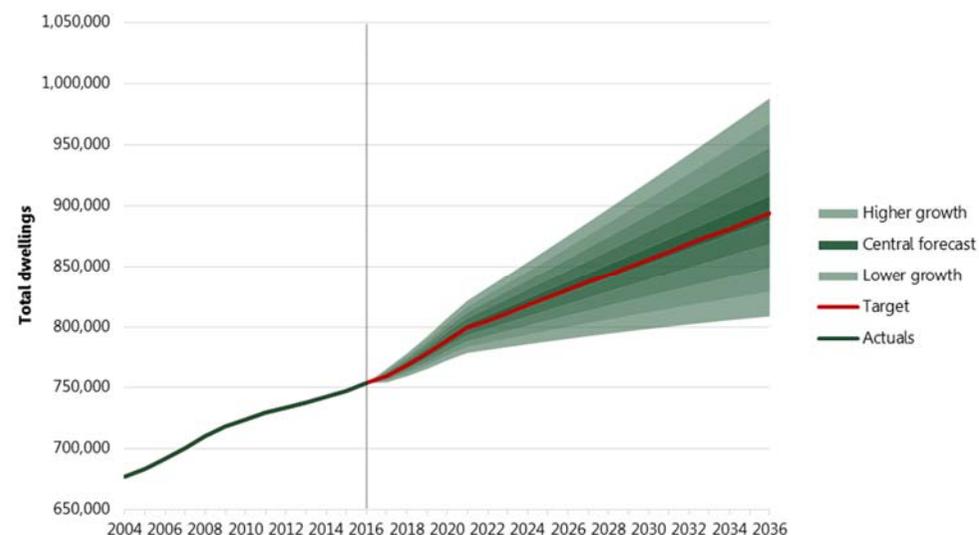
Strategy indicator	Strategy baseline- 2021 target	as a % of total target	2021-2036 target	as a % of total target
<b>Housing</b>	45,060	32.2%	94,940	67.8%

*Target methodology:*

- Short term targets up to 2021 have been drawn from respective local authority's permissions data and local plans. Longer term, targets move in line with the required - though typically ambitious - Objectively Assessed Need (OAN) delivery, which have been allocated from 2021 onwards.

*Trajectory and context:*

- Short term targets show the potential for a continued upturn in housing delivery, with Local Plan allocations and permissions data indicating 2016-2021 delivery could be almost double that of the previous five years (2011-2016). This reflects to continued recovery and robustness of local housing
- Longer term, targets move in line with the required (though still ambitious) OAN delivery, with the option of further review (and inclusion of revised local plan estimates and up to date permissions data) in 2021. These targets fall slightly under the central forecast (around 200 p.a.), reflecting input



	2012-16	2016	2017	2018	2019	2019	2021	2021-26	2026-31	2031-36	2015-36
	Previous SEP delivery	Strategy baseline	Short term targeted delivery					Targeted delivery over review points			Overall Strategy delivery
<b>Targeted delivery</b>	19,730 (4,933 p.a.)	<b>753,840</b>	<b>5,970</b>	<b>8,490</b>	<b>9,690</b>	<b>10,980</b>	<b>9,930</b>	<b>31,650</b>	<b>31,650</b>	<b>31,640</b>	<b>+140,000</b>
<i>Y-o-y percentage change</i>	-	-	0.8%	1.1%	1.3%	1.4%	1.3%	4.0%	3.8%	3.7%	
<b>Forecasted delivery</b>	19,730 (4,933 p.a.)	<b>753,840</b>	<b>6,200</b>	<b>8,720</b>	<b>9,920</b>	<b>11,210</b>	<b>10,160</b>	<b>32,800</b>	<b>32,800</b>	<b>32,790</b>	<b>+144,600</b>
<i>Y-o-y percentage change</i>	-	-	0.8%	1.1%	1.3%	1.4%	1.3%	4.1%	3.9%	3.8%	

## Appendix E – Summary of target methodology and trajectory for Productivity (GVA per hour)

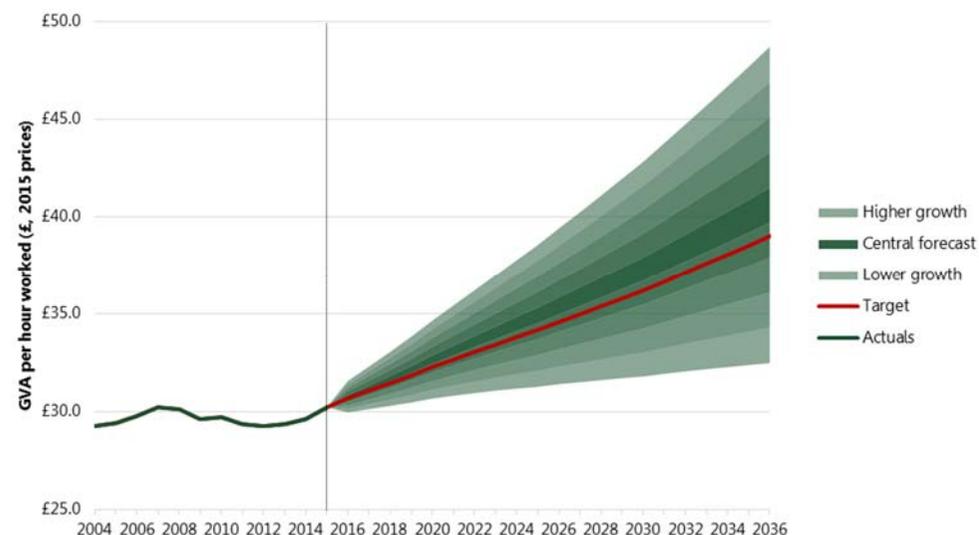
Strategy indicator	Strategy baseline- 2021 target	as a % of total target	2021-2036 target	as a % of total target
<b>Productivity (£)</b>	£2.40	27.7%	£6.40	72.3%

*Target methodology:*

- Targets have been drawn from a proxy forecast compiled by decomposing GVA and hours worked data from ONS into individual components, and forecasting these components with proxy outputs from the EEFM. These forecasts do not take account of OBRs downgrades to their productivity projections in 2017.

*Trajectory and context:*

- Given that recent productivity forecasts have consistently been overoptimistic, this is another indicator that has greater uncertainty in its targets. Short term, targets expect only a slow and steady improvement on the sluggish rates of productivity growth seen over the past decade.
- Longer term, there is a potential for stronger rates of productivity growth, not least as the labour market becomes ever-tighter and automation/digitisation becomes more widespread. However, wider macroeconomic headwinds have the potential to stunt such uplift.
- Though annual targets remain below central forecasts, this is to accommodate the large margins of error in previous productivity forecasts (which since 2008 have been consistently overoptimistic) as suggested during the development of the strategy's ambitions.



	2012-15	2015	2016	2017	2018	2019	2020	2021	2021-26	2026-31	2031-36	2015-36
	Previous SEP delivery	Strategy baseline	Short term targeted delivery						Targeted delivery over review points			Overall Strategy delivery
<b>Targeted delivery</b>	£1.0 (£0.3 p.a.)	<b>£30.2</b>	<b>£0.5</b>	<b>£0.4</b>	<b>£0.4</b>	<b>£0.4</b>	<b>£0.4</b>	<b>£0.4</b>	<b>£1.9</b>	<b>£2.1</b>	<b>£2.4</b>	<b>+£8.8</b>
<i>Y-o-y percentage change</i>	-	-	1.6%	1.2%	1.2%	1.3%	1.4%	1.2%	5.9%	6.0%	6.5%	
<b>Forecasted delivery</b>	£1.0 (£0.3 p.a.)	<b>£30.2</b>	<b>£0.5</b>	<b>£0.4</b>	<b>£0.5</b>	<b>£0.5</b>	<b>£0.5</b>	<b>£0.5</b>	<b>£2.3</b>	<b>£2.5</b>	<b>£2.7</b>	<b>+£10.4</b>
<i>Y-o-y percentage change</i>	-	-	1.8%	1.5%	1.5%	1.5%	1.6%	1.4%	6.9%	6.9%	7.2%	

\*Figures are in 2015 prices

## Appendix F – Summary of target methodology and trajectory for Median Wages

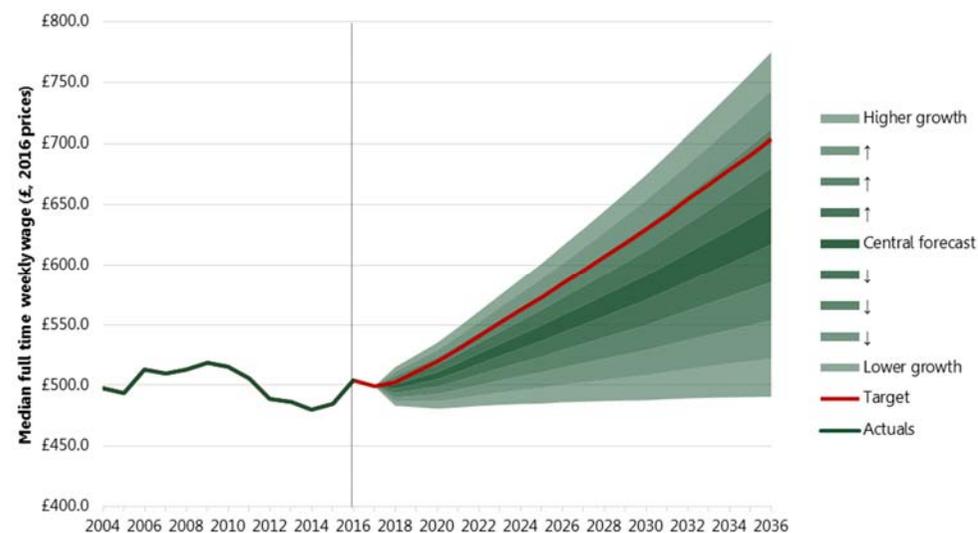
Strategy indicator	Strategy baseline- 2021 target	as a % of total target	2021-2036 target	as a % of total target
<b>Wages (£)</b>	£25.80	12.9%	£174.20	87.1%

### Target methodology:

- Targets have been drawn from a bespoke forecast, which draws on OBR projections up to 2022 followed by a productivity/wage based regression model for 2022 onwards. Year-on-year values from this bespoke forecast have then been adjusted in line with the stretch of the ambition, with the ambition demanding £2-4 uplift p.a. above central forecasts.

### Trajectory and context:

- Similar to productivity, recent forecasts for median wages have been increasingly uncertain and often overoptimistic, and though the two indicators (productivity and wages) often move together, this relationship has become less apparent in recent years i.e. improvements to productivity have been slow to pass on benefits to employees.
- Short term, sluggish (possibly negative) wage growth is forecast, though some pickup is expected towards 2021. To reach this ambitious target however, the onus is on strong and relatively unprecedented wage growth (in-line with the 1980 to early 2000's average) later on in the strategy period, and this is reflected in the longer term targets. This would align the local area to wage levels matching their pre-crisis trend.



	2012-16	2016	2017	2018	2019	2019	2021	2021-26	2026-31	2031-36	2015-36
	Previous SEP delivery	Strategy baseline	Short term targeted delivery				Targeted delivery over review points			Overall Strategy delivery	
<b>Targeted delivery</b>	£15.3 (£3.8 p.a.)	<b>£503.8</b>	<b>£0.0</b>	<b>£0.0</b>	<b>£7.1</b>	<b>£8.1</b>	<b>£10.6</b>	<b>£54.8</b>	<b>£57.4</b>	<b>£62.0</b>	<b>+£200.0</b>
<i>Y-o-y percentage change</i>	-	-	0.0%	0.0%	1.4%	1.6%	2.0%	10.4%	9.8%	9.7%	
<b>Forecasted delivery</b>	£15.3 (£3.8 p.a.)	<b>£503.8</b>	<b>-£4.6</b>	<b>-£0.2</b>	<b>£4.4</b>	<b>£4.4</b>	<b>£6.9</b>	<b>£36.2</b>	<b>£38.7</b>	<b>£43.3</b>	<b>+£129.0</b>
<i>Y-o-y percentage change</i>	-	-	-0.9%	0.0%	0.9%	0.9%	1.4%	7.0%	7.0%	7.3%	

\*Figures are in 2016 prices

## Appendix G – Summary of target methodology and trajectory for Employment Rate

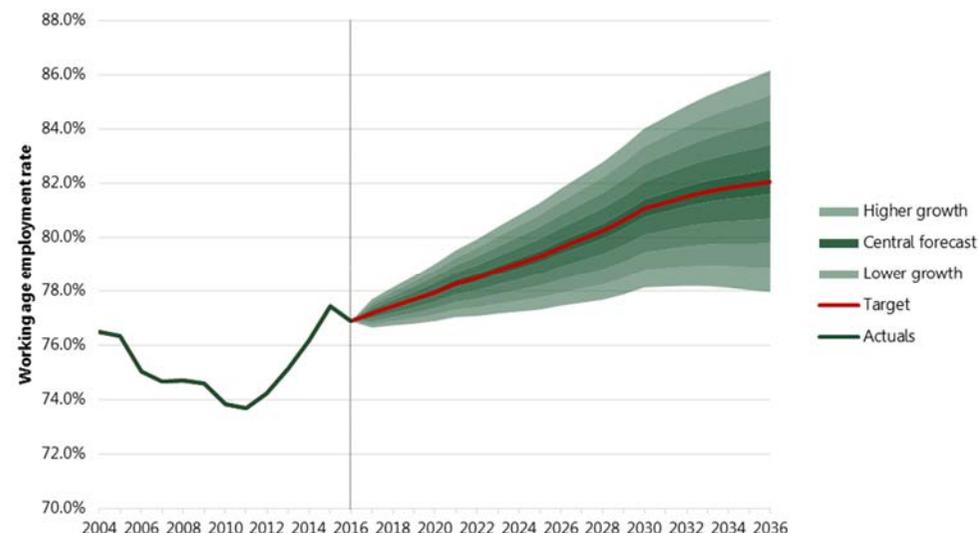
Strategy indicator	Strategy baseline- 2021 target	as a % of total target	2021-2036 target	as a % of total target
<b>Employment rate (%)</b>	1.4 p.p.	27.0%	3.8 p.p.	73.0%

### Target methodology:

- Similar to jobs, the EEFM is utilised to forecast employment rates and thus set annualized targets. Strictly speaking, since this ambition is qualitative rather than quantitative there are no numerical targets. However, annual tracker targets have been produced for the indicator, drawn directly from the baseline forecasts.

### Trajectory and context:

- Trajectories for this indicator are almost identical to that of jobs. Short-term prospects remain largely positive - with the potential for local employment rates to eclipse 78% by 2021 for the first time on record - and this is reflected in the targets.
- However, given slowing population growth, decreasing spare capacity in the labour market and wider macroeconomic headwinds, longer term performance is expected to ease, and this has been factored into the longer-term targets.



	2012-16	2016	2017	2018	2019	2019	2021	2021-26	2026-31	2031-36	2015-36
	Previous SEP delivery	Strategy baseline	Short term targeted delivery					Targeted delivery over review points			Overall Strategy delivery
<b>Targeted delivery</b>	2.6 p.p. (0.7 p.a.)	<b>76.9 p.c.</b>	<b>0.3 p.p.</b>	<b>0.3 p.p.</b>	<b>0.2 p.p.</b>	<b>0.3 p.p.</b>	<b>0.3 p.p.</b>	<b>1.3 p.p.</b>	<b>1.7 p.p.</b>	<b>0.8 p.p.</b>	<b>+5.2 p.p.</b>
<b>Forecasted delivery</b>	2.6 p.p. (0.7 p.a.)	<b>76.9 p.c.</b>	<b>0.3 p.p.</b>	<b>0.3 p.p.</b>	<b>0.2 p.p.</b>	<b>0.3 p.p.</b>	<b>0.3 p.p.</b>	<b>1.3 p.p.</b>	<b>1.7 p.p.</b>	<b>0.8 p.p.</b>	<b>+5.2 p.p.</b>

## Appendix H – Summary of target methodology and trajectory for Skills (% of residents qualified to NVQ3+)

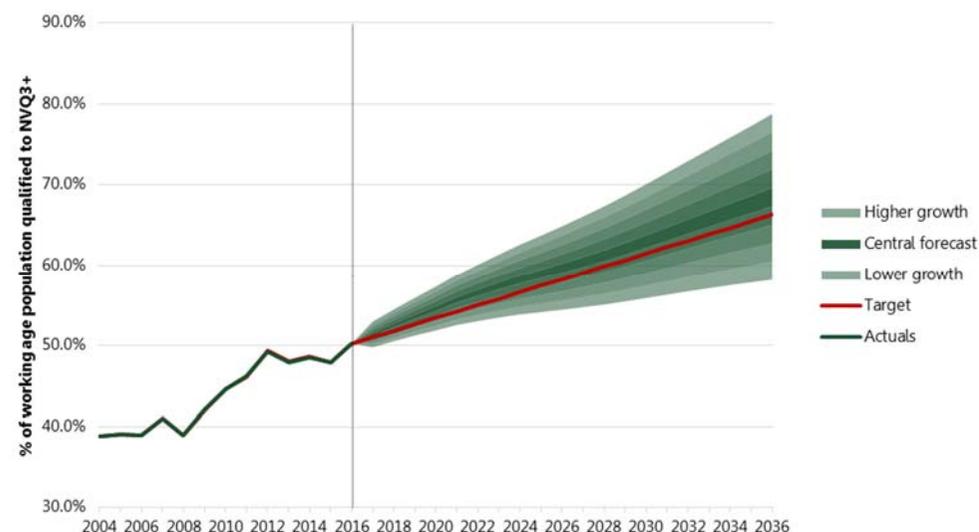
Strategy indicator	Strategy baseline- 2021 target	as a % of total target	2021-2036 target	as a % of total target
<b>Skills (%)</b>	4.0 p.p.	25.0%	12.1 p.p.	75.0%

*Target methodology:*

- Targets (5-yearly) were based on the prior research undertaken by Metro Dynamics when formulating the ambition. Nevertheless, annual tracker targets have been set here (utilising forecasts from UKCES' Working Futures econometric model as a baseline) to enable short term tracking of the ambition.

*Trajectory and context:*

- Despite the recommendation to only monitor the ambition on a 5-yearly basis, annual tracker targets have still been produced, though formal monitoring is expected to be maintained on the 5-yearly timeframe (due to data quality issues and the longer term impact/realisation of skills related initiatives).
- As a demographic based indicator, trends show relatively steady and consistent progress towards to 2036 ambition, with a near perfectly even split between delivery rates – and thus targeted delivery rates - over 2016-21 and 2021-36 respectively.



	2012-16	2016	2017	2018	2019	2019	2021	2021-26	2026-31	2031-36	2015-36
	Previous SEP delivery	Strategy baseline	Short term targeted delivery					Targeted delivery over review points			Overall Strategy delivery
<b>Targeted delivery</b>	0.9 p.p. (0.2 p.a.)	50.2 p.c.	0.8 p.p.	0.8 p.p.	0.8 p.p.	0.8 p.p.	0.8 p.p.	4.0 p.p.	4.0 p.p.	4.0 p.p.	+16.1 p.p.
<b>Forecasted delivery</b>	0.9 p.p. (0.2 p.a.)	50.2 p.c.	1.1 p.p.	1.1 p.p.	1.1 p.p.	1.0 p.p.	1.1 p.p.	4.0 p.p.	4.3 p.p.	4.6 p.p.	+18.3 p.p.



**New Anglia Local Enterprise Partnership Board**  
**Wednesday 21<sup>st</sup> February 2018**

## **Agenda Item 8**

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### **LEP Governance Review**

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Author: Lisa Roberts / Chris Starkie

#### **Summary**

This paper updates the board on the progress of implementing the review of LEP governance intigated by the board following the PwC report and the Mary Nery review. It recommends terms of refrence for the new and revised boards and committees which report to the main LEP board as well as proposed membership.

**Recommendation:** The Board is invited to:

- Agree the Terms of Reference (ToRs) for each of the LEP tier one Committees and Board
- Agree the approach to appointing members to the new committees within the new structure
- Agree the Scheme of Delegation and Decisions Log

#### **Update on Governance Review and Delivery Plan**

Consultation on the governance structure is underway and a number of one to one discussions have been carried out. These have helped shape the Terms of Reference for the top tier of the structure as well as providing insight and views on the wider structure.

LEP Board members have provided their preference of which committees they would like to be involved with. The tables in the next section take account of these preferences and form part of the recommendations.

Agreement of the Terms of Reference for the top tier of the Governance structure is an important step to progress to the next step of the review.

Once agreed work can commence on setting up the Economic Strategy Delivery Coordinating Board. This Board will drive the development of the Economic Strategy high-level delivery plan and inform the second phase of the Governance review.

The consultation will continue to gather views and information which will enable the Economic Strategy Delivery Coordinating Board to shape the rest of the structure and make a recommendation to the LEP Board in the summer.

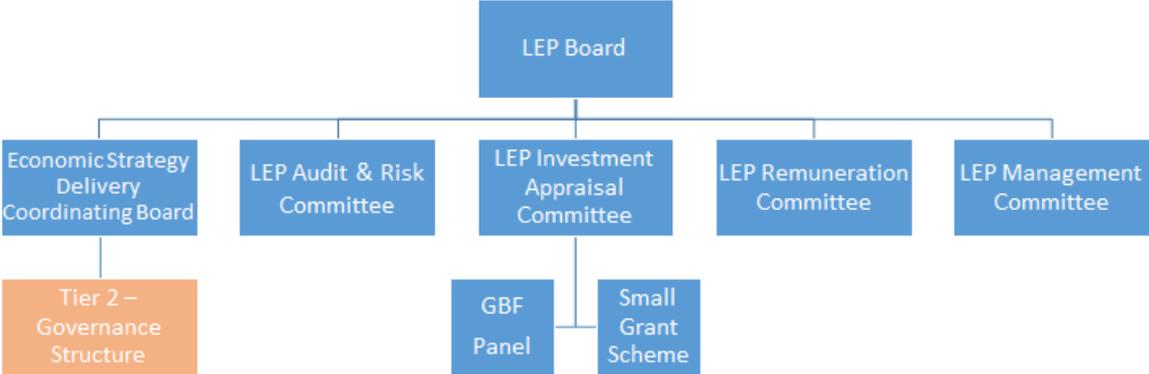
The mapping of current activity that is delivering the Economic Strategy is underway. There has been excellent engagement from businesses in our stakeholder sessions with nearly 300

businesses attending and a number of partners including Local Authorities completing the online form.

The next step is to identify good practice and gaps to help inform and shape the high level delivery plan which the Economic Strategy Delivery Board will be responsible for developing.

### Top Tier of LEP Governance Structure

The diagram below illustrates the new top tier structure, which has previously been approved by the board.



The new structure, the individual Terms of Reference, the Scheme of Delegations and Decisions Log take on board the recommendations from the PwC report, Mary Ney Review and feedback received from the governance consultation.

This approach will improve the transparency of decision making and will enable to LEP to carry out its business in a transparent and accountable way.

This new structure consolidates some of the existing committees and creates a single Investment Appraisal Committee which has oversight of assessments of all LEP investment proposals.

Alignment with the Economic Strategy has also driven the review. One of the biggest challenges with delivering the new Economic Strategy is to continue to build the momentum and recognition that the Strategy is Norfolk and Suffolk’s not the LEP’s.

Business, Local Authorities, Education providers, Voluntary Community Sector and LEP all have a role to play in delivery and achieving the ambitions we have collectively set.

The Economic Strategy Delivery Coordinating Board will bring together partners representatives to drive delivery. The new structure will also ensure the LEP is making investment decisions which will have a direct impact on delivery of the strategy through the development of a LEP Investment Framework.

Pages three and four provide a summary of the purpose of each board and proposed membership. Terms of reference are appended.

<b>Economic Strategy Delivery Coordinating Board (ToR 1)</b> New board to be set up.	
<b>Purpose</b>	To continue the collaboration between businesses, local authorities, education providers, voluntary and community sector and the LEP, drive and coordinate the delivery of the economic strategy. Ensuring all partners play a part in delivering the ambitions and targets in the Economic Strategy for Norfolk and Suffolk. It will be responsible for developing and driving implementation of the high-level delivery plan, reporting regularly on progress to the LEP Board and to Local Authority Leaders and Sector Leads through the annual performance process. This Board is an officer level Board.
<b>Members</b>	<p>Total of 15 members – The Chair, five private sector Theme Champions and 8 Place representatives, LEP Head of Strategy.</p> <p>The Board will be chaired by the LEP Chair providing the link back to the LEP Board and as an ambassador for the Economic Strategy. The five Theme Champions will be appointed through a nominations process seeking private sector nominations and recommendations presented to the LEP Board for approval. For the place representatives each priority place will be asked to nominate a representative to sit on the Board, we would look to secure representative that provides a geographical spread across Norfolk and Suffolk and district and county level.</p> <p>Board members to be appointed to Board – Doug Field to be Chair of Board</p>

<b>LEP Audit and Risk Committee (ToR 2)</b> New committee replaces part of the P&R and finance committee	
<b>Purpose</b>	To ensure the development and implementation of the LEP's policies on strategic risk management, financial reporting, audit process, system of internal controls, providing oversight and monitoring the integrity of these systems and ensuring compliance with the assurance framework.
<b>Members</b>	<p>The committee will consist of four members. An independent Chair will be appointed by the LEP Board, the Accountable Body s151 Officer and two LEP Board members who are appointed by the LEP Board. The LEP Chairman, members of the Investment Appraisal Committee and members of the Leadership Team shall not be members of the Committee.</p> <p>Board members to be appointed to Committee – Nikos Savas and Andrew Proctor</p>

<b>LEP Investment Appraisal Committee (ToR 3)</b> Existing committee with an expanded remit and membership.	
<b>Purpose</b>	To ensure allocation of funding is delivered appropriately and in accordance with the Assurance Framework through the mechanism of LEP Programmes - Growing Places Fund, Growing Business Fund, Capital Growth Programme, EZ Accelerator Fund, and other funds as appropriate, and that the funding allocations supports the development of schemes that deliver the Economic Strategy.
<b>Members</b>	<p>The committee will comprise a total of eight members. Seven committee members will be members of the LEP Board- four private sector members, three public sector. The Chair of the Committee will be appointed by the LEP Board, and a Deputy Chair shall be appointed to chair the Committee in the Chairman's absence or if he/she elects to delegate the chair. The remaining member will be the Accountable Body Section 151 officer or their representative.</p> <p>Board members to be appointed to Committee – Lindsey Rix (to remain as Chair), David Ellesmere, Alan Waters, John Griffiths, Dominic Keen (GBF</p>

	Champion), Sandy Ruddock (GBF Champion) and Tim Whitley.  Jeanette Wheeler to continue as a GBF panel member but is not required to sit on the IAC. Sandy Ruddock and Dominic Keen will also be GBP panel members and provide the link to the IAC.
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<b>LEP Remuneration Committee - Existing committee (ToR 4)</b>	
<b>Purpose</b>	To provide a formal and transparent procedure for developing and implementing policy on LEP senior executive remuneration.
<b>Members</b>	Independent Committee Chair to remain as Mark Jeffries and two LEP Board members to remain as Jeanette Wheeler and Andrew Proctor.

<b>LEP Management Committee (ToR 5)</b>	
<b>Purpose</b>	To act as the executive management committee of the LEP and provide oversight to the Accountable Body (section 151 officer) of LEP operations providing assurance the LEP carries out its business in a transparent and accountable way.
<b>Members</b>	Chaired by the LEP Chief Executive and managed by the LEP COO. Other members include Accountable Body s151 Officer, BEIS Relationship Manager for New Anglia, Head of Strategy, Head of Programmes, Head of EZs, Inward Investment and Innovation, Head of Finance and Head of Communications and Engagement and Economic development representatives from Norfolk County Council and Suffolk County Council.

This report is followed by draft Terms of Reference 1-5. In addition ToR for the Growing Business Fund (ToR 6) and the Small Grants Scheme (ToR 7) which sit under the Investment Appraisal Committee have also been included.

**Recommendation:**

- Agree the Terms of Reference (ToRs) for each of the Committees and Board.
- Confirm the appointment of members to the new committees within the new structure.
- Agree the Scheme of Delegation and Decisions Log

## **Economic Strategy Delivery Coordinating Board Terms of Reference**

### **Purpose**

To continue the collaboration between businesses, local authorities, education providers, voluntary and community sector and the LEP, drive and coordinate the delivery of the economic strategy. Ensuring all partners play a part in delivering the ambitions and targets in the Economic Strategy for Norfolk and Suffolk. It will be responsible for developing and driving implementation of the high-level delivery plan, reporting regularly on progress to the LEP Board and to Local Authority Leaders and Sector Leads through the annual performance process. This Board is an officer level Board.

### **Responsibilities**

- Develop the Economic Strategy high-level delivery plan which identifies actions and interventions which fill the delivery gaps identified and best practice that could be scaled up to achieve bigger impact.
- Manages implementation and monitoring of the Economic Strategy high-level delivery plan.
- Review the second tier the LEP governance structure that underpins the delivery of the Economic Strategy providing recommendations to the LEP Board.
- Has oversight of sub-boards and committees that play a role in delivering the economic strategy to continue to identify gaps and opportunities.
- Influences stakeholders and government – to coordinate resources and investment to the deliver economic strategy.
- Commissions task and finish groups where appropriate and no other sub-board or committee can fulfil the task.
- Has oversight of the evidence base and provides direction on areas of development.
- Provides the Investment and Appraisal Committee strategic guidance and input to help inform the LEPs annual Investment Framework.
- Manage the Economic Strategy annual review process reporting to the LEP Board, Leaders and Sector Chairs session every autumn.

### **Membership and Appointment**

The committee will comprise a total of 15 members – The Chair, five private sector Theme Champions and 8 Place representatives and the LEP Head of Strategy.

The Board will be chaired by the LEP Chair providing the link back to the LEP Board and as an ambassador for the Economic Strategy. The five Theme Champions will be appointed through a nominations process seeking private sector nominations and recommendations presented to the LEP Board for approval. For the place representatives each priority place will be asked to nominate a representative to sit on the Board, we would look to secure representative that provides a geographical spread across Norfolk and Suffolk and district and county level.

### **Attendance of non-members at meetings**

The Board will be supported by LEP Head of Strategy. Members of the LEP executive team, sub-boards and committees may also be invited to attend meetings where appropriate.

### **Meeting Frequency**

Monthly meetings that will be scheduled to co-inside with the dates of the LEP Board meetings. The frequency of meetings could change to bi-monthly or quarterly if the Board decide it is more appropriate once it is established.

**Delegated Authority including limits**

Can hold other groups, that are delivering the Economic Strategy including Task and Finish groups, to account. It has the authority to task a sub-board, group or committee to deliver action within the deliver plan.

**Reporting procedures**

The minutes of meetings will be circulated to all members of the LEP Board , and will be published on the LEP website.

**Review:**

The Committee shall, review its own performance once a year, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the LEP Board for approval.

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**LEP Audit and Risk Committee  
Terms of Reference**

**Purpose**

To ensure the development and implementation of the LEP's policies on strategic risk management, financial reporting, audit process, system of internal controls, providing oversight and monitoring the integrity of these systems and ensuring compliance with the assurance framework.

**Responsibilities**

- Ensure that appropriate procedures are in place to identify, assess and manage risk from a strategic and operational perspective, to monitor implementation of Risk Management procedures and to report to the LEP Board as necessary.
- Manage strategic risk and have oversight of the operational risk which is managed by the Management Committee.
- Oversee the company's relations with the external auditor and has primary responsibility for making a recommendation on the appointment, reappointment and removal of the external auditors.
- Assess the independence and objectivity of the external auditor annually, taking into consideration relevant UK law, regulation and professional requirements.
- Review the effectiveness of the company's internal financial controls (that is, the systems established to identify, assess, manage and monitor financial risks).
- To review, and challenge where necessary, the actions and judgements of management in relation to the annual financial statement.
- to review and to provide advice on whether the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the company's performance, business model and strategy.
- Oversees the development, implementation annual review of the LEP's Assurance Framework.

**Membership and Appointment**

The committee will consist of four members. An independent Chair will be appointed by....., the Accountable Body s151 Officer and two LEP Board members who are appointed by the LEP Board. The LEP Chairman, members of the Investment Appraisal Committee and members of the Leadership Team shall not be members of the Committee.

**Quorum**

The quorum necessary for the transaction of business shall be three of which include the independent Chair and the Accountable Body s151 Officer.

**Attendance of non-members at meetings**

The LEP COO will provide management support. Other attendees include the Financial Controller, other individuals with oversight of risk, and a representative of the external auditor shall attend meetings at the invitation of the Committee. Other members of LEP Leadership Team may also be invited to attend meetings when required.

**Meeting Frequency**

Meetings shall be held twice a year and, where appropriate, will coincide with key dates in the LEPS's financial reporting cycle. The Chair of the Audit & Risk Committee, LEP COO or external auditor may request a meeting if they consider that one is necessary.

**Delegated Authority including limits**

The Committee is authorised by the LEP Board to investigate any activity within the Committee's terms of reference and, within its scope of responsibilities, to seek any information it requires and to ensure the attendance of management representatives at meetings as appropriate. The Committee has the authority to obtain outside legal or independent professional advice. The advisers may attend meetings as necessary and the cost of the advisers shall be within budgetary constraints.

**Reporting procedures**

Relevant key points will be reported through the LEP Board and recorded in the Board minutes which are published on the LEP website.

**Review**

The Committee shall, review its own performance once a year and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the LEP Board for approval.

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## **Investment Appraisal Committee Terms of Reference**

### **Purpose**

To ensure allocation of funding is delivered appropriately and in accordance with the Assurance Framework through the mechanism of LEP Programmes - Growing Places Fund, Growing Business Fund, Capital Growth Programme, EZ Accelerator Fund – or other funds as appropriate, and that the funding allocations support the development of schemes that deliver the Economic Strategy.

### **Functions**

- Making an assessment as to the long term financial and legal viability of offering Growing Places Fund loan finance to clients and other.
- Making assessments on projects received through Capital Growth Programme, ensuring value for money, additionality and alignment with the Economic Strategy ambitions and Economic Indicators.
- Consider proposals for co-investment of the Enterprise Accelerator Fund for projects to be developed on Enterprise Zones, generating a rental return through co-ownership of a suitable built asset.
- Provide scrutiny to the Growth Deal spend profile and agree any reallocation of funds.
- Providing a strategic assessment of proposed LEP Programme bidding calls.
- Providing a final strategic assessment of projects and to make a decision on which projects should be approved for funding where the value of the LEP intervention is £500k or less.
- Make a recommendation to the LEP Board to approve or reject each request for funding received exceeding £500K.
- Approve contract variation to funding agreements after initial approval by the committee within £500k of the original agreed funding or delivery profile.
- Lead on the development of the LEP Investment Plan making recommendations to the LEP Board in the summer of each year which sets out the framework for LEP Programmes for the proceeding financial year.

### **Membership and Appointment**

The committee will comprise a total of eight members. Seven committee members will be members of the LEP Board- four private sector members, three public sector. The Chair of the Committee will be appointed by the LEP Board, and a Deputy Chair shall be appointed to chair the Committee in the Chair's absence or if he/she elects to delegate the chair. The remaining member will be the Accountable Body Section 151 officer or their representative.

### **Quorum**

Four members, of which at least two shall be private sector directors and includes relevant LEP Board Champion for the programme, one public sector Board member and the chair.

### **Attendance of non-members at meetings**

Officers from the LEP Executive will attend meetings and present reports and recommendations, but will not be entitled to vote. Project applicants will not be entitled to attend meetings unless it is deemed necessary. Meetings of the Investment Appraisal Committee will not be open to observers or other attendees.

### **Meeting Frequency**

A meeting will be scheduled to be held before each LEP Board meeting. If no decisions are forthcoming, the meeting can be cancelled. Ad hoc meetings can be scheduled if necessary, particularly to review changes to outstanding projects.

### **Delegated Authority including limits**

The committee will have a delegated responsibility from the LEP Board for financial decisions up to £500k.

Authority will be delegated for Growing Business Fund (GBF) decisions to the GBF panel, which the LEP Board Champion for GBF and member of the IAC attends. The maximum award size under GBF will be £500k. A report will be provided on awards made by the GBF panel for each IAC meeting.

Authority is also delegated, through the GBF panel, to the ERDF funded Small Grant Scheme. The SGS, an on-line panel, will report decisions made to the GBF panel and in turn to the IAC. The maximum award size under SGS will be £25k.

### **Reporting procedures**

The minutes of meetings will be circulated to all members of the LEP Board and will be published on the LEP website. The IAC will receive minutes from GBF, incorporating Small Grants Panel decisions to ensure alignment with investment decisions. IAC minutes will be published 10 days after meetings in accordance with LEP governance arrangements.

Decisions made by the IAC, GBF panel and Small Grants panel will be recorded in the LEP's register of decisions which is published online.

### **Communications**

Meeting agendas will be circulated 5 working days before each meeting in accordance with LEP governance arrangements. Agendas will include all appropriate papers required to support any decisions to be made. Additional papers may be circulated by email between meetings as necessary.

Key stakeholders such as the Skills Board and the Local Transport Body will be consulted and informed on projects and decisions made.

Decisions will be communicated to applicants in advance of minutes being published.

### **Review:**

The membership of the Investment Appraisal Committee will be reviewed annually. The Committee shall, review its own performance once a year and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the LEP Board for approval.

## **LEP Remuneration Committee Terms of Reference**

### **Purpose**

To provide a formal and transparent procedure for developing policy on executive remuneration.

### **Responsibilities**

- To determine and agree with the Board the framework or broad policy for the remuneration of the executive team, as it is designated to consider.
- In determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive team are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the LEP.
- To approve the design of, and determine targets for, any performance related pay schemes operated by the LEP and approve the total annual payments made under such schemes.
- To ensure that contractual terms on termination, and any payments made, are fair to the individual, and the LEP.
- To review the outcomes of the performance review process in respect of the Chief Executive Officer and any other executives appointed from time to time.
- Within the terms of the agreed policy make recommendations to take to the Board regarding the total individual remuneration package of the Chief Executive Officer and any other senior executive officers or employees who may be appointed from time to time, including bonuses and incentive payments.
- In determining such packages and arrangements, to give due regard to any relevant legal requirements;
- To review and note annually the remuneration trends across the public and private sectors.
- The Committee is authorised by the Board to seek any information it requires from any employee of the LEP, in order to perform its duties.
- In connection with its duties the Committee is authorised by the Board to obtain, at the LEP's expense, any outside legal or other professional advice, within budgetary constraints.

### **Membership and Frequency**

The committee shall appoint an Independent Chair, who shall serve for maximum five-year term.

The Committee shall be made up of at least three members, including the Independent Committee Chair. No Board Member who is an employee of the LEP or who has left the LEP's employment within three years to the LEP, or a spouse or partner of such employee, shall serve on the Committee. Two members of the Committee shall be appointed by and from the members of the New Anglia LEP Board.

The Committee is authorised to co-opt the Chair of the LEP as a Committee Member (if not already appointed) for the purposes of facilitating the annual performance review process in respect of the Chief Executive Officer.

Only members of the Remuneration Committee have the right to attend Remuneration Committee meetings. However, other individuals and external advisers may be invited to attend for all or part of any meeting as and when appropriate. Appointments to the Committee shall be reviewed annually by the Board.

### **Quorum**

The quorum necessary for the transaction of business shall be 3. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

### **Monitoring and Reporting**

Minutes of Committee meetings shall be circulated promptly to the Chair and, once agreed, to all members of the Board.

The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

The Board shall, at least once a year, review the performance of the Remuneration Committee, constitution and terms of reference to ensure it is operating at maximum effectiveness.

### **Review**

The Committee shall, review its own performance once a year and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the LEP Board for approval.

## **New Anglia LEP Management Committee Terms of Reference**

### **Purpose**

To act as the executive management committee of the LEP and provide oversight to the Accountable Body (section 151 officer) of LEP operations providing assurance the LEP carries out its business in a transparent and accountable way.

### **Responsibilities**

- Provide executive management oversight of the LEP Operations to the Accountable Body (section 151 officer)
- Look at key projects, initiatives and programme performance that are LEP funded, ensuring the Accountable Body is satisfied.
- Identify, categorise and assess operational risks, escalating risk to the Audit and Risk committee when tolerances have been breached.
- Review and scrutinise Board papers and Business Performance Reports prior to Board meetings, ensuring regular reports to the LEP Board and Government on LEP performance.
- Ensuring actions from the LEP Board meetings are carried out and progress reported back to the LEP Board.
- Escalate performance related issues to the LEP board when required and tolerances have been breached.
- Review the development of LEP operational plans.

### **Membership**

Chaired by the LEP Chief Executive and managed by the LEP COO. Other members include Accountable Body s151 Officer, BEIS Relationship Manager for New Anglia, Head of Strategy, Head of Programmes, Head of EZs, Inward Investment and Innovation, Head of Finance and Head of Communications and Engagement. Norfolk County Council Assistant Director Communities and Environmental Services and Suffolk County Council Assistant Director for Strategic Development.

### **Attendance of non-members at meetings**

Other members of the LEP executive team may also be invited to attend meetings when required. Committee member deputies are prohibited.

### **Meeting Frequency**

Meetings will be held monthly, at least two weeks before the LEP Board meeting. Meeting location will alternate between Norfolk and Suffolk and will be conducted in two hours.

### **Monitoring and Reporting**

The Committee shall, review its own performance once a year, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the LEP Board for approval.

## **Growing Business Fund Terms of Reference**

### **Purpose**

To ensure the allocation of funding to the Growing Business Fund programme is delivered appropriately and in accordance with the Assurance Framework through the mechanism of the Growing Business Fund and that the funding allocation supports the delivery of the Economic Strategy through individual projects.

### **Functions**

- Consider applications requesting financial support from the Growing Business Fund and reach an agreed decision to support or reject each application.
- Provide support to applicants and partners to ensure that a quality standard of application and subsequently project is achieved.
- Support New Anglia LEP and the New Anglia Growth Hub and in the promotion and publicity of the Growing Business Fund to improve and sustain the flow of quality applications for funding.
- Approve grants to individual applicants with values between £25k and £500k in accordance with delegated decision making powers from the New Anglia LEP Investment Appraisal Committee (IAC).
- Approve financial interventions in accordance with guidance on State Aid for SMEs.
- Consider applications in line with Growing Business Fund criteria and in accordance with the New Anglia LEP Economic Strategy.
- Approve contract variation to funding agreements after initial approval by the committee only where necessary.

### **Membership and Appointment**

The committee will comprise a total of five voting members. All voting members will be from the private sector including the independent Chair. 1 private sector member will be a member of the LEP Board and will also sit on the Investment Appraisal Committee. This individual will act as the LEP board champion for the GBF programme. Each Panel Member will be expected to sign a Declaration, in confirmation of their appointment to the Panel and acceptance of these Terms of Reference.

Two Private Sector representatives will take the roles of Chair and Deputy Chair of the Panel. The full Panel will elect them on an annual basis, at its April meeting.

Membership of the Panel is undertaken on a voluntary basis and is for a period of twelve months, renewable at the discretion of New Anglia LEP and confirmed at the September Panel meeting, unless a Member's appointment is terminated.

A Panel Member may terminate membership of the panel by giving at least three months' notice in writing to New Anglia. New Anglia may terminate the Panel Membership of any Member if they do not act at all times in accordance with these Terms of Reference. Panel Membership will be terminated if the GBF programme comes to an end.

### **Quorum**

Three members of the panel should be in attendance and in agreement for a decision to be made.

### **Attendance of non-members at meetings**

Officers from the LEP Executive will attend meetings and present reports but will not be entitled to vote. Project applicants will not normally be entitled to attend meetings. Other attendees at the meeting will include at least 1 representative of SCC (the accountable and delivery body) and at least 1 representative of Finance East (the independent appraisers). In addition, 1 representative from each of NCC and SCC's Economic Development teams may attend to provide local knowledge and context to the discussion. On occasion, a single representative from the Growth Hub may attend. No-one other than the private sector voting members will have a vote on any of the applications. Meetings of the Investment Appraisal Committee will not be open to observers or other attendees.

### **Meeting Frequency**

Panel meetings will be held monthly, with dates, times and locations determined at least three months in advance. Meetings will be located evenly between venues in Norfolk and Suffolk, usually Ipswich and Norwich and arranged and coordinated by New Anglia LEP.

Panel Members will be expected to attend at least eight meetings a year. Any apologies should be advised at least one week before meetings are held. Panel Members unable to attend a meeting should ensure that they submit their vote by email in advance, with any further relevant comments on each grant application to be considered at that meeting. In some instances it may be deemed more efficient to ask the whole panel to provide their vote by email, particularly if there is only one application to consider.

### **Declarations of Interest**

If a Panel Member has a personal or professional pecuniary or non-pecuniary interest in any organisation or project to be considered by the Panel, they should declare that interest at the beginning of the meeting and leave the meeting before any discussion on that item commences. The Panel Member will have no right to vote on that particular application.

Panel Members should not enter into any discussion on applications prior to a meeting, other than to clarify matters of detail in relation to those applications. Opinions on the eligibility or quality of applications should be reserved for Panel meetings. Questions on matters of detail should be submitted to Finance East, who will respond to all interested parties to ensure consistency of information.

In addition all panel members must complete the standard LEP register of interests form and is responsible for ensuring this form is kept up to date.

### **Delegated Authority including limits**

The committee will have a delegated responsibility from the Investment Appraisal Committee for financial decisions up to £500k.

Authority is also delegated, through the GBF panel, to the ERDF funded Small Grant Scheme. The SGS, an on-line panel will report decisions made to the GBF panel. The maximum award size under SGS will be £25k.

### **Reporting procedures**

The minutes of GBF meetings will be taken by SCC and circulated to all members of the LEP Board and will be published on the LEP website.

The minutes will not contain commercially sensitive information but will include the applicant name and the amount awarded.

The GBF panel will also provide information on decisions taken for the IAC.

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The minutes will include a record of decisions made by the Small Grant Scheme, which has delegated financial approval from the Investment Appraisal Committee through the Growing Business Fund panel. Minutes will be published five days after meetings in accordance with LEP governance arrangements. In accordance with new General Data Protection Regulations, panel members will delete all emails relating to projects after meetings and destroy all papers.

Decisions taken by the GBF Panel and Small Grants Panel will also be included in the LEP's Register of Decisions which is published on the LEP website.

### **Communications**

Meeting agendas will be circulated 5 working days before each meeting in accordance with LEP governance arrangements. Agendas will include all appropriate papers required to support any decisions to be made. Additional papers may be circulated by email between meetings as necessary.

Decisions will be communicated to applicants in advance of minutes being published.

### **Review:**

The membership of Growing Business Fund panel will be reviewed annually. The Committee shall review its own performance and terms of reference annually to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the LEP Board for approval.

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**European Union**

European Regional  
Development Fund

## **NEW ANGLIA BUSINESS GROWTH PROGRAMME SMALL GRANT SCHEME PANEL TERMS OF REFERENCE**

### **1. The role of the Small Grant Scheme (SGS) Panel (the Panel) is:**

- 1.1. To provide a forum to consider SGS grant applications (via Assessment Forms/Reports and other information prepared by Growth Hub and/or Nwes for approving (including setting conditions if necessary) or rejecting and providing other advice or recommendation on submitted applications according to a set of published guidelines issued by New Anglia Local Enterprise Partnership (New Anglia LEP).
- 1.2. To provide support to New Anglia LEP and its partner organisations (Nwes, Menta, Suffolk Chamber of Commerce, and Suffolk County Council) to promote and deliver the SGS programme.
- 1.3. To provide advice or recommendations on SGS grant applications (of grant value between £10,001 and £25,000) and delivery processes as required by New Anglia LEP or its partner organisations.

### **2. Membership of the Panel**

- 2.1. The Panel comprises of one representative from each of the following three organisations:

- 2.1.1. New Anglia LEP
- 2.1.2. Norfolk County Council
- 2.1.3. Suffolk County Council

Individual Panel Members, who will be of suitable seniority and experience, will be invited by New Anglia LEP to join the Panel.

- 2.2. Current Panel Members and their nominated replacements are listed by name in the attached Annexe 1, which will be reviewed if necessary. Each Panel Member and their nominated replacement will be expected to sign a Declaration, in the form attached at Annexe 2, in confirmation of their appointment to the Panel and acceptance of these Terms of Reference.
- 2.3. Membership of the Panel is undertaken on a voluntary basis.
- 2.4. Membership of the Panel is for the period of 22<sup>nd</sup> May 2017 - 31<sup>st</sup> August 2018, unless a Member's appointment is terminated under paragraphs 2.5, 2.6 below.
- 2.5. A Panel Member may terminate his or her Membership by giving at least one month's notice in writing to New Anglia LEP.
- 2.6. New Anglia LEP may terminate the Panel Membership of any Member if he or she does not act at all times in accordance with these Terms of Reference.

### **3. Operating Procedures**

- 3.1. SGS Progress meetings will be held quarterly. Additional meetings will be held as and when required to facilitate effective decision making.
- 3.2. Decision making on grant applications will be done electronically and Panel members will be expected to submit their vote within five working days. Panel Members may ask any relevant questions/queries they have on the application before they submit their vote to Nwes.
- 3.3. A complete set of all three Panel Members' votes are required before a final decision on the application is taken. A decision will be decided by a majority vote.
- 3.4. New Anglia LEP has the right to veto any taken decision if the application is ineligible or it is outside SGS scope.
- 3.5. A Panel Member will have no right to vote on the application if he or she has either a personal or professional interest in the Applicant's organisation or project to be considered by the Panel and must declare his or her interest before any discussion on the grant application commences.
- 3.6. A Panel Member must find a nominated replacement, a suitable individual within their organisation, if he or she is unable to act according to this document, for example, according to Para 3.5 or being away from the office.
- 3.7. New Anglia LEP, Norfolk County and Suffolk County Councils are subject to the provisions of the Freedom of Information Act 2000 (FOI). All enquiries received by any partner organisation under FOI in the first instance must be directed to New Anglia LEP as the accountable body for the programme.
- 3.8. Copies of all correspondence relevant to the application between New Anglia LEP, its partner organisations and the Panel will be saved by Nwes/Growth Hub and passed to New Anglia LEP for accountability.
- 3.9. A Panel Member and their nominated replacement must properly delete all information related to the SGS application they receive after a final decision on the requested grant has been taken.

### **4. This Terms of Reference document**

- 4.1. This Terms of Reference document is approved and signed by New Anglia LEP and the Panel jointly.
- 4.2. This Terms of Reference document will be reviewed by New Anglia LEP and the Panel if necessary.

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- 4.3. Exceptional changes to this Terms of Reference document may be considered at any time, at the discretion of New Anglia LEP. Approval of such changes will require all three Panel Members voting in favour of the proposed change.

## 5. Confidentiality

- 5.1. You must not disclose information related to the application and/or the applicant given to you in confidence, or information acquired by you which you believe is of a confidential nature unless you are required by law to do so.

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## New Anglia Local Enterprise Partnership Board

Wednesday, 21<sup>st</sup> February 2018

### Agenda Item 9

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#### Update on the LEP's 24 Month Operational Plan

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Author: Marie Finbow

#### Summary

This report provides a high-level summary of progress against the LEP's two-year operational plan which runs from April 1st 2016 to March 31<sup>st</sup> 2018. The plan was structured under six strategic headings, with 54 work streams beneath these headings. The plan shows good progress against the targets, with 43 work streams either completed or green and just 11 amber. None are red, as the LEP executive has succeeded in focusing resources to move all work streams forward.

The plan was developed to map and report against the LEP's key priorities, and has proved effective as an internal management tool, but less effective as information for the board. Looking ahead, the quantity and quality of management information is being reviewed as part of the review of the business performance reports.

#### Recommendation

The Board is asked to note the progress made against the LEP's 24-month operational plan.

#### Background

In April 2016 the LEP Board agreed the strategic delivery priorities for the following 24 months which were built around the six main headings (cogs):



Taken together, the two large cogs represent the key delivery priorities that have a direct impact on achieving the ambitions which were set out in our Strategic Economic Plan.

The four smaller cogs represent the underpinning work streams that support and enable the successful delivery of the two larger cogs. We recognised that there was an inevitable degree of

overlap between the different work streams, and all six cogs needed to function effectively for the LEP to successfully move forward.

A total of 54 different work streams sit underneath the six cogs – highlighting the wide reach of the LEP’s work.

To monitor progress against delivery effectively, the executive team developed the following RAG rating for each of the work streams:

- **Red** - targets not being met; Risk of missing final deadline or risk of negative impact on the LEP’s reputation. May be caused by unavoidable external factors or lack of resources (i.e. people and/or funding)
- **Amber** - Making slower progress than anticipated/forecasted – external factors can be managed – need to allocate resources to other priorities. Arrows are used to determine if the workstream is moving towards Red ↓ or Green ↑
- **Green** - On target; on time; on budget; will be complete by the end of March 2018 or continue beyond the life of this operational plan.
- **Complete** – Work stream has been completed or is no longer being progressed.

Progress against the 24-month operational plan has been closely monitored by the LEP executive.

The LEP Board received a six-month progress report in November 2016 and the Board has continued to receive monthly updates on progress against the six main cogs through the Managing Director/Chief Executive Reports.

Of the 54 work streams in total, 19 have been completed, 24 are rated as Green and 11 are rated as Amber. No workstreams have a Red rating.

This is because throughout the lifetime of the operational plan as and when workstreams have moved to Red, the LEP Executive’s leadership team has targeted resources to unblock these from delivery.

Cog – Strategic Priority	Workstream RAG status			
	Complete	Green	Amber	Red
Visible Leadership in Driving Growth & Economic Development	7	7	3	0
Unleashing the potential & maximising impact from programme delivery	4	5	6	0
Building Solid Economic Evidence and Analysis	5	0	0	0
Good Governance	1	5	1	0
Clear strategic communications and engagement	1	4	0	0
Robust Finance	1	3	1	0
<b>Totals</b>	<b>19</b>	<b>24</b>	<b>11</b>	<b>0</b>

### Areas of Improvement

Whilst the majority of projects and programmes have delivered, where resources and priorities have been refocused to accelerate delivery and where we continue to focus resources:

- Up until June 2017 the LEP’s Small Grant Scheme struggled to generate significant interest. To alleviate this, an extensive marketing campaign was launched, and the programme’s criteria was adjusted to allow grants of up to £25K. As a result, we have seen a dramatic increase in the number of grants awarded. However, we are continuing to monitor this scheme closely and the programme remains Amber until it has generated the required levels of match funding.
- The downturn in the Oil and Gas Industry continues to have an impact on uptake on our Enterprise Zone sites. To address the impact of the dramatic fall in the price of oil within our region, the LEP created the **Oil and Gas Taskforce** and launched a pack of measures worth more than £300,000.

We also carried out a marketing campaign, developing a range of promotional materials to publicise our Enterprise Zone sites – which were used at MIPIM UK in 2016 and in 2017. We also ran a series of events targeted at attracting interest from specific sectors. We have also created a new funding support programme – the EZ Accelerator Fund – which is specifically designed to support development and delivery of our Enterprise Zone sites to help resolve site development issues.

Appendix 1 provides a detailed analysis of progress against the 24-month operational plan.

**Recommendation**

The Board is asked to note the progress made against the LEP's 24-month operational plan.

## Progress against the LEP's operational plan

The following section provides a narrative summary of the key work streams beneath each cog beginning with work streams rated amber.

### **Cog One - Visible Leadership in Driving Growth and Economic Development**

Complete	Green	Amber	Red
7	7	3	0

The following workstreams are rated as Amber:

- **Support Housing and Business Growth** – the LEP continues to work closely with the Housing and Finance Institute and four Norfolk Local Authorities on the Housing Readiness Programme – which is due to be delivered in Spring 2018. An infrastructure manager has recently been appointed to develop the LEP's position around housing. This will include liaising with local authorities and working to enhance the building growth group over the next six months.
- **Publish and implement the Integrated Transport Strategy** - The timetable for development of this strategy has been revised to allow further work to be done in aligning it with the new Economic Strategy and the development of a delivery plan. The Integrated Transport Strategy and its delivery plan will be presented to the LEP Board for sign-off in May 2018.
- **Enhancing support for young people through the Youth Pledge** – The New Anglia Youth Pledge Marque was launched in July 2016 to award businesses who are committed to support the future workforce, better align skills with enterprise and in turn grow the local economy. This is currently being reviewed to ensure that it remains fit for purpose and really represents and supports businesses who want to support this agenda. The Enterprise Advisor Network is in place and developing well. Regular meetings are taking place with the team to support the continued uptake of roles in schools and they achieve beneficial outcomes. MyGO in Ipswich is progressing well and the model is now being replicated in Stowmarket and Lowestoft. This service has supported over 9,000 individuals. 'Norwich for Jobs' initiative is also progressing well having achieved its targets by getting over 1,770 young people into a paid position and over 160 employers pledging to create 480 work experience opportunities. It will continue to add to these totals and is likely to extend to other areas of the county. The on-line careers service 'ICANBEA' continues to thrive.

Seven workstreams are rated as Green and these will all roll forward.

- **Growth Deal Three implementation** – the LEP conducted a review of all LEP programmes to ensure alignment with the ambitions in the new Economic Strategy and a series of project calls will be launched over the coming months.
- **Focus on Innovation** - the development of an innovation framework and operational plan is progressing well, with the LEP working in collaboration with a range of partners, including TechEast, Hethel Innovation, Innovation Martlesham, the Norwich Research Park and OrbisEnergy.
- **Building our profile to support inward investment** – we are in the process of developing an inward investment strategy following the appointment of an Inward Investment Manager and a Cambridge Norwich Tech Corridor Business Development Manager to co-ordinate and drive delivery of inward investment work.
- **Working beyond our borders** – Regular engagement has continued with GCGP on the development of economic strategies to ensure alignment in overlapping areas. We have also continued to work closely with them on delivery of the Eastern Agri-tech programme and in running the successful VentureFest East event. Discussions are continuing with the South East LEP over potential joint working and supporting work around a sub national transport body.

- **Developing the Project Pipeline** – the LEP is now developing a new project pipeline which aligns with the Economic Strategy. The first Growth Deal Three project call was announced in October 2017 in parallel with the launch of the new Economic Strategy. This resulted in 29 project Expressions of Interest. Two projects were approved by the LEP Board in January 2018, with decisions on a further 20 projects deferred pending further information and seven projects rejected. Deferred projects, depending on when they are ready, will be brought back to a Spring LEP board meeting or referred to a further Growth Deal funding round, currently scheduled for the summer or autumn of 2018.
- **Impact on Brexit** – the LEP continues to work closely with Norfolk and Suffolk County Councils in developing supporting data on the potential impacts of Brexit. A report is coming to the February LEP board. This work will be taken forward by the new Growth Manager, who joins the LEP at the end of February 2018.
- **Local Energy East** – good progress is being made on development of a Local Energy East Strategy, which is due to be completed by March 2018.

Seven workstreams have been completed:

- **Devolution** – the LEP played a leading role in developing devolution proposals for Norfolk and Suffolk – but the proposal was withdrawn by Government when not all the local councils ratified the proposals.
- **Growth Deal Three** – our bid was submitted in July 2016 and we were delighted to be awarded £69.06m – the seventh highest allocation out of 38 LEPs.
- **Improve business productivity** – this long-term ambition is embedded in the new economic strategy and the LEP’s role in this will become clearer over the coming months as we work with partners to develop delivery and investment plans for the Economic Strategy.
- **New Strategic Economic Plan (SEP)** – the new Economic Strategy for Norfolk and Suffolk has been published following approval by the LEP Board at its meeting in October 2017.
- **Measure our Impact** - the SEP Impact Report was published and launched at the LEP Board’s AGM in September 2016 – highlighting the LEP’s achievements since the launch of the SEP and reporting good progress being made against many of our original ambitions.
- **Look Further Ahead** – this workstream was about the LEP looking at what a Strategic Economic Plan post 2026 should look like – and culminated in the development and publication of the new Economic Strategy.
- **Industrial Strategy** - The LEP submitted a collaborative response to the Government’s Industrial Strategy Green Paper in April 2017 articulating the views of our local authorities, business and academic partners and we are committed to working with Government to develop and pilot a local industrial strategy for our area.

### **Cog Two - Unleashing the Potential and Maximising Impact from Programme Delivery**

Complete	Green	Amber	Red
4	5	6	0

Six workstreams are rated as Amber:

- **Growth Programme** – to raise the profile of the Small Grant Scheme, which until June 2017 had struggled to generate significant interest, an extensive marketing campaign was launched, and the programme was adjusted to allow grants of up to £25k. As a result, there has been a dramatic increase in the number of grants awarded – but the programme remains Amber whilst risk remains over the match funding that needs to be generated through the scheme.
- **Enterprise Zone – Space to Innovate Legal Agreements** – Work is underway to complete the nine local tri-party legal agreements with complexities around some sites delaying progress. Three legal agreements have been signed and are in place, with three further agreements expected to be finalised by the end of March 2018.
- **Growing Places Fund** – The GPF programme was relaunched with a project call in 2016/17 to stimulate further interest and applications. The project call has produced a working list of

applications for the current financial year, including the recently approved Winerack project in Ipswich which has now commenced drawdown of the £5m GPF loan. Following the review of LEP programmes in October 2017, GPF has been adapted to align with the objectives of the Economic Strategy and support further growth by unlocking stalled sites.

- **Agri-Tech** - 68 grants have been awarded through the AgriTech Growth Initiative with a total value of £5m (ahead of the target of £4.6m awards by April 2018). However, this programme was effectively paused from November 2017 following full allocation of the New Anglia LEP initial investment and issues with GCGP. Mechanisms will be put into place to manage payment commitments in the New Anglia LEP area.
- **Ipswich Vision Board** - The Vision Board continues to progress all Vision ambitions. A revised delivery framework which aligns with the new Economic Strategy was approved by the Ipswich Vision Board in January 2018 and a new governance structure is being implemented to drive delivery of the Ipswich Vision. Consultants have been appointed to develop the Public Realm Strategy and the Ipswich Vision Board will consider a first draft in March 2018.
- **European Funding** – This work is ongoing despite the uncertainties of Brexit. The Treasury has committed to guarantee all EU funds contracted to projects prior to the date of Brexit. Whilst some projects continue to come forward for ESIF funding, there is evidence of a clear downturn in interest in the funding streams given the current uncertainty about the security of future investment through ESIF and doubts over whether the programmes will be able to run to their intended conclusion in 2020. In the meantime, facilitators are continuing to support project applicants and undertake promotional activity to publicise funding availability.

Five projects have a Green RAG rating, and these will all carry forward into the new operational plan:

- **Successful delivery of programmes** – strong delivery continues to be shown by the LEP programmes; Growing Business Fund has now awarded 361 grants and created 2255 new jobs. Growth Deal has now completed two years of delivery with a spend of £51.5m. The Growth programme is now fully operational, with an extensive marketing campaign to raise the profile of the Small Grant Scheme. This workstream will carry forward into the new Operational Plan.
- **Growing Business Fund** – as reported above, this programme is showing strong delivery and it will carry forward into the new Operational Plan. Highlights of the GBF programme delivery include **368 grants** awarded to date through the programme, creating **2,370 new jobs** as shown in the table below:

Growing Business Fund	Target to April 2018	Awarded to date	Delivered to date	Delivered to date %
Number of grants awarded	-	368	336	-
Value of grants awarded	£21m	£18.64m	£17.4m	83%
Private sector match funding	£84m	£104.5m	£95.7m	114%
New Full-time jobs created	1422	2370	1517	107%

- **Growth Deal** – Work is progressing, with 24 live projects/programmes and 11 projects complete. Currently, one project has ‘red’ status and nine have ‘amber’ status. In most cases ‘amber’ status flags up minor points to be resolved before a grant agreement can be issued or there is delayed delivery and expenditure.
- **New Anglia Capital** – Funding was increased to £2m in April 2016 to accommodate further demand. To date, twelve investments have been made, with one pending and a total of £1.87m has been awarded/committed.
- **Oil and Gas Taskforce** – The LEP continues to encourage potential applicants to come forward for support. To date, 34 enquiries have been received, resulting in 27 visits to companies, 17 business diagnostics undertaken, 10 applications for the consultancy scheme, resulting in 6 approvals and 11 applications for support through the Growing Business Fund – again resulting in 6 approvals.

Completed workstreams:

- **Inward Investment – marketing campaigns** – A range of marketing material has been developed; this includes brochures for both Enterprise Zones as promotional material and for our website. Fact sheets have also been developed for individual sites. The EZ sites were promoted at MIPIM UK in 2016 and in 2017 and we have run a series of events targeted at attracting interest from specific sectors.
- **Enhance Existing Programmes** – A review of LEP programmes has been completed in line with development of the new Economic Strategy. A number of system improvements have been made to our existing suite of programmes, including the introduction of a new CRM system to support the Growth Programme and criteria revised to reflect our new ambitions.  
**Two new programmes** have been introduced following the LEP review of its existing and proposed new funding programmes in October 2017 – the Capital Growth Programme to support delivery of the Economic Strategy and a new sustainable programme, the Enterprise Accelerator Fund to both encourage development on the Enterprise Zones and to generate an income stream through shared ownership of a flagship commercial building on a number of the EZ sites.
  - **Capital Growth Programme:** A call for projects for the new Capital Growth Programme was launched in October 2017 in parallel with launch of the new Economic Strategy. A total of 29 bids were received with a total value of £54m. Bids have been independently appraised with recommendations considered by the LEP Board in January 2018.
  - **EZ Accelerator Fund:** Specifically designed to support development and delivery of the LEP’s Enterprise Zone sites to help resolve site development issues. The programme will also help to support the sustainability of the LEP through an income stream generated from a share of any rental income, alongside a percentage of the rate income as usually generated from new developments on EZ’s. The first project of this type to be completed will be the new headquarters of Proserv in Great Yarmouth.
- **Programme Innovation** – Investment principles are now in place as agreed at the October LEP Board to support the implementation of initiatives such as the EZ Accelerator Fund. Further refinement of new and enhanced programmes has been completed as part of the programme review.

### **Cog Three - Building Solid Economic Evidence and Analysis**

Complete	Green	Amber	Red
5	0	0	0

All workstreams are complete.

- **Enhance base data and evidence** - a solid evidence base has been developed which was used as the basis for the new Economic Strategy with mechanisms in place to ensure that this evidence base is regularly reviewed and updated.
- **Put in place clear KPIs** - a data dashboard is in place and is presented to the LEP Board on a quarterly basis. every quarter to inform them of progress against our ambitions. Work is continuing on the development of supporting metrics and relevant targets with a 5 year trajectory report expected to be published
- **Develop annual business survey** – following consideration of cost and identification of other methods, the decision has been taken not to proceed with an annual business survey at this time.
- **Secure Science and Innovation Audit** - The LEP was delighted to secure a Science and Innovation Audit in Wave 2 which was published in September 2017 – highlighting to Government our region’s strength for potential future funding streams, and a huge vote of confidence in our world class sectors – including life sciences, Agri-Tech, advanced engineering and ICT – which are a key part of our economy

- **Update and publish the New Anglia Economic Profile** – this was developed and forms part of the evidence base for the Economic Strategy.

#### **Cog Four - Good Governance**

Complete	Green	Amber	Red
1	5	1	0

One workstream is currently rated as Amber:

- **Local Authority Joint Working** – the LEP continues to focus on strengthening working relationships with Local Authorities through the work with the Norfolk and Suffolk Growth Groups as well as participation in Greater Norwich activities, Ipswich Vision and other specific area based work such as the Opportunity Areas. This work stream will roll forward.

Six workstreams are rated as Green:

- **Strengthen Internal Communications** – Internal comms have been strengthened with the introduction of key messages provided to staff on a monthly basis and a new investment map created, highlighting investments made across our region and an interactive version being developed for our website.
- **Transparency of decision-making** – our Assurance Framework was updated in May 2016 and revised in February 2017. The next review will be undertaken in February 2018. In addition, the LEP commissioned PwC to look at the LEP’s operations and governance and an implementation plan was approved by the LEP Board in September 2017. We have also developed an implementation plan following the Government’s Mary Ney review to help improve governance and transparency. Progress against both implementation plans is reported at each LEP Board meeting. The Annual Conversation with Government took place in December focusing on the LEP’s contribution on driving local economic growth, reviewing the LEP’s governance and assurance processes, evaluating progress of delivery on key local growth programmes and discussing the LEP’s priorities and challenges for the year ahead. The LEP continues to be in the top two LEPs in the London and south east patch, proactive, with a good culture and continued to put forward a compelling case.
- **Strengthen Sector Groups** - We are also continuing to build effective working relationships with our sector groups and the LEP held a number of events over the summer to engage them in development of the new economic strategy and further events are planned to engage them on implementation of the economic strategy.
- **Support for Board members** - a formal induction process for new Board members is now embedded to introduce them to the wide variety of work undertaken by the LEP, and the LEP executive team.
- **Executive Team development** – a full review of all our HR policies has been completed and following consultation with the LEP executive team, all these policies are now embedded. The new performance review system which was part of this review was introduced for the financial year 2016/17. Following the PwC review the LEP Board agreed to the creation of two new senior LEP Exec posts – CEO and COO. The CEO appointment has been made and recruitment is underway for the new COO.

One workstream is complete:

- **Succession Planning** - a forward plan is in place to fill LEP Board vacancies. A new Chairman is in place and following the appointment of three new private sector board members the LEP Board is now at full complement.

## Cog Five - Clear Strategic Communications and Engagement

Complete	Green	Amber	Red
1	4	0	0

Four workstreams are rated as Green:

- **New Anglia LEP brand and reputation** – communications strategy and brand guidelines are in place. Positive media coverage has continued to increase over the past year online, in print and on radio/television. The LEP continues to be seen increasingly as an independent expert commentator for business issues, which is a positive step and reinforces our reputation as thought leaders. Work continues on strengthening our digital presence, ensuring clear and consistent messaging across all platforms. Our new website - launched in October 2017 - has been positively received and our online presence is also growing; we now have **over 6,500** Twitter followers, **2,800 members** of our LinkedIn group and **5,500 subscribers** to our monthly e-newsletter.
- **Support, promote and market key LEP programmes** – promotion of the business growth programme is ongoing. Social media coverage has increased and the new Growth Hub comms manager works closely with the LEP comms team – ensuring consistency of messaging.
- **Strategic leadership on campaigns for better rail and road links** - The LEP continues to lead on transport campaigns, including the very successful GEML Rail Campaign, which led to the award of the new franchise and the promise of an entire fleet of new trains.
- **Strategic comms and marketing support for events** – the LEP continues to provide strategic and marketing support for events – including Venture Fest East 2017 and had a key role in helping to identify opportunities for Norfolk and Suffolk businesses to be involved. The LEP also led the steering group for MIPIM UK.

One workstream is complete:

- **Lead business engagement for devolution** - the LEP played a leading role in developing devolution proposals for Norfolk and Suffolk – but the proposal was withdrawn by Government when not all the local councils ratified the proposals.

## Cog Six - Robust Finance

Complete	Green	Amber	Red
1	3	1	0

One workstream is rated as Amber:

- **Sustainable budget/finances** - The LEP is currently reviewing other income streams to sustain its core budget for the longer term. The board has, in principle, approved the LEP to explore and invest with certain partners to establish a new and sustainable income stream. The LEP is currently working with a local authority partner to add a new operational income stream for 2018/19.

Three workstreams are rated as Green:

- **Overall financial management** - Regular budgeting and reporting continues ensuring the LEP operates at its optimum whilst endeavouring to strengthen the LEP's balance sheet. Over the past year the LEP's finances have been consistently managed within budget and work is taking place to improve internal reporting with the leadership team to enable greater flexibility of the budget across each department.
- **Relationship with the accountable body** - the LEP continues to maintain a strong working relationship with its Accountable Body through regular communications and meetings ensuring transparency and early identification of any issues.
- **Maximising return on LEP funds** – Continuous discussions take place between the Accountable Body and the LEP to maximise returns on deposits.

One workstream is complete:

- ***EU compliant finance systems*** – An ERDF finance and compliance officer has been appointed and a financial programme is in place to manage the LEP's progress against its programme budget.

**New Anglia Local Enterprise Partnership Board**

**Wednesday, 21 February 2018**

**Agenda Item 10**

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**New Anglia Business Growth Programme**

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Author: Jason Middleton

**Summary**

This paper updates board members on the progress being made by the LEP's flagship business support programme - the Business Growth Programme.

This programme includes the LEP's Growth Hub, the LEP's small grants programme and two business start-up programmes which are delivered by partners.

It recommends approving a bid for further funding from the ERDF programme (European funding) which will fund the programme until the end of August 2021.

The new programme has been re-designed to maximise alignment with the new Economic Strategy and will form a key part of our plan to deliver the strategy.

**Recommendation**

The Board are asked to:

1. Support the submission of a bid for £7.4m of ERDF funding to the Ministry for Housing, Communities and Local Government (MHCLG) to fund the New Anglia Business Growth Programme for the three years from August 31<sup>st</sup> 2018 until August 31<sup>st</sup> 2021.
2. Agree to the allocation of £150,000 of BEIS funding and £200,000 of the Growing Business Fund to continue activity, should European Regional Development Fund (ERDF) approval be delayed beyond August 2018.

**Background**

The New Anglia Growth Programme is the LEP's flagship business support programme and comprises three main elements:

- New Anglia Growth Hub, offering free and impartial advice to individuals and businesses and is able to signpost individuals onto a range of additional support
- New Anglia Small Grant Scheme, providing grants between £1,000 and £25,000 to SMEs to enable growth, increased productive and job creation
- Start-up and Early Stage Support Programme, providing specialist support to help people set up a successful new business – delivered by partners NWES and Menta

The existing Growth programme was devised following a review of business support in 2013, overseen by the LEP Board, and all elements of the Programme were built into the LEP's Strategic Economic Plan (2014). Funding for the current programme runs until the end of August this year.

The new Growth Programme forms a key delivery element of the new Economic Strategy for Norfolk and Suffolk, with Growth Hubs also identified as a key element of the Government's Industrial Strategy to deliver long term economic growth.

### Existing Growth Programme

The existing Growth Programme has the following targets from April 2014 until August 2018

Output	Target	Achieved to Date
Businesses provided support and advice	7,530	6,993
Businesses provided 'in-depth' support	1,667	1,529
Hours of support provided to businesses	N/A	32,776
New business start-ups created/new enterprises supported	1,005	756
New Full-time jobs created	1,530	848*

\*There can be a long delay between support provided (e.g. a grant) and jobs being created

### Existing Funding

The existing Growth Programme was initially awarded £3.9m as part of the Norwich and Ipswich City Deals from April 2014 until summer 2015.

This was extended until the end of August 2018 through a successful bid for £6.3m of ERDF funding to the Ministry of Housing, Communities and Local Government (MHCLG).

### Alignment of new Programme with economic strategy and industrial strategy

Since the Growth Programme started, Government has placed Growth Hubs at the centre of future business support and encouraged LEPs to bid for further ERDF funding to be utilised to support future activity.

At the same time we are focusing the work of the Growth Hub to drive forward the ambitions in our new Economic Strategy.

The ambitions in the strategy are:

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

The new Programme will place a greater emphasis on supporting businesses with high growth potential, with 10,000 businesses across Norfolk and Suffolk proactively contacted over the three year period.

This approach will enable more focused delivery in terms of economic benefits.

For this reason, some of the Output values have been reduced, to reflect the greater time spent providing businesses and entrepreneurs with 'in-depth' support.

## Bid for ERDF funding

We are working with delivery partners to develop a second ERDF application, which will provide funding for all three strands of activity and enable the Programme to continue to operate until the end of August 2021.

An outline application for £7.4m of ERDF funding was submitted to MHCLG in November 2017, with feedback expected from MHCLG shortly, which will enable us to move to full application stage.

The LEP executive team have been working with delivery partners to develop the full application prior to MHCLG's feedback, as it is crucial that we obtain the final approval before the current funding expires at the end of August 2018.

The application will use the same model of match funding as current delivery, whereby ERDF contributes 50% of the costs, with the other 50% coming from recipients of the Small Grant Scheme.

This model of delivery means that the LEP and its delivery partners do not need to make a financial contribution towards delivery costs.

The table below shows the Outputs that the existing ERDF funded Programme and new ERDF application will generate:

<b>Outputs</b>	<b>Existing</b>	<b>New</b>
Businesses awarded grants	200	175
Businesses receiving 'in-depth' support ( >12 hours)	430	1036
Businesses start-ups supported	630	606
Private investment provided by businesses	£6.1M	£7.49M
Employment increase in supported businesses	755	171*
Businesses introducing new products	25	30
Number of entrepreneurs assisted to start a new businesses	761	901
Businesses receiving information, diagnostic & brokerage	2,640	2,352

\*Note, we will no longer be able to count a sole trader as new employment. If sole traders are included, this figure is 727.

The following table shows the contribution that the Business Growth Programme is expected to make in terms of LEP Programme delivery between April 2017 and March 2021:

<b>LEP Programme</b>	<b>Outputs/Targets</b>	<b>2017/18 to 2020/21 Delivery</b>	<b>Percentage of LEP Programme Delivery</b>
Business Growth Programme	New Employment (direct and indirect)	1,414	2.7%
	New Businesses	799	64.5%
	Private Sector Match	£13.05 million	1.5%

As can be seen in the table, the Business Growth Programme is a critical part of our overall programme to create new businesses. It is less focused on new jobs because there is a broader suite of programmes that support the creation of new jobs, such as Growing Business Fund.

## **Approval Process**

Delays have become a significant issue for the approval of ERDF applications during the current ERDF programme period.

Our previous ERDF application took twelve months to approve, which resulted in a shorter delivery period as a result. However, we have been informed that approval delays are now significantly less.

With this in mind, we are acutely aware of the need to ensure that we obtain approval from MHCLG as soon as possible, to ensure the continuation of delivery of the Programme and business support.

We are not expecting final funding confirmation until July 2018, which is close to the 31<sup>st</sup> August 2018 date, when our existing delivery ends.

With this in mind, the Chief Executive Officer and Executive Team have assessed a number of options available to the LEP, in order to ensure continuation of delivery of activity.

## **Operational Options**

There are two options, with the LEP Chief Executive Officer recommending Option Two:

### **Option One – Begin to wind down activity**

This would see a reduction in existing, beginning in June, including a halt in any new applications to the Small Grant Scheme, the winding down of promotion of start-up activity and asking the Growth Hub to reduce the number of businesses they support.

Whilst this would allow for a reduction in spend, therefore reducing financial risk, it would also mean that there would be reduction in the number of businesses supported, resulting in a slowing of business investment and output generation.

This would also mean that the Programme would lose momentum, making it more difficult to increase activity again, following confirmation of any new funding, and the risk of redundancy of Growth Hub staff.

Costs for redundancy and to wind down the Growth Hub have been allocated within the existing ERDF Programme allocation.

### **Option Two – Continue to the end of October 2018 for the Board to consider a full options review at the September Board meeting**

We are recommending that the Growth Hub and Small Grant Scheme continue in their current form until the end of October 2018, an additional two month period, to give additional time for ERDF approval and reduce the risk of the Programme being disrupted.

This equates to £150,000 and can be taken from our annual £287,000 allocation of funding from the Department of Business, Energy and Industrial Strategy (BEIS) for Growth Hub activity.

We also recommend that £200,000 of funding for the Small Grant Scheme be taken from the Growing Business Fund, as the scheme forms a crucial element of the LEPs grant support for SMEs. This would leave GBF with an operational budget of £2.8m for 2018/19 which would be sufficient to run an effective programme.

In the event that a decision on funding from MHCLG is still pending by September, the LEP Executive would present a paper on future options to September's board meeting.

Costs for redundancy and to wind down the Growth Programme have been allocated within the existing EDRF Programme allocation.

This approach was agreed by the LEP Board in autumn 2015 when the previous bid was subject to delays in approval.

If the bid is successful, any money spent can be claimed through the ERDF Programme.

If not, the approved funding will not be recoverable, but it is being spent to support a core activity to deliver the Economic Strategy.

### **Recommendation**

The Board are asked to:

1. Support the submission of a request for £7.4m of ERDF funding to MHCLG that will enable the New Anglia Business Growth Programme to continue to operate until the end of August 2021.
2. Agree to the allocation of £150,000 of BEIS funding and £200,000 of the Growing Business Fund to continue activity, should European Regional Development Fund (ERDF) approval be delayed beyond August 2018.





**New Anglia Local Enterprise Partnership Board**

**21 February, 2018**

**Agenda Item 11**

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**Sub-National Transport Bodies and The East of England Transport Forum**

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Author: Ellen Goodwin, Infrastructure Manager

**Summary**

This paper provides a background to the formation of Sub-National Transport Bodies, the development of the East of England Transport Forum and seeks a nomination from this Board to join the Forum to champion the East's opportunities for growth and priorities for investment.

**Recommendation**

The Board is asked to:

- Agree to be a full member of Transport East; and
- Nominate a private sector representative to sit on Transport East.

**Background**

The Cities and Local Government Devolution Act (2016) provides for local partners to put forward to Government a proposal to establish a statutory Sub-national Transport Body (STB).

Government sees STBs as delivering improved collective transport planning and decision making over areas larger than current transport authorities. It is proposed that local partners forming a statutory STB would have direct influence over decisions that are currently within the control of Government and its agencies.

In introducing the STB concept, Government Ministers emphasised that they would be able to:

- develop transport plans for their areas;
- tackle issues that are currently decided in Whitehall rather than by local councils;
- consider longer distance road or rail networks and corridors; and
- consider transport systems that cross geographical areas.

To date four areas of England have begun the journey towards the creation of STBs. Each is at a different stage. These are:

1. Transport for the North – the most advanced and with significant Government funding to support its work;
2. Midlands Connect – the next most advanced and with some Government funding;
3. England's Economic Heartland – the Oxford, Milton Keynes, Cambridge corridor is making good progress. It is currently evaluating whether to progress to an STB – currently a non-statutory forum.
4. Transport South East – linking the South Coast and the newest body.

**The East of England Sub-National Transport Forum**

Interest in an East of England sub-national transport forum has been growing following an informal preliminary meeting on 13 September 2017 where elected members discussed the possibility of setting up an East of England sub-national transport board/forum.

In order to broaden these discussions, the East of England Local Government Association organised an East of England Transport Summit on 21 December 2017 which all councils, Local Enterprise Partnerships and strategic partners were invited.

At the summit leaders, elected members, senior officers and wider partners discussed the rationale and drivers for establishing a sub-national transport body/forum. Delegates at the Transport Summit agreed to establish a non-statutory sub-national transport forum, covering the East of England area, to be known as Transport East.

The key points highlighted that:

- A joint narrative and vision is very important for influencing national transport strategy, funding and influencing decisions;
- There are joint strategic needs, demands and functions that flow from local needs and aspirations which would be better served through Transport East;
- There is a surplus of growth plans and strategies, which would be more effective if better linked;
- Partnership working with the transport industry, Network Rail, airports and ports can be effectively coordinated by Transport East so that government receives agreed messages;
- Transport East can progress quickly by working with partners and taskforces in the region that already have a lot of the evidence base ready to use on strategic schemes; and
- The work of Transport East would be strengthened by the number of very influential MPs in the region.

The outline roles and remit of the non-statutory forum as agreed at the summit has been taken forward into the draft terms of reference, included at Appendix A. Section 4 of the terms of reference includes details regarding membership.

The meeting agreed that LEPs should be members of the forum alongside local authorities, as is the case with the other four transport bodies.

In its initial form as a non-statutory body, it is envisaged that the forum will operate on consensus. However, as it establishes its role, geographic scope, resource allocation and more formal membership, consideration will need to be given to voting arrangements.

While the forum offers an observer membership, being a full member will offer the opportunity to be more influential in the decisions the Forum takes and in exploring the challenges, opportunities and options for moving towards statutory status, either in its own right or alongside an already established STB.

Support by executive team will be provided by the LEP Executive Team.

### **Future meetings**

An East of England Parliamentary Reception will take place on 28 February 2018, which would provide a platform for launching an East of England Sub-National Transport Forum and promoting collaboration across the region with Ministers, MPs and wider partners.

The next meeting of Transport East itself will take place on the morning of 13 March 2018.

### **Recommendation**

The Board is asked to:

- Agree to be a full member of Transport East; and
- Nominate a private sector representative to sit on Transport East.

## APPENDIX A.

### East of England Sub-National Transport Forum DRAFT Terms of Reference

First presented on 21 December 2017 to East of England Transport Summit  
(Updated 18 January 2018)

#### 1. Purpose

- 1.1. The East of England Sub-National Transport Forum is the local response to the proposals contained with The Cities and Local Government Devolution Act (2016) and reflects the need for a Forum in which strategic issues and proposals can be addressed in a timely and efficient way.
- 1.2. The East of England Sub-National Transport Forum brings together representatives of Local Transport Authorities, District Planning Authorities, Local Enterprise Partnerships, and transport providers with representatives from Government, infrastructure agencies and transport service providers in a collaborative partnership that enables a single co-ordinated conversation.
- 1.3. As such the East of England Sub-National Transport Forum provides a single point of contact for Government, its agencies, infrastructure and service providers on strategic transport issues.

#### 2. Strategic Aims

- 2.1. The East of England Sub-National Transport Forum will support the development of a transport network that:
  - is innovative and prepared for future developments.
  - enables housing growth.
  - enables the efficient and effective movement of people and goods to boost economic growth.
  - ensures that growth in the East is sustainable, encompassing all forms of transport including, public transport, walking and cycling.
  - ensures that the East of England is a place where people want to live, work, learn and visit.
  - enables people to live independently and to make the most of opportunities as they arise.

#### 3. Role

- 3.1. The East of England Sub-National Transport Forum will:
  - 3.1.1. Provide the focus for a single conversation on strategic transport and infrastructure related activities.
  - 3.1.2. Represent the East of England's interests with respect to national strategy and policy ensuring effective alignment between national investment and local growth plans.
  - 3.1.3. Enable a more effective and meaningful engagement with the Department for Transport, infrastructure agencies (such as Highways England and Network Rail) and service providers (such as bus and train operating companies), and the East of England's major ports and airports.
  - 3.1.4. Provide the opportunity to share technical expertise and resources across the partners to assist with the development of a coherent and integrated transport network better able to respond to the demands of growth and changing technology.
  - 3.1.5. Oversee the development of a high level transport strategy which;
    - covers the relevant geography of the membership of the Forum,

- is linked to the delivery of economic growth and prosperity, and
- has a functional link with spatial planning.

- 3.2. The Forum will enable the partners to realise:
- 3.2.1. More effective engagement with, and influence over decision making at the national level
  - 3.2.2. Greater added value through the sharing of knowledge, skills and resources
  - 3.2.3. More efficient operation of strategic, local and major road networks
  - 3.2.4. Improved resilience of the transport system, particularly during periods of disruption (both planned and unplanned)
  - 3.2.5. More efficient and effective delivery of infrastructure, with schemes delivered faster and at less cost

- 3.3. The role of the East of England Sub-National Transport Forum will be periodically reviewed to ensure that the Forum is best placed to meet the ambitions of its members.

#### **4. Membership of the Forum**

- 4.1. The membership of an East of England Sub-national Transport Forum will include “relevant authorities” that together would define the agreed geographic extent of the East of England Sub-national Transport Forum.
- 4.2. The Cities and Local Government Devolution Act (2016) Act outlines that it is for “relevant authorities” to put forward a proposition including considerations of geography, governance and the powers to be exercised by the STB; “relevant authorities” include:
- a Combined Authority;
  - an Integrated Transport Authority;
  - a county council;
  - a unitary council.
- 4.3. One representative per “relevant authority” will be included as a member of the Forum.
- 4.4. One district council representative from each two tier “relevant authority” member geography will be included as a member of the Forum. District representation will be determined locally.
- 4.5. One representative from each Local Enterprise Partnership within the geographical scope of the Forum will be included as members of the Forum.
- 4.6. The members of the Forum are set out in Annex A to these Terms of Reference (to be appended once agreed)
- 4.7. The Department for Transport will be invited to attend in an observer capacity.
- 4.8. Additional organisations may be invited by the Forum to join as members or observers at any time where their membership and participation is seen as adding value.
- 4.9. Membership of the Forum will be reviewed on a regular basis.

#### **5. Chairman and Deputy Chairman of the Forum**

- 5.1. The Chairman of the Forum will be a representative from a “relevant authority” as defined in The Cities and Local Government Devolution Act (2016), who will serve in the role for at least one year but no more than two years. The Chairmanship will be reviewed annually by the Forum.

5.2. The Deputy Chairman will be a representative from the wider membership (and does not need to be from a “relevant authority”), who will serve in the role for at least one year but no more than two years.

## **6. Voting**

6.1. The non-statutory Forum is a collaborative organisation and with decision making within the Forum delivered by consensus.

6.2. Formal arrangements for voting (where required) will be developed as the Forum becomes established, with consideration given to the appropriate allocation of votes necessary to ensure democratic accountability.

## **7. Forum attendance**

7.1. It is for each Partner to nominate their representative on the Forum. The expectation is that Local Transport Authorities will be represented by their Leader or the relevant Cabinet member, Local Enterprise Partnerships will be represented by a business focussed member of their governing Board, and district councils by their Leader.

7.2. Substitutes will represent members of the Forum if their lead representative is not available.

7.3. Individual members of the Forum will be responsible for ensuring their organisation is kept briefed on the work of the Forum.

7.4. It is desirable for the Department for Transport and the majority of the Local Transport Authorities be represented at Forum meetings.

7.5. Members of the Forum retain their existing accountabilities and responsibilities for transport.

7.6. Membership of the Forum:

- Does not oblige partners to be involved in all activities, projects or proposals
- Does not preclude any member from working cross-boundary with other Local Transport Authorities or strategic transport organisations.

7.7. Local authorities that are not members of the Forum may be invited to participate or request to attend meetings of the Forum.

## **8. Ways Of Working**

8.1. Meetings of the Forum will be held quarterly.

8.2. Third parties may be invited to participate in meetings of the Forum and invited to be members of project teams established by the Forum

8.3. Third parties may request to address the Forum on a specific issue or proposal. The Chairman of the Forum will determine whether to grant the request.

8.4. The Forum may decide to establish sub-groups where this is appropriate in order to address specific issues: sub-groups may be either time-limited in their duration or standing sub-groups where the issue is on-going.

- 8.5. The secretariat for meetings of the Forum will be provided by the Local Transport Authority that provides the Chairman for the Forum.
- 8.6. The work of Forum will be support by a transport officer working group. It will be chaired by an appropriate senior officer from the same authority as the Chairman of the Forum.
- 8.7. The meetings of the Forum will be meetings of public record (papers published online) but will not be open public meetings.

## **9. Wider partnership panel**

- 9.1. A wider partnership panel will be established that includes all potential partners and will meet once a year. Membership of the Wider Partnership Panel is appended (Appendix B).
- 9.2. Members of this wider panel can be co-opted onto the Forum based upon requirements identified by the Forum members. Members of the wider panel also be co-opted onto specific sub-groups established by the Forum.
- 9.3. Membership of the Wider Partnership Panel will be subject to revision as required by the Forum membership, or on an annual basis.

## **10. Senior Officer Group**

- 10.1. The work of the Forum will be supported by the Transport East Senior Officer Group. This Group will provide technical and professional advice drawn from the Local Transport Authorities, Local Enterprise Partnerships and district authorities. Infrastructure agencies and transport service providers will be invited to support the work of the Transport East Senior Officer Group as necessary.
- 10.2. Transport East Senior Officer Group officers will be invited to attend Forum meetings in an advisory capacity.
- 10.3. The Transport East Senior Officer Group will maintain an overview of the activities taken forward by the Forum and ensure that the work programme adopted by the Forum is delivered.
- 10.4. Papers will be circulated at least five working days prior to each Forum meeting, and minutes circulated in a timely manner following the Forum meeting.

## **11. Revision of Terms of Reference**

- 11.1. These Terms of Reference will be subject to revision as required by the Forum membership, or on an annual basis.

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## **ANNEX A.**

The Wider Partnership Panel will consist of representatives from some or all of the following organisations;

- Neighbouring SNTBs; England's Economic Heartland and South East SNTB
- Transport for London
- Highways England
- Network Rail
- Train Operating Companies and Freight Operating Companies
- Individual Airports or Airport Operators Association
- Ports or United Kingdom Major Ports Group (UKMPG)
- Bus providers or the Confederation of Passenger Transport
- Passenger groups
- Transport Focus
- Environmental groups
- Regional Traffic Managers' Forum
- Road Haulage Association
- Sustrans
- Local economic growth partnerships and bodies
- Chambers of Commerce
- All constituent districts



## Overview

*This section provides a snapshot of main LEP team activity since the January board meeting*



### Governance review and implementation of the economic strategy

Good progress has been made over the past month in continuing the review of the LEP’s governance and setting the structures in place to implement the new economic strategy.

- Agenda item 8 provides a fuller update and recommendations on the terms of reference and membership of the tier one boards which sit beneath the LEP board.
- We continue to make good progress against the implementation of both the PwC review and Mary Ney review. Details of progress against these can be found appended to this report.
- Annual conversation with Government. As previously reported, Government has found us to be a high performing LEP. Following the national moderation process, we have been classed in the top bracket of LEPs.
- Economic indicators. Agenda item 7 seeks board approval for the methodology we are proposing to use for our economic strategy trajectories and targets.

### Brexit impact

Metro Dynamics has completed a study into the impact of Brexit on our key sectors. The report is included in the board papers under agenda item 6 which also includes a Brexit action plan.



### Growth Deal

Focus for the programmes team this month has been accelerating spend against our Growth Deal allocation for this financial year.

Spend has been slower than hoped because of delays to projects, and delays in claims being submitted by project owners. The report below provides more details, including actions being taken.

### Business Growth Programme

Close attention is being given to the delivery of the Business Growth Programme, as well as the submission of a bid to enable the programme to be extended. Details of this can be found in agenda item 10.



### Communications

Media coverage in January included coverage of Growth Deal investments in CEFAS and Bacton, additional funding for the Community Challenge Fund and the start of work on the Ipswich Cornhill.

Work has been on-going to ensure our website complies fully with the standards set out in the Mary Ney review. This has included uploading additional policies and procedures and ensuring they are easy to find.

Alongside this, we are working to ensure our data management meets upcoming

## General Data Protection Regulations.

This includes a process of 'repermissioning' the contacts for our email newsletters, asking subscribers to reconfirm their consent to receive emails from us and to tell us more about what they would like to read. While it is envisaged that this will significantly reduce the number of subscribers receiving the emails, it is hoped that the audience will be more engaged.



## Finances

Management accounts for 10 months to 31 January 2018 – year to date income £1,118k with an operating surplus of just under £157k which is ahead of budget by just under £132k.

Operating cash balance is £451k which is in line with management expectations. The LEP 2018/19 budget is progressing well and a draft budget will be included in the finance paper for the March 2018 board meeting.

## LEP actions and activity

*This section provides a detailed update on other activities and key issues since the January board meeting*



## LEP Programme delivery

### 1) Growth Deal

The LEP Growth Deal programme has 25 live projects/programmes and 11 projects now complete.

We continue to develop legal agreements for new projects, including those allocated funding under the third round of Growth Deal.

Currently, ten projects have an 'amber' status. These are predominately due to delays in delivery. As the financial year end approaches the LEP team has been focused on working with project promoters to keep projects on track.

Many of the amber projects are Norfolk County Council schemes and we have made good progress in the last month ensuring spend remains on track.

The main issue has not been the delivery of the projects, but the time lag the authority takes in submitting claims for payment.

However delays do mean there will be an under spend, which will be accommodated through capital swaps with the two county councils, the mechanism for which has been agreed.

The table below provides details of programme expenditure. We are anticipating significant spend in the next month as the financial year draws to a close.

		Change From Last month
<b>Government allocation for 2017/18</b>	£41.334m	N/A
<b>Spend paid to projects</b> <i>A project can only be paid once a legal agreement is in place and evidence of eligible expenditure provided</i>	£11.398m	+£4.397m
<b>Projects with legal agreements in place</b> <i>Projects with legal agreements in place which allows them to claim spend when ready</i>	£17.321m	-£1.710m
<b>Projects with legal agreements pending</b> <i>Projects with legal agreements not yet in place, they therefore cannot be paid any funds</i>	£2.656m	-£4.986m
<b>Under allocation</b> <i>The amount of funding that has not allocated in the current financial year. This is due to slippage on a number of projects. To address this we have brought forward spend on other projects where possible, and capital swaps with our county councils</i>	£9.960m	+£2.3m

Details of amber projects:

**Amber: Attleborough Sustainable Transport Package** major slippage occurred due to public consultation, with £1.2m of funds moved backward into the 2018/19 financial year.

**Amber: Great Yarmouth Transport Package** delivery of cycle and pedestrian schemes has improved following delays due to extensive consultation. There will likely still be a small underspend this financial year.

**Amber: A47/A1074 Longwater Junction, Norwich** the project has been further delayed by land acquisition, but it is scheduled for delivery by 2019 with the remainder of the LEP funding being claimed early next financial year.

**Amber: Norwich Area Transportation Strategy - City Centre Package** Although we anticipate an overall overspend, the project is 'amber' as delivery of Phase 3, the Prince of Wales Road and Rose Lane gyratory, is delayed pending public consultation, and requires further extension to the funding timeline.

**Amber: Norwich Area Transportation Strategy - A11 Corridor** work in progress. The project is 'amber' as there has been slippage in delivery due to an unexpected requirement for land acquisition (for cycle way) & changes to parking restrictions.

**Amber: Beccles Southern Relief Road** Work started in August 2017 and is expected to take one year to complete. Spend for this year is going well, with a forecast overall overspend, but given the substantial amount to be claimed this FY, it remains on the list of projects at risk.

## 2) LEP Capital Growth Programme

All projects, either approved, deferred or rejected at the January LEP board meeting have now been informed of the decision made on their individual applications.

Deferred projects have been provided with details of further information required before a final decision can be made on their applications.

The two approved projects, CEFAS and Bacton have been advised of the decision and funding agreements will be started early in the new 2018/19 financial year- neither project can spend their CGP award during 17/18.

The majority of deferred projects will be brought back to the LEP board in the Spring, once outstanding information has been provided by projects.

## 3) Enterprise Zones

### Space to Innovate Enterprise Zone

**Sproughton Enterprise Park, Ipswich** – Babergh District Council have received a major planning application from a multi-national food company LDH Ladoria to develop a third of the Enterprise Zone site for a new major distribution facility and create 120 jobs initially (potentially rising to 200+). The silos have now been demolished on the former sugar beet factory site.

**Nar Ouse Business Park, King's Lynn** - The King's Lynn Innovation Centre (KLIC) received a visit from Prince Andrew who toured the facility and met some of the businesses. KLIC has fifteen tenants, four co-workers and ten virtual tenants with two new businesses have located there in the last quarter. A masterplan for the rest of the development on the Enterprise Zone site is progressing.

**Upper Orwell Crossings – Island Site, Ipswich** – Important ground investigation works began on site in mid-January and could take up to three months to complete. The outcomes of the site investigations will inform the detailed design of the three bridges planned for the Ipswich Waterfront. These will be a catalyst for the further regeneration of the area and recognised as a key priority by the Ipswich Vision Partnership.

### Great Yarmouth and Lowestoft Enterprise Zone

Work is progressing at a fast pace and nearing completion on several new units at Phoenix Enterprise Park (South Lowestoft), Beacon Park (Proserv), Mobbs Way (Longfields Court) and South Denes (BH Bus HQ). Several businesses are due to take occupation before the end of March in order to access the main EZ rate relief benefits which are due to expire.

## 4) New Anglia Capital

Spark EV, who have received a £50k investment from New Anglia Capital, have completed arrangements to move to Lanwades Business Park near Newmarket, from their current location in Cambridge. Spark, who are developing an artificial intelligence based journey prediction system for electric vehicles, will build a new sales and development team at Lanwades.

The team will be targeting sales and development in the well-developed Scandinavian EV market and the emerging US market. The global market for EV prediction systems is expected to be worth over £500m within 5 years.



## **Unilever update**

Chris Starkie participated in a meeting with senior figures from the city and councils with Unilever to discuss their proposed closure of the Carrow Works site.

At the meeting Unilever outlined their proposals, which followed a thorough review of all options, including remaining on the site and transferring production to a new local facility.

Unilever's proposal is to close the Carrow Works, transferring most production to their factory at Burton on Trent. Packing of some packet sauces will be carried out in Germany.

On a more positive note, Unilever is proposing to retain the processing and milling of mustard in the Norwich area, together with the processing of mint, at a new facility.

This would be developed in conjunction with a local consortium of growers. Since the meeting with Unilever the LEP team has had an initial meeting with the growers consortium to understand their plans.

These plans will only be taken forward following the end of the formal consultation period, anticipated in the next few weeks.

In addition the LEP will be joining Alan Waters, leader of Norwich City Council and LEP board member and Norwich South MP Clive Lewis in meeting with the unions at Unilever to gain their perspective on the proposals.

We will continue to keep the board informed of developments, particularly if LEP support is sought.

## **CITB Round Table**

Chris Starkie and Saul Humphrey, chair of the LEP's Building Growth sector group, represented the LEP at a roundtable in King's Lynn held to discuss the changes being proposed by the CITB.

The CITB – Construction Industry Training Board – is a national organisation, but its headquarters is at Bircham Newton in West Norfolk where almost 600 people are employed.

As part of a wide ranging reform of the organisation, the CITB is planning to sell its non-core operations such as its training and card businesses and down size its head office by outsourcing non-core functions.

The round table in King's Lynn was hosted by the Borough Council and attended by MPs Sir Henry Bellingham and Liz Truss as well as the College of West Anglia, the LEP and Norfolk County Council.

The meeting agreed to establish two taskforces – one looking at the Bircham Newton site and the second opportunities for the card business. The LEP will be represented on both task forces.

## **Sector Development**

### **Engineering and Manufacturing**

The New Anglia Advanced Manufacturing & Engineering (NAAME) group held a major event at West Suffolk College on 15<sup>th</sup> February entitled 'Evolution: Journey into Industry 4.0'.

A range of inspiring speakers by leading businesses in the region presented to a capacity audience on the journey into Industry 4.0 and the evolution of the engineering and

manufacturing sectors. Chairman of New Anglia LEP, Doug Field, was a keynote speaker.



### **MPs event**

Doug Field, Chris Starkie and Lisa Roberts met with a number of our MPs at a LEP drop-in session at the Houses of Parliament.

All Norfolk and Suffolk MPs were invited to attend and the purpose of the session was to provide an update on the new economic strategy and the LEP's activities. It was also an opportunity for the MPs to feed in their key issues.

The session was attended by James Cartlidge, Therese Coffey, Jo Churchill, Chloe Smith, Peter Aldous and Sandy Martin. We have also recently met with Liz Truss, Sir Henry Bellingham and have a meeting scheduled with Norman Lamb.

### **EDF dinner**

Doug Field and Chris Starkie joined a number of local authority and business colleagues at a dinner with EDF Energy and their partners CGN. The event at Portman Road provided an opportunity to learn more about progress being made on both the Sizewell C project and Bradwell B as well as the economic opportunities both projects offer the region.

## **Recommendations**

The board is invited to note the contents of this report.

# Mary Ney Review – Implementation Plan

February 2018

**NEWANGLIA**

Local Enterprise Partnership  
for Norfolk and Suffolk

No.	Recommendation	New	Action	Key Deadlines
1.	<b>Culture and Accountability</b> The National Assurance Framework to require a brief formal assurance statement on an annual basis from the leadership of the LEP – i.e. the chair and CEO on the status of governance and transparency within their organisation and which can be explored in greater detail during the Annual Conversation with Government. To be published on the website.	New	The new assurance statement has been completed as part of the Annual Conversation which took place in December 2017. To be published on the website following the conclusion of the Annual Conversation Process as per Government guidelines.	Complete by end of Feb 2018
2.	<b>Culture and Accountability</b> The current Assurance Framework requirement for LEPs to have a standards of conduct policy that all board members and staff sign up to, should explicitly require the Nolan principles of public life to be adopted as the basis for this policy.	New	New Anglia LEP standards of conduct policy has been updated to include reference to Nolan principles and has been published on the website.	Complete
3.	<b>Structure and decision making</b> The National Assurance Framework should draw explicit attention to the importance of LEP decision making structures accommodating these separate components of good governance and that they form an essential part of assurance and ensuring probity.		Existing LEP policy and processes already comply with this recommendation. PwC review will, however, ensure this area is further strengthened beyond the minimum required by the Ney review. In addition we will cross check with Government guidance when published to ensure compliance.	Complete by end of Feb 2018.
4.	<b>Structure and decision making</b> Local Assurance Frameworks should set out that all decisions must be subject to the normal business case, evaluation and scrutiny arrangements. There must be a written report with the opportunity for the Section 151 officer to provide comments, that the conflict of interests policy will apply to decision makers regardless of whether there is a formal meeting, and that decisions should be recorded and published in the normal way.		Existing LEP policies and processes already comply with this recommendation. PwC review will ensure that this area is further strengthened beyond the minimum required by Ney review. In addition we will cross check with Government guidance when published to ensure compliance.	Complete by end of Feb 2018.

6.	<p><b>Conflicts of Interest</b>  All board members taking personal responsibility for declaring their interests and avoiding perceptions of bias.  This should be evidenced by producing and signing of their register of interest and publication on the website.  Use of a bespoke proforma for collection and publication of the information which ensures that all categories of interest are systematically considered.  Categories of interest to included employment, directorships, significant shareholdings, membership of organisations, gifts and hospitality, sponsorship. Interests of Household members also to be considered.  Action in relation to any declared interests applies to any involvement with the work of the LEP and is to be recorded.</p>		The standard Register of Interest form has been received and will be issued to Board Members for completion.	Complete by 28 <sup>th</sup> Feb 2018.
7.	<p><b>Conflicts of interest</b>  LEPs to include in their local statements how scenarios of potential conflicts of interest will be managed whilst ensuring input from their areas of expertise in developing strategies and decision making without impacting on good governance.</p>		Existing LEP conflicts of interest policy already covers this. This was reviewed at the Annual Conversation in December and no further amendments were required.	Complete
8.	<p><b>Complaints</b>  LEPs to publish a whistleblowing policy and arrangements for confidential reporting of allegations of untoward concerns by third parties/ the public.</p>	New	The complaints and whistleblowing policies have been reviewed upon receipt of the Best Practise Guidelines. Minor amendments have been identified and the policies have been updated.	Complete
9.	<p><b>Section 151 Officers</b>  The National Assurance Framework to set a requirement for the Section 151 officer to provide a report on their work for the LEP and a requirement to identify any issues of concern on governance and transparency.</p>	New	Completed as part of the Annual Conversation in December 2017.	Complete
10.	<p><b>Transparency</b>  National Assurance Framework to provide additional guidance of publication of agendas, meeting papers and decisions.</p>		The LEP Board is already compliant, but new requirements are being rolled out to the relevant sub-boards as per Government guidelines.	Complete by end of Feb 2018.
11.	<p><b>Transparency</b>  LEP to publish its accounts and to keep on its website a rolling schedule of funded projects.</p>	New	Our accounts are already published. Rolling schedule of funded projects has been developed as part of our website relaunch.	Complete by end of Feb 2018.

## Agenda Item 12

### Review of our Governance and Operations – Recommendations and Implementation Plan

Recommendation	Rating	Owner	Way Forward	Status	Next Steps
<b>1. Board</b>					
<p><b>1. Review the options available to the board to ensure transitional arrangements are made for the handover of activities currently undertaken by the existing chair.</b> Options may include one or a combination of the following:</p> <ul style="list-style-type: none"> <li>• Re-allocation of strategic and representative duties to other Board members.</li> <li>• Creation of the position of a Deputy Chair(s)</li> <li>• Or creation of a new executive position focused on delivery of some of the activities currently undertaken by the Chair.</li> </ul>	<b>High</b>	Board	<ul style="list-style-type: none"> <li>• Chair to have discussion with individual board members.</li> <li>• Organisation to be reviewed – CEO / COO roles to be agreed</li> </ul>	Pure Executive appointed for COO recruitment	Interviews completed. Offer made.
<p><b>2. Undertake a review of the current committees and groups,</b> including their roles and responsibilities, in order to simplify the governance structure of the organisation and to improve the transparency of the decision making process. In particular, consideration should be made with respect to:</p> <ul style="list-style-type: none"> <li>• Creation of a single Investment Committee, responsible for assessment of all investment proposals (perhaps with the exception of the Micro Grant bids);</li> <li>• Review the purpose of the Performance and Risk Committee within NALEP governance structure and clarify the rationale for the Board Members attendance at the Committee. This should include consideration if the committee should continue to operate as a Board Committee or a management group.</li> <li>• Review the quality of the Committee outputs for the Board to ensure the Board has clarity over the Committee’s activities.</li> </ul>	<b>Medium</b>	Exec	<p>Once economic strategy published in October:</p> <ul style="list-style-type: none"> <li>• Review committees, sub-board and groups to ensure they align with priorities</li> <li>• Design reporting structure for committees, sub-board and groups</li> </ul>	November Board agreed changes to IAC and P&R, created Economic Strategy Board and Audit & Risk Committee	Membership and T of R of tier one groups to be agreed at Feb board
<p><b>3. Review the focus of the Board,</b> including the Board papers, to ensure balance between providing strategic focus and vision to NALEP and reviewing operational matters and decisions. Review the format and content of the Board papers and management information reported to the Board in order to increase quality of the Board reporting.</p>	<b>Medium</b>	Board	Chair to work with Exec team to align Board meetings with ambitions detailed in economic strategy	Complete	

## Agenda Item 12

### Review of our Governance and Operations – Recommendations and Implementation Plan

Recommendation	Rating	Owner	Way Forward	Status	Next Steps
4. <b>Develop a register of decisions</b> , with particular focus on funding decisions. Develop a scheme of delegation for the Board, sub-boards and committees and the executive team. Review the annual Board planning calendar to establish key decision points for the Board, while ensuring flexibility for decision making is maintained. (Recommendation repeated in Governance section)	Medium	Exec	<ul style="list-style-type: none"> <li>Determine scope and timeframe of decisions to include on register</li> <li>Prepare register of decisions</li> </ul>	On track	To be considered at Feb board
5. Ensure that there is a process in place to <b>escalate and address issues of persistent non-attendance</b> and lack of engagement, that may result in skills shortages at the Board. Deputisation should continue to be considered unacceptable.	Medium	Board	Chair to prepare paper for Board discussion on deputisation.	Complete	
6. <b>Develop a Board Member handbook</b> that would provide new Board members with guidance on the operations of the Board and NALEP, the governance structures and decision making. This should include the explanation of NALEP duties for meeting the requirements for appropriate spending of public funds and ensuring value for money, and the list of the Nolan principles.	Medium	Exec	<ul style="list-style-type: none"> <li>Discuss current process with new Board members and incorporate lessons learnt into process going forward</li> </ul>	On track	HR manager to discuss process with new Directors in early 2018.
7. You may also wish to consider a rehearsal or implementation of standard <b>Board effectiveness training</b> as well as a practical training session for those in a scrutiny role. This could ensure greater consistency of understanding between members from differing backgrounds (private / public / education).	Medium	Exec	<ul style="list-style-type: none"> <li>Review need for Board effectiveness training once new organisation, committee and reporting structure is in place</li> </ul>		
<b>2. Governance</b>					
8. <b>Undertake a comprehensive review of the Assurance Framework</b> to ensure that it reflects the organisational structure and provides a clear and transparent view of the decision making process at NALEP.	High	Board/ Exec	<p>Once economic strategy published in October</p> <ul style="list-style-type: none"> <li>Review committees, sub-board and groups to ensure they align with priorities and update Assurance Framework</li> </ul>	On track	Updated Assurance framework required by Government by end of February 2018

## Agenda Item 12

### Review of our Governance and Operations – Recommendations and Implementation Plan

Recommendation	Rating	Owner	Way Forward	Status	Next Steps
<b>9. Formalise the reporting process from the sub-committees, boards and groups to the Board</b> on the activities undertaken by those bodies. Such updates can range from a regular formal update papers with request to scrutinise and approve decisions, to an annual or bi-annual presentation on activities undertaken by the sector groups.	High	Board/ Exec	Once economic strategy published in October <ul style="list-style-type: none"> <li>Review committees, sub-board and groups to ensure they align with priorities</li> <li>Design reporting structure for committees, sub-board and groups</li> </ul>	On track	As per recommendation 2
<b>10. The formal risk management process, as outlined in the Assurance Framework, should be validated by the Board.</b> This will include clarity over the aggregation and escalation of risk. A routine and dynamic assessment of risk should be implemented (quarterly reviews by the Board are considered good practice). Part of this exercise should include horizon scanning and the identification of current and future mitigation activities as well as assurances obtained. The annual development of a risk derived assurance map will allow the Board focus resources as required. A succinct format of reporting risks should be developed and agreed with the Board to ensure strategic focus is maintained.	High	Board	<ul style="list-style-type: none"> <li>Review risk register in light of new economic strategy</li> <li>Create a task / finish group to include members of the Executive and Board to agree format of risk reporting</li> </ul>	On track	Audit and Risk committee membership and T o R paper to Feb board
<b>11. Clearly define a NALEP scheme of delegation.</b> Articulate the change management process, including the need for re-submission to the Board in case of significant changes to the approved Growth Deal schemes.	Medium		Component part of reviewing committees, sub-board and groups to ensure they align with priorities	On track	Under development as part of Recommendation 2.
<b>12. Review the governance arrangements for NALEP representation on the New Anglia Capital board,</b> and the feedback mechanism to update NALEP Board on the New Anglia Capital activities on regular basis (currently monthly).	Low		Component part of reviewing committees, sub-board and groups to ensure they align with priorities	Complete	
<b>13. In future, NALEP may wish to consider opening the Board meetings to public,</b> or operating a public forum system enabling public to ask questions relevant to the Board agenda. However, any such changes need to be assessed, and may require a restructure of the Board agenda and papers in order to protect confidential information.	Low		Chair to prepare paper for Board discussion on transparency	On Track	Board discussion on transparency scheduled Q3 2018
<b>3. Organisation</b>					

## Agenda Item 12

### Review of our Governance and Operations – Recommendations and Implementation Plan

Recommendation	Rating	Owner	Way Forward	Status	Next Steps
14. While we appreciate there are differences between the different types of funding provided by NALEP, the <b>existing appraisal processes should be reviewed</b> in order to seek synergies and improve efficiency. The existing funding appraisal documentation should be reviewed and further developed to identify clear criteria for the bids assessment, including clear requirements for assessment of value for money.	High	Exec	New appraisal mechanism being developed as part of Economic Strategy implementation	On track	Investment Approval Committee approved at November Board. Under development as part of Recommendation 2.
15. <b>The creation of a new structure</b> should be considered in order to provide total focus on the design and implementation of the strategic vision. In turn this will enable the Board to move away from input into LEP operations and re-focus on strategic leadership of the organisation. (also recommended in team section)	High		Organisation to be reviewed – CEO / COO roles to be agreed	Complete	
16. <b>Develop a more detailed (and where feasible, standardised) methodology for the project identification, commissioning, appraisal and prioritisation</b> , including clear criteria for ensuring value for money is robustly scrutinised during the project assessment. Review the existing project pipeline to ensure the proposed projects clearly identify how they meet value for money criteria. Develop methodology for benefits realisation assessment for projects that have been completed for Growth Deal but also for projects funded from other LEP funds.	Medium	Exec	New appraisal mechanism being developed as part of Economic Strategy implementation	To be completed in line with the Mary Ney Review	Under development as part of Recommendation 2.
17. <b>We recommend NALEP executive team:</b> <ul style="list-style-type: none"> <li>Reviews the format of the Business Performance reporting in order to summarise and simplify the programme reporting, with a succinct report for the Board supported by further detail in the report appendix.</li> <li>Develops an integrated business dashboard which will provide overview of the project positions and outline key matters for the Board to focus on. It which would include information on the Growth Deal and other funding programmes, but also on the status of the project pipeline and the outputs measured for the funded projects. The dashboard should be linked to the strategic objectives, and could provide further analysis for the high profile programmes (such as the Growth Deal transport or skills projects).</li> <li>Develops a financial dashboard could show the financial position of NALEP and performance against the budget, but also show available funding and future spending profiles.</li> </ul>	Medium	Exec	Chair to work with exec team on format of new board papers and integrated dashboards	See Forward Programme	New board papers begin being introduced during remainder of 2017 and 2018

## Agenda Item 12

### Review of our Governance and Operations – Recommendations and Implementation Plan

Recommendation	Rating	Owner	Way Forward	Status	Next Steps
18. Develop a more detailed methodology for RAG rating and escalation of issues with individual projects. The methodology should include robust quantitative assessment of changes such as delays to key milestones and impact on completion, changes to spend profile and re-profiling of funding across financial years, changes to outputs and predicted benefits, and cumulative impact. Linkage to the risk management system is encouraged for good practice.	Medium		New appraisal mechanism being developed as part of Economic Strategy implementation	See Forward Programme	Under development as part of Recommendation 2.
19. Confirm with the Board the methodology for escalation of slippages to the Board's attention.	Medium		Component part of reviewing committees, sub-board and groups to ensure they align with priorities	On Track	Under development as part of Item 2.
20. The Board and Exec team should consider both the skills mix and backgrounds of individuals as part of any new recruitment exercises to ensure a mix of private and public sector experience is achieved. Whilst there are wider issues with recruitment from the private sector (e.g. pay rates), this should help to ensure that there continues to be a rich mix of experience within the Executive team as the LEP grows further.	Medium	Exec	Approach to recruitment already in place with a policy recruitment policy designed to attract recruits from a mix of backgrounds	Complete	
21. The Board and Executive team should continue to explore opportunities to share skills and collaborate on strategy delivery with other LEPs.	Medium	Exec	Work already underway. Executive already regularly meets with neighbouring LEPs and LEP MD and senior team playing a key role in the LEP Network – sharing best practice with fellow LEPs.	Complete	





## **New Anglia Local Enterprise Partnership Board**

**Wednesday 21<sup>st</sup> February 2018**

### **Agenda Item 13**

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#### **Finance Report**

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Author: Keith Spanton

#### **Summary**

This report provides board members with an update from the finance department on the LEP's finances to the period ending 31 January 2018. The report includes **confidential** appendices:

Appendix A - core management accounts period ended 31 January 2018

Appendix B - core monthly and year to date graphs

#### **Management accounts**

The LEP's core income and expenditure account and graphs for the month ended 31 January 2018 are shown in confidential appendices A and B.

#### 31 January 2018

Headline figures 10 months are: Total income £1,118,487 of which £623,333 represents core contribution with recharges and other income of £495,154 making up the balance. Costs to 31 January total £961,623 leaving a surplus of £156,864, ahead of budget by £131,887.

This is ahead of management expectations. This has been due to some delays in the recruitment of new staff, however these posts are almost filled with the final role being occupied at the end of February 2018. Some of the planned project costs have also been delayed. Some will materialise over the remaining two months however some of these costs are now likely to occur in the 2018/19 year.

Further detail of the accounts and some of the larger variances will be explained at the board meeting.

#### **Budget – financial year 2018/19**

A significant amount of work has already been done on the LEP 2018/19 budget covering both core and all of the LEP's programmes, however there is still some further work to do. A draft budget will be published in the March finance paper for board approval. This will include operating budget as well as the LEP's capital and revenue programmes budget.

#### **Recommendation**

The board is invited to note the contents of the report.