Local Economic Assessment for Norfolk

September 2013 Update

Norfolk County Council
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Structure of the Local Economy

Norfolk is arguably the most **self-contained** labour market in the region, in part due to its peripheral/coastal location, but also due to the distance from other regional cities and the limited connectivity of the transport network.

The county covers a vast area of 549,751 hectares and contains several **diverse economies**, located within rural, urban and coastal environments.

Close to two thirds of VAT registered enterprises in the county are located in rural locations, compared with an England average of around a third. Almost 80% of **rural enterprises** employ less than five people and around 90% employ less than ten. However, despite being a large rural county, over half of all jobs are situated in the urban areas.

Business Sectors

Agriculture

Agriculture is the dominant land use in the county and in 2012 agriculture forestry and fishing enterprises made up 11% of all VAT and PAYE registered enterprises in Norfolk. Many of these are small enterprises, so agriculture is of less significance in terms of the number of people directly employed in the sector.

Public Sector

The most significant sector in Norfolk, in employment terms, is the public sector (public administration, defence, education and health), which in September 2011 employed 27.4% of the working population, which is slightly more than the national average of 26.4%. The proportion of public sector employment actually rose between 2008 and 2010 although this is likely to be a symptom of private sector redundancies in the period rather than a growth in the public sector. In the last year proportions have fallen by 2.1% in Norfolk and 1.8% nationally, reflecting the reduction in public sector staff due to budget cuts.

Tourism

The tourism industry is vital for supporting employment across the whole of Norfolk, but is especially important in Norwich, along the north Norfolk coast, in the Broads and the east coast resorts of Great Yarmouth and Lowestoft. In 2011, employment in accommodation and food service activities accounted for 7.1% of the jobs in Norfolk but typically this figure is believed to be an underestimate as it does take account of all the associated employment in sectors such as retail. In 2009, East of England Tourism estimated that 14% of all Norfolk's jobs were supported by tourism (both directly and indirectly) and the sector was estimated to be worth over £2.5 billion to the Norfolk economy.

Table 1 – Total employment and proportional share by sector (2011)

Sector	NORFOLK Employment	NORFOLK Share	East	England
Agriculture, forestry & fishing	1,600	0.5%	1.9%	1.4%
Manufacturing	36,400	10.7%	9.1%	8.5%
Mining and quarrying	*700*	*0.2%*	*0.1%*	*0.1%*
Electricity, gas, steam and air conditioning supply	*500*	*0.1%*	*0.2%*	*0.4%*
Water supply; sewerage, waste management and remediation activities	*2,600*	*0.8%*	*0.7%*	*0.6%*
Mining, quarrying & utilities	**3,800**	**1.1%**	**0.9%**	**1.1%**
Construction	20,700	6.1%	5.7%	4.7%
Motor trades	*7,100*	*2.1%*	*2.1%*	*1.8%*
Wholesale	*15,000*	*4.4%*	*5.2%*	*4.2%*
Retail	*43,300*	*12.7%*	*11.6%*	*10.2%*
Wholesale and retail trade; repair of motor vehicles and motorcycles	**65,500**	**19.2%**	**18.9%**	**16.2%**
Transport & storage (including postal)	13,100	3.8%	4.9%	4.6%
Accommodation & food services	24,300	7.1%	5.9%	6.8%
Information & communication	5,500	1.6%	3.1%	4.1%
Financial & insurance	13,200	3.9%	2.6%	3.9%
Property	5,600	1.6%	1.6%	1.7%
Professional, scientific & technical	17,800	5.2%	6.9%	7.8%
Business administration & support services	23,200	6.8%	8.7%	8.2%
Public administration & defence	*16,000*	*4.7%*	*3.8%*	*4.8%*
Education	*30,200*	*8.9%*	*9.8%*	*9.2%*
Health	*47,100*	*13.8%*	*11.3%*	*12.4%*
Public Sector	**93,300**	**27.4%**	**24.9%**	**26.4%**
Arts, entertainment and recreation	9,900	2.9%	2.5%	2.4%
Other service activities	7,200	2.1%	2.2%	2.2%

SOURCE: Office for National Statistics licensed under the Open Government Licence v.1.0
Business Register and Employment Survey (2011)

Creative industries

Norfolk has a growing creative industries sector with a high number of companies in Norwich. A high proportion of workers in the sector are self-employed and freelance workers, working on a project by project basis and are not always captured in official employment figures. Creative industries, including both cultural and digital aspects, make a significant contribution to the county's economy.

Retail

The second sector in employment terms is retail, employing 12.7% of the workforce. This is higher than the national average of 10.2%. With the related wholesale and motor trades sections added, the combined retail sector employed 19.2% of Norfolk's working population in 2011.

Engineering

Within Norfolk there are particular areas of engineering expertise in relation to the marine, automotive, renewable energy and offshore energy sectors. There is a concentration of engineering businesses in the marine and energy sectors in Great Yarmouth, while the A11 corridor hosts a concentration of automotive engineering businesses. The engineering sector directly employs around 5% of the Norfolk workforce. The sector is supported by the Hethel Engineering Centre, providing high quality research and incubator facilities.

Manufacturing

The manufacturing sector employed 10.7% of the county's working population in 2011, compared to a national average of 8.5% and a regional average of 9.1%.

Business and professional services

In Norfolk the business and professional services sector employs 12% of the workforce. The sector is of particular significance in the Greater Norwich area, where 60% of those working in the sector are employed.

Health and life sciences

The health and life sciences sector has great importance, both for its value in financial terms and for the potential commercial spin-offs (one of the foci of the Greater Norwich City Deal) that could arise from the expertise concentrated within the county. Norfolk (and particularly the Greater Norwich area) is home to a cluster of internationally-renowned research organisations, employing 2,700 scientists, the largest cluster of health, food, plant and bioscientists in Europe.

Construction

Also significant in the county is the construction industry, which in 2011 accounted for 6.1% of employment, compared with a national average of 4.7%.

Finance/Insurance

The financial and insurance activities sector employed 3.9% of Norfolk's working population in 2011. Eighty-four per cent of the county's 13,200 jobs in this sector are located within the Greater Norwich area. The sector provides for 6.2% of the Greater Norwich area's total jobs.

Size of Enterprises

In Norfolk 99.7% of local business units employ less than 250 people and 82.5% of these employ less than ten people. While this does show that the structure of the economy is **heavily weighted to smaller businesses**, proportions are similar to the national averages.

The highest proportion of micro-businesses is found in South Norfolk where 87.3% of business units employ between none and ten employees.

The highest proportion of larger business units with more than 250 employees are found in Norwich City. All of the Norfolk districts, with the exception of Norwich have fewer larger business units than the national average.

Table 2 – Percentage of businesses by employment size (2012)

	0-9 employees	10-49 employees	50-250 employees	250+ employees
Breckland	83.7%	13.8%	2.2%	0.3%
Broadland	83.8%	13.5%	2.4%	0.3%
Great Yarmouth	79.6%	16.7%	3.5%	0.1%
KL&WN	82.8%	14.5%	2.4%	0.3%
North Norfolk	85.3%	12.9%	1.7%	0.1%
Norwich	74.4%	20.8%	4.1%	0.7%
South Norfolk	87.3%	10.6%	1.9%	0.3%
NORFOLK	**82.5%**	**14.6%**	**2.6%**	**0.3%**
EAST	84.1%	12.8%	2.7%	0.4%
ENGLAND	83.1%	13.6%	2.9%	0.4%

SOURCE: UK Business Activity, Size and Location

Gross Value Added (GVA)

Norfolk typically has a much lower GVA per capita figure than that of the East of England or the UK**.** Indeed, since 2006 Norfolk's GVA per capita index has fallen from 84.3 to 78.8 indicating that the margin between Norfolk and the UK as a whole has widened. However, GVA per capita has decreased in all regions of the UK with the exception of London and the South East over the same period.

Pay

Average weekly gross pay for all Norfolk residents was £467.30 in 2012. This is lower than both the regional average of £531.00 and national average of £512.70. The inequality in pay has remained broadly consistent with the East and England over time but there has been a clear fall off in average pay increases in the past couple of years across all comparison geographies.

Land and Premises Availability

Norfolk has a good supply of employment land but about 50% of undeveloped land has development constraints.

For more information on employment land please see http://www.norfolk.gov.uk/Environment/Planning/Monitoring_land_use/index.htm

Retail Vacancy Rates

An indicator of demand and availability of retail premises is the number of vacant units identified in primary retail centres. In August 2013 13.6% of retail units in Norwich city centre were vacant.

In July 2013, Great Yarmouth had a vacancy rate of 13.7% in the town centre BID, while King's Lynn had a relatively low vacancy rate of 9.1% of stock (August 2013).

Enterprise and Innovation

New Business Start-ups and Business Closures

In 2011, there were 2,720 new business start-ups in Norfolk, a rate of 9%. By comparison there was a business start-up rate of 10.5% in the East of England region and a rate of 11.4% in England. Rates have fallen in all comparator areas since 2007 but there was a significant rise between 2010 and 2011 suggesting improved business confidence.

Relative to 2007 there has been a 20% decrease in the annual number of business start-ups in Norfolk. This compares to a decrease of 10% at the regional level and 6% in England. This would suggest that the level of entrepreneurship in the county is not only lower than regional and national averages but that the gap is widening.

In 2011 there were 2,955 business closures in Norfolk, a rate of 9.8%. By comparison there was a regional business closure rate of 9.6% and an England rate of 9.9% in 2010.

Relative to 2007, there has been a 6% increase in the annual number of business closures in Norfolk, compared with a decrease of 3% in England and 2% at regional level. Rates of business closure were highest in 2009.

Survival of Enterprises

Businesses in Norfolk have a better rate of survival over five years (49%) than the regional (46%) and national (45%) averages. Although the higher survival rate is encouraging in some respects, it is generally thought that small numbers of new businesses alongside higher survival rates could suggest a less than dynamic business environment.

There are notable differences in survival rates in the different districts. Broadland and South Norfolk have the highest survival rates (both 55%) while in Great Yarmouth and Breckland the equivalent survival rate is just 45%.

Demographics

Population Size

Norfolk's population was estimated to be 865,300 in mid-2012. Since 2001, the population of Norfolk has increased by around 69,000 people or 8.6%.

The county's population density in 2012 was 1.57 persons per hectare, which is one of the lowest of the current 27 shire counties nationally - though at 549,751 hectares Norfolk is the fifth largest shire county.

Net Migration

2,600 people (net) moved into Norfolk from other locations in the UK between 2010 and 2011. There were also 3,500 migrants entering Norfolk from international locations. With births and deaths comparatively equal, virtually all of Norfolk's net population growth between 2010 and 2011 was as a result of net in-migration.

Natural change has typically been negative but since 2009 births in Norfolk have exceeded deaths. Since 2001 net internal migration has slowly decreased while net international migration has increased.

While large volumes of migrants are in the young adult age groups (age 15-44), this group accounts for a relatively small proportion of the net migration balance in Norfolk. The older age groups make up a smaller portion of the overall number of migrants, but make up a greater proportion of the net migration balance, with people over 45 making up the largest share of net gain. Migration is therefore increasing the elderly age profile of the Norfolk population.

Age Profile

Compared with the rest of England, Norfolk has a relatively elderly age profile with just over a fifth of the population aged 65 and over and one person in ten aged 75 and over. There are a higher proportion of people aged 55-59 and over, and there are typically lower proportions in the younger age groups.

Norwich City has a distinctly different age profile from the Norfolk average, with only 14.7% of the district's population being over 65 compared to the Norfolk average of 21.8%. Conversely, the 20 to 24 year-old age group makes up 11.5% of Norwich City's population, compared with a Norfolk average of 6.1%[1]. The large proportion of this particular age group is in part due to the student population in the City.

In North Norfolk there is also a notable difference in the age profile, with 29% of the population 65+, compared to the Norfolk average of 21.8%.

[1] 2011

Labour Market

Economic Activity and Inactivity

Norfolk's annual average economic activity rate, between April 2012 and March 2013, was 78.6%. This was above that of the region at 77.3%, below the national rate of 79.9% and the rates in Suffolk (81.7%) and Cambridgeshire (81.4%). Between 2008 and 2009 on average there were 423,900 people economically active in Norfolk.

21.4% of Norfolk's working age population was recorded as being economically inactive between April 2012 and March 2013.

Of the 114,200 people who were economically inactive in the period between April 2012 and March 2013, 85,100 did not want a job

In February 2013 there were 31,700 Incapacity Benefit/Employment Support Allowance claimants living in Norfolk. Incapacity and disability accounts for a significant proportion (28%) of those who are not economically active within the working age population.

The second largest out-of-work benefit is Job Seekers Allowance (JSA) with 18,690 people claiming JSA in Norfolk in February 2013. In total 57,760 people were claiming key out-of-work benefits in Norfolk in February 2013. This accounts for around 51% of all people who are economically inactive in Norfolk.

Unemployment

At August 2013, 14,985 people were claiming unemployment benefits in Norfolk – this is 2.9% of the working population. The proportion of working age men claiming Job Seekers Allowance in August 2013 was 3.8% while proportions for women were only 1.9%.

Subject to seasonal variations, there was a relatively stable level of unemployment between 2001 and the summer of 2008, whereupon the sudden onset of global recession caused the number of claimants in Norfolk, the eastern region and England to rise steeply. Recent evidence shows that the proportion of people claiming JSA has begun to fall.

As a percentage of the working age population, in August 2013, Great Yarmouth had the highest Job Seekers Allowance (JSA) rate at 5%, whereas Norwich observed rates of 4.3%, compared to the Norfolk average of 2.9%. The percentage of male JSA claimants in Great Yarmouth was particularly high at 6.9% of the male working population, in Norwich male rates were at 5.9%.

The most recent statistics for the period April 2012 to March 2013 showed that Norfolk's unemployment rate was estimated as 5.5%. This compares with a regional unemployment rate of 6.6% and national unemployment rate of 7.8%.

Recent estimates of youth unemployment (those aged 16-24) suggest that 9,800 (15.2%) young people are unemployed in the County. In the East 17.9% rates are estimated at 16.0% and in England 21%. Despite those aged between 16 and 24 having only a 13% share of working age population in Norfolk, they have a 44% share of unemployment.

Occupational Structure

During the period 2001 to 2009 the proportion of people employed in higher paid occupations (professionals, managers and senior officials) increased steadily in Norfolk. In line with the onset of the recession the proportion of people employed in these occupations fell significantly. However, since the end of 2011 rates have slowly increased again to close to pre-recession proportions. The proportion of those employed in administrative/secretarial occupations and elementary occupations decreased over the period 2001 and 2009 while the proportion of people employed in personal/customer services occupations rose slightly in the same period. Post 2009 each of these occupations increased their proportional employment at the expense of the decrease in higher earning occupations. However, over the full period between 2009 and the most recent data, proportions have remained broadly consistent across the broader occupations.

Full Time/Part Time Employment Split

In 2011, 36.3% of employees were classed as being part-time employees in Norfolk compared with 35.2% in the East of England and 32.4% in England. Part-time employment varies across the County with Norwich and North Norfolk having the highest proportions and Broadland having the smallest proportion.

Table 3: Norfolk full-time and part-time employment split by district - 2011

Local authority district/area	Full-time %	Part-time %
Breckland	65.5%	34.5%
Broadland	70.0%	30.0%
Great Yarmouth	62.4%	37.6%
King's Lynn & West Norfolk	64.4%	35.6%
North Norfolk	60.0%	40.0%
Norwich	59.7%	40.3%
South Norfolk	65.5%	34.5%
Norfolk	63.7%	36.3%
East of England	64.8%	35.2%
England	67.6%	32.4%

SOURCE: Business Register and Employment Survey

Skills and Education

Educational Attainment

At Key Stage 4 in 2012 educational attainment at the government's Gold Standard (5 or more GCSE grades A*-C including English and mathematics) was 55.0%, 0.4% lower than in 2011. The proportion of key stage 4 pupils achieving this standard has increased by 6.0% since 2008.

The percentage of pupils attaining five or more GCSEs (or equivalent) graded A*-C in Norfolk was 72.7% in 2012 and has increased by 1.5% from 2011 and 12.6% since 2008.

There was some variation in attainment levels between districts and in Broadland and South Norfolk the above measures of attainment were notably higher than in other districts. Breckland performed least well in terms of educational attainment at Key Stage 4 in 2012.

In 2012, 85% of Norfolk's year 11 pupils continued in full time education after the age of 16. In 2012 3.1% of people aged between 16 and 18 in Norfolk were not in employment, education or training.

Skills Levels

In 2012, 9.2% of Norfolk's working population held no qualifications, compared to 8.5% in the region and 9.5% nationally.

The proportion of working age population who were qualified to at least NVQ level 2 (equal to five GCSEs at grades A*-C) in 2012 was 70.4% in Norfolk, 72.0% in the East of England and 71.8% in England.

In 2012, 30.1% of Norfolk's working age population were qualified to NVQ Level 4 and above (degree level or higher) – this compares with the regional figure of 32.9% and national of 34.2%. Recent results suggest that Norfolk may be beginning to narrow the gap between the regional and national results in this regard but confidence intervals associated with this dataset mean that this will only be confirmed by future results.

Norfolk has lower percentages of the working age population with qualifications at each level than Cambridgeshire. When comparing Norfolk against our other neighbouring authorities, Suffolk and Lincolnshire, proportions of working age population qualified to each of the skills levels are broadly similar with differences being well within the confidence intervals associated with the dataset.

The implication of continuing low education and skills levels in Norfolk is that low levels of productivity will continue and wage levels will remain below the regional and national averages.

Economic Inclusion

Household Income

Headline Gross Disposable Household Income (GDHI) in Norfolk has remained consistently below regional and national averages and the gap has tended to widen over time. Between 2001 and 2006 Norfolk's GDHI per head fell against the UK but has increased again since to 90.8% of the UK figure in 2011.

Index of Multiple Deprivation

The English Indices of Deprivation 2010 (ID 2010) published by CLG identifies relative deprivation using a wide range of indicators. It is important to remember that not all deprived people live in deprived areas and not everyone living in a deprived area is deprived. Variations within local authorities may be at least as significant as variations between them. These are relative measures of deprivation as it is impossible to tell whether a change in an area's score compared with previous indices - and hence its rank – is a real change in the level of deprivation in an area or due to the scores of other areas going up or down.

According to ID 2010, almost 47,400 Norfolk residents live in areas which have been classified as being amongst the ten per cent most deprived neighbourhoods in England. This relates to 29 of the 530 Lower Super Output Areas (LSOAs). Norfolk has above average deprivation compared with the English shire counties, and on most measures is the most deprived county in the East of England region. This position has not changed much from the ID 2007.

Over a fifth of the population of Great Yarmouth (22%) are living in LSOAs among the most deprived ten per cent in the country. The equivalent figure in Norwich is over 9%, an increase compared with ID2007 but still considerably below the figure of 13.5% in the previous indices (ID 2004). King's Lynn and West Norfolk's figure is just under 8%.

There are 22 LSOAs in the next ten per cent most deprived. Of these, 15 are in Norwich. So, within Norfolk, Norwich has the highest proportion of LSOAs (29%) in the most deprived 20% in the country.

Outside the major urban areas of the county (where deprivation is most evident on the income, employment, crime and living environment domains) there may be a number of less obvious areas experiencing quite significant deprivation; the locations varying according to the dimension of deprivation being considered. For example, in the Employment and the Living Environment domains, part of Cromer ranks in the most deprived ten per cent of LSOAs in England. In the Education, skills and training domain parts of Swaffham rank in the most deprived. There will also be variations within LSOAs, so that smaller pockets of deprivation in rural areas may not be apparent from the figures.

Of the ten most deprived LSOAs in Norfolk, six were in Great Yarmouth, three in King's Lynn and West Norfolk and one in Norwich. The most deprived LSOA in Norfolk, part of the Nelson ward in Great Yarmouth, is ranked 201 out of 32,482 in England.

Housing and Infrastructure

Housing Supply and Take-up

Across the county housing completions peaked at 5,151 in 2007/08, before the effects of the property market downturn were felt in 2008/09. Completions have continued to fall since then but in 2011/12 completions were marginally higher than in 2010/11 at 2,676.

The housing market continues to be weak but cautiously optimistic with access to mortgages continuing to have a negative effect across the County. Recovery will also depend on the availability of new housing to meet demand (and thus prevent price inflation), which in turn will depend in part on the availability of investment finance within the development industry.

Affordability of Open Market Housing

Affordability of market housing continues to be one of the main housing issues in Norfolk, particularly the ratio between lower quartile prices and earnings.

On average over the period 2001 to 2011, Broadland was the least affordable district, with North Norfolk not far behind. Great Yarmouth has consistently been the most affordable district in Norfolk.

Affordable Housing Completions

Districts in Norfolk have consistently struggled to achieve targets for affordable housing since 2001. Each district is pursuing different targets on affordable housing through their Local Plans. Norwich had the highest proportion of affordable housing completions in 2011/12 at 61%. The County average was 27%.

Housing Targets

All planning authorities in Norfolk are continuing with the targets set in the East of England Plan with the exception of Great Yarmouth who are currently pursuing an alternative target based on evidence of housing need across the Borough. Taking into account the rate of past completions, annual target rates seem ambitious.

For more information on housing please see http://www.norfolk.gov.uk/Environment/Planning/Monitoring_land_use/index.htm

Infrastructure

In order to achieve the planned growth agenda Norfolk will require the delivery of significant additional infrastructure in relation to transport, water supply and waste water drainage, flood defence, energy and ICT (particularly broadband and mobile phone coverage) to support and facilitate development and to create appropriate living and business environments. The Norfolk Infrastructure Plan was adopted in December 2012 and can be found at http://www.norfolk.gov.uk/view/NCC115226