

Executive Summary

A11 Growth Corridor – Feasibility Study

Delivering the Economic Growth Potential of the A11 Corridor



EXECUTIVE SUMMARY

1. STRATEGIC OVERVIEW

1.1 Introduction

The A11 Growth Corridor project will draw together the three districts of South Norfolk, Breckland, and Forest Heath, in order to develop a major new initiative that will establish a location for new economic investment activity with a focus on developing new technology-related employment, capitalising on the significant improvements in accessibility arising from the £120 million investment in the dualling of the A11 and other important existing assets.

It will provide a link between the ambitions of the partners of the Greater Norwich City Deal - to enable knowledge-based industries to grow and develop and turn world-class knowledge and ideas into world-class jobs - and those of the Cambridge City Deal which seeks to enable a new wave of innovation-led growth by investing in the infrastructure, housing, and skills that will facilitate the continued growth of the Cambridge Phenomenon. In addition, it will support the aims of the Strategic Economic Plans of the New Anglia and Greater Cambridge Greater Peterborough LEPs as well as the growth strategies of Norfolk and Suffolk County Councils.

1.2. Aims

The ambition of the three districts is to play a full role in the wider achievement of economic growth, rebalancing the economy, and meeting the needs of current and future populations. The key aims of the A11 Growth Corridor project are:

- to secure substantial economic growth within the A11 Corridor with a focus on advanced manufacturing & engineering and agri-tech, together with wider target sectors and other opportunities of importance to the local economy;
- to align employment growth with a significant increase in housing accommodation within the A11 Corridor to meet increased population needs;
- to support the ambitions of the Growth Deals for Greater Norwich and Cambridge, and the wider growth policy framework, including opportunities for capturing spillover effects where this will increase overall economic benefits; and
- to make the A11 Corridor a recognised location for investment activity in order to support and add value to the wider sub-regional offer.

Economic analysis and consultation has confirmed the initial views of partners that there is a market appetite and opportunities for business growth in particular in engineering activities associated with a number of important sectors (including advanced manufacturing and agri-tech) within the Corridor that could complement knowledge-based growth in Norwich and Cambridge and wider sector initiatives within the broader area.

1.3 Future Requirements

The focus of the initiative over a period of some 15 years will be to meet the needs of businesses and the local community and to address market failures by:

- providing for essential additional local infrastructure requirements and support to construction activity to enable the creation of new employment opportunities through the development of significant new additional employment floorspace;

- ensuring that existing and new businesses are able to access support for business investment and requirements for workforce recruitment and training in order to maximise the potential benefits of investment decisions;
- commercialising world class research; and
- creating an identity for the A11 Corridor as a location for investment (including FDI) that will help to attract new and additional economic activity to the area.

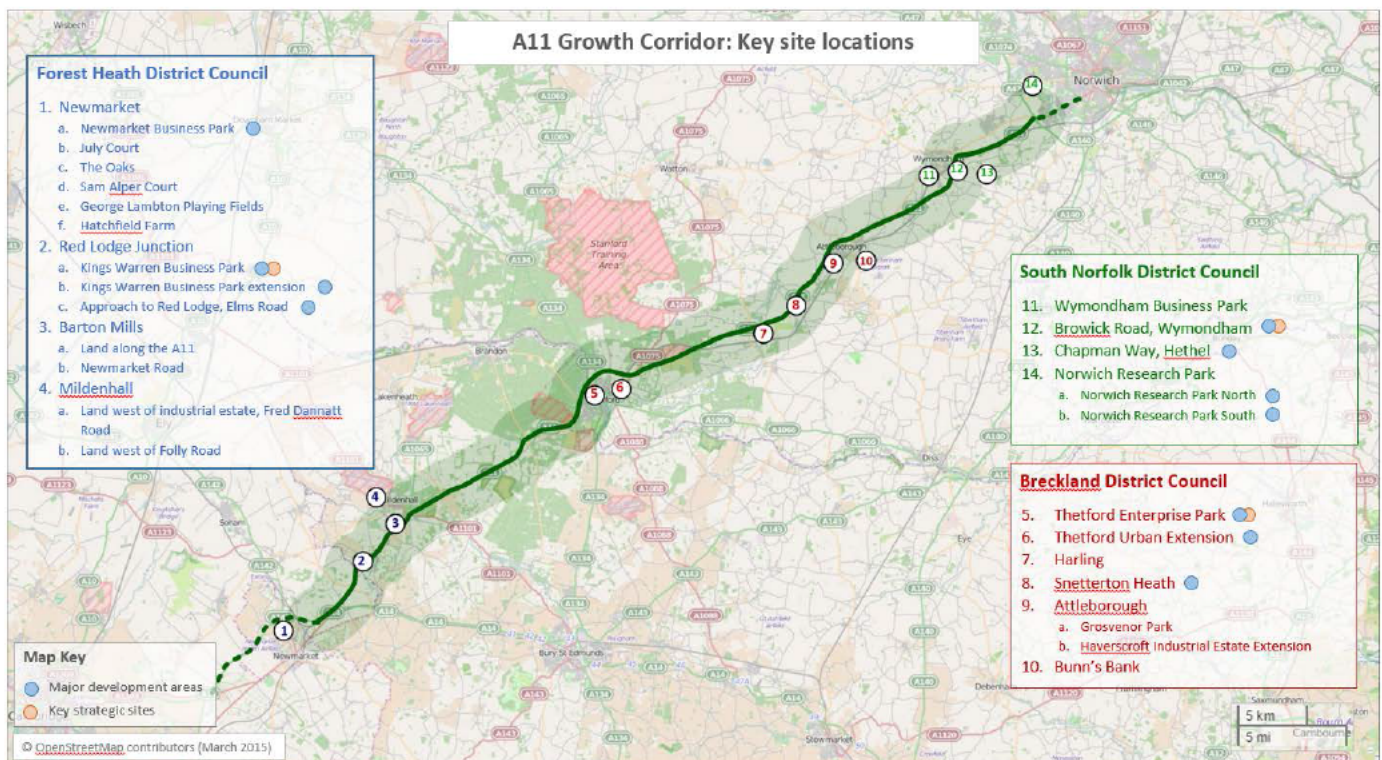
1.4 Locations for new growth

In South Norfolk, the focus will be on **Norfolk Research Park** (North and South) to provide a major cluster of vibrant businesses in the agri-tech and environmental sciences sectors, as identified in the Norwich City Deal in relation to the potential for 3,000 new high value jobs. In addition, the A11 Corridor report identifies the potential for a Technology Hub at **Hethel** (focussed on the automotive and engineering sector) together with high value business activity at **Wymondham** (Browick Road).

In Breckland, **Thetford Enterprise Park** is identified as having the potential to meet general industrial needs including provision for high technology businesses, while the **Thetford Urban Extension** provides a key location for high value office, skilled engineering, and research-related employment. In addition, **Snetterton Heath** offers significant potential to serve skilled technical employment as well as a range of wider industrial and logistics uses which are important to the sub-regional economy.

In Forest Heath, **Kings Warren** and the **Kings Warren Extension** are identified as having potential for the establishment of a Technology Hub, while the **Approach to Red Lodge** site offers opportunities for office (including research-related) employment and more general manufacturing and engineering uses. In addition, there is an opportunity to strengthen **Newmarket Business Park** as a key location for general employment and logistics uses.

These and other targeted sites are marked on the following map:



1.5 Benefits

At this stage of the development of the outline proposals, the A11 Growth Corridor Project – which it is suggested should be re branded as the A11 Technology Corridor - would be expected to create:

- some 14,900 gross and 8,700 net additional jobs, including those in high value employment sectors such as advanced manufacturing & engineering, agri-tech, and other LEP target sectors, as well as wider sectors of importance to the economy;
- an estimated 5,320 person years of temporary construction employment;
- an estimated £558 million in net additional annual GVA;
- almost £905 million in private sector investment in construction activity; and
- space for 20,000 new homes.

By 2031, a substantial proportion of these overall benefits could potentially be achieved, including 10,500 gross and 6,100 net additional jobs.¹ This would be consistent with the aspiration in the initial A11 prospectus.

1.6 Costs and funding

The current indications of public sector funding requirements are in the order of £70 million (gross) towards the costs of initial infrastructure requirements, targeted business support, and operational costs (including marketing and promotion and supporting delivery arrangements with the private sector). Funding will be sought from the New Anglia Growth Deal, the New Anglia and Greater Cambridge Greater Peterborough LEPs, European Funds and site cross funding. It is also proposed that the Councils should investigate an innovative TIF-style arrangement using rates retention to underpin funding arrangements.

1.7 Delivery and accountability

It is proposed that the three districts will work together in a collaborative arrangement in relation to the delivery of the A11 Growth Corridor initiative, on the basis that joint arrangements can provide for better co-ordinated, and more effective, efficient, and economical delivery.

Specific benefits of working collectively include:

- greater potential to attract private investment by promoting the A11 Technology Corridor which has the “buy in “ of all local partners and the critical mass to generate investment confidence;
- greater leverage with Government and the LEPs to attract public funding to remove the barriers to growth;
- increased scope to attract FDI and local investment by offering planning certainty through a jointly agreed planning framework for the A11 Technology Corridor;
- increased “weight” and negotiating leverage with Cambridge University, the Cambridge Cluster, UEA, and the Norwich Research Park to endorse and actively support the A11 Technology Corridor; and
- potential savings in terms of project delivery, joint marketing and promotion.

Delivery arrangements will need to align with the requirements of existing and proposed wider governance arrangements within the sub-region, including the Greater Norwich Growth Board.

1.8 Competition with other areas

In addition to the intensive competition in terms of FDI investment highlighted in Section 5.2, there is considerable competition in the domestic market. The establishment of LEPs and the development of local growth strategies set out in each Strategic Economic Plan (SEP) – together with devolution of responsibilities and budgets in relation to key economic development issues in certain areas through City Deals and Growth Deals – is currently

¹ Net additional jobs are adjusted to take account of leakage, displacement, multiplier effects and deadweight.

spawning significant and widespread proposals for economic growth. While much of the emphasis is on cities and city regions, rural areas of the country are equally pursuing growth strategies based on their individual circumstances in terms of needs and demands.

Section 7.3.11 highlights the approach currently being followed by the LEP in Leicestershire and Leicester, which is based around eight key sectors. Other areas are developing skills strategies directly related to key sectors through their LEPs, demonstrating a basis on which areas are shaping ways in which to address future skills requirements.

In terms of property and development other areas, such as Haverhill and Alconbury, are already able to offer a range of readily available and serviced sites, in direct competition to the A11 Technology Corridor. It will be important therefore for the A11 Technology Corridor to raise its profile, identify areas of competitive advantage and to match the offer of its rivals.

Two key issues are particularly pertinent for the A11 Technology Corridor: firstly, that comparable areas are 'upping their game' in terms of creating growth strategies on a similar basis to that being considered through the A11 Technology Corridor proposals; and, secondly, this illustrates that certain areas are moving ahead rapidly in terms of developing 'action plans' in relation to comparable sectors and skills needs to those in the A11 Corridor (significantly beyond sector baseline reports).

This suggests that competition at the UK level is likely to increase significantly as these strategies and plans are rolled out with the greater certainty of the resource and powers base through to at least 2020. In addition, it seems likely that areas that do not similarly establish coherent and inclusive strategies for economic growth may well lose out relatively in comparison with other areas from the benefits that economic growth. Timing is critical and the Local Authorities and their partners should aim to drive forward the proposals for the A11 Technology Corridor at the earliest opportunity.

1.9 Skills

An adequately-sized pool of labour with appropriate skills is one of the critical success factors in attracting inward investment as stated in Section 5.4, and is equally of importance to businesses considering expansion and growth. The development of the A11 Growth Corridor proposals will need to include work to ensure that the strategies and action plans take into account the potential impact of the proposals, in particular with regard to target sectors, and that appropriate data and intelligence is available to support actions in relation to securing positive investment decisions.

1.10 A Growth Corridor focussed on technology

The A11 Corridor already provides an important base for a wide range of advanced manufacturing & engineering and agri-tech companies with considerable growth potential.

The rationale for the focus on technology with regard to the A11 Corridor is its ability to complement the world-class academic and research capabilities of Cambridge, centred on the University of Cambridge and a cluster of around 1,000 technology and biotechnology companies, and Norwich, based on the University of East Anglia and a thriving community of science and technology based businesses co-located with four life science research institutes and a teaching hospital with a clinical trials facility at Norwich Research Park. The barbell-type effect of the corridor between these economic hubs has the potential to enable important connections to be made and exploited within the corridor, enhanced by the improved accessibility, journey times, and reliability provided by the upgrading works to the A11. This offers, among other things, the potential for spillover and other benefits to be created based on:

- fostering wider collaboration and links between the academic and research communities and businesses;
- further supporting the area's international leadership in research, innovation, and technological application in key sectors;
- adding to the ability to accommodate the concentration of a highly-skilled workforce with scientific, technological, and engineering expertise;
- offering further potential opportunities to attract additional research funding to meet national challenges and to advance sub-regional and wider successes;

- providing a lower cost business location to enable a broader business base to be developed and to succeed;
- enabling wider aspects of technology transfer and entrepreneurship to potentially take place and allowing ideas to be turned into new products and services;
- offering affordable living for a variety of family groups in an attractive environment with a range of appealing amenities;
- enhancing further the ability of the area to attract the talent of tomorrow in an area with a high quality of life; and
- developing a broader offer as a location for investment within a fast-growing business area.

2. KEY FINDINGS

2.1 The allocated employment sites in the seven major development areas (Option 3) offer the potential to deliver 708,000 sq m (7.62m sq ft) of industrial and commercial floorspace and 14,900 gross and 8,700 net additional jobs. The wider identified land resource has the potential for 836,100 sq. m (9.1 million sq.ft), indicating that other opportunities may arise, and in addition the prospect of windfall sites is not precluded. If the Local Authorities wish to increase their employment “target” this may require a further review of employment land allocations. Total private investment in development activity could exceed £900 million. However the investment market is extremely competitive and other areas are more advanced than the A11 Corridor in terms of site availability, key growth sectors and their business support framework, including support for supply chains. It will therefore be important for the Client Group and local partners to pro actively drive forward transformational change.

2.2 Five of the 11 sites in the major development areas are currently identified as requiring major infrastructure improvements to remove various barriers to growth, including access improvements and deficiencies in energy supply. This may potentially require public sector support in the order of £30 million, although these costs are indicative at this stage. Development of an A14 / A11 south to east link road will also be required to help unlock the potential of the A11 Corridor.

2.3 A further £40m may be required to cover the cost of business development, training, marketing and promotion and to achieve project viability, particularly for B1 and B2 development in the central zone. These costs are based on currently available estimates and will need to be refined through further assessment.

2.4 It is anticipated that the estimated £70m (gross) required to remove these constraints will need to be funded by the public sector using a range of grants and loans from the EU, Central Government, the LEPs and Local Government sources. Delivery may also involve Joint Venture arrangements. Potentially, repayment of loans could reduce the current estimate of net public sector cost to £55m. These funds would be drawn down on a phased basis, during the lifetime of the project. However there will need to be considerable “front loading” in terms of marketing, attracting anchor tenants and delivering “early wins.”

2.5 If the public sector decide to “do nothing,” based on current forecasts and constraints this could potentially reduce the amount of new employment floorspace in the period to 2031 to 149,000 sq.m (1.60m sq.ft) and the creation of around 2,800 gross jobs.

2.6 The area has a strong local economy and it is anticipated that employment will grow substantially in South Norfolk, Breckland and Forest Heath in the period to 2031. In addition the proposed release of the USAFE base at Mildenhall could potentially deliver around 5000 new homes and 100,000 sq.m (1 million sq.ft) of employment floorspace - this represents a potential “game changer” for the A11 Corridor and the situation will need to be closely monitored to ensure that the wider proposals for the A11 are future- proofed. Sizewell C also offers the prospect of 700 permanent jobs and significant supply chain opportunities.

2.7 Advanced manufacturing & engineering and agri-tech are, and will remain, important sectors for the A11 Corridor. However on their own, based on current forecasts, they are unlikely to deliver the Council’s 10,000 employment aspiration. Analysis of sector growth prospects and feedback from local property professionals, the New Anglia and Greater Cambridge Greater Peterborough LEPs, and the Norfolk and Suffolk Chambers of Commerce suggest that other sectors, particularly ICT, life sciences, energy and logistics should also be targeted.

2.8 The agri-tech/agri-food research facilities available at the Norwich Research Park offer scope in the longer term to develop national and international markets – although this is currently unquantified - and NRP will need to actively pursue opportunities as they arise to help realise this potential.

2.9 The selected case studies provide a range of valuable pointers for the A11 Corridor, particularly the need to take a long-term view on economic growth and recognise the importance of “project champions”. In addition it needs to establish a clear vision and business plan which has the “buy in” of all the partners, a coherent planning framework and a dedicated team. Furthermore it needs to establish “pioneer occupiers” and anchor tenants, marketing and branding to create an identity, readily available sites, financial incentives, flexibility in sector targeting, high level skills and to integrate the role of academic institutions as key drivers of change.

2.10 The A11 Technology Corridor needs to develop a strong identity in order to attract public and private investment. The engineering sector is well represented in the A11 Corridor and over 100 companies in the automotive, precision engineering and composite sectors are based in the immediate catchment area of Norfolk and Suffolk. The sector also offers the potential for employment growth of nearly 40% in the period to 2031. Research and consultation has indicated a strong appetite for business growth in advanced engineering to support manufacturing and also potentially the agri-tech sector and this should therefore form the primary focus for the re-branded A11 Technology Corridor. In order to create investment confidence it is crucial that the three Local Authorities jointly develop a coherent and comprehensive approach to delivering the vision for the A11 Technology Corridor, particularly on planning and economic development.

2.11 The A11Technology Corridor has a range of key assets and USPs which need to be actively promoted to create an identity for the area. These include a good stock of property and development sites and proximity to the “overheating” commercial property market in Cambridge and the Cambridge cluster of science parks. The A11 Corridor offers significantly lower property values, Norwich Research Park (NRP), Lotus, Hethel Innovation Centre, easy access to Europe through Felixstowe, high level skills available in the area and good links to Norwich and Stansted Airports. The Research and Development opportunities at Hethel, NRP and links to Cambridge University and UEA, are particularly important and should be developed further and actively promoted.

2.12 Timing is critical and the Local Authorities will need to drive forward the project while the A11 dualling improvements are fresh in people’s minds. There is a window of opportunity of perhaps three to five years to get ahead of the game, given the competing centres at Alconbury and Haverhill and to take advantage of the likely disruption caused by the proposed A14 improvements.

2.13 The market for inward investment (FDI) is extremely competitive and the A11 Technology Corridor should align itself with the Cambridge brand to improve its chances of success. More generally the “overheating” Cambridge property market offers considerable scope for collaboration on planning and economic development which should be actively pursued at the earliest opportunity.

2.14 Most of the sites in the A11 Technology Corridor are in private ownership and it will be important for the Client Group to actively engage with private landowners and developers through both formal and informal channels. Consideration should be given to the setting up of a broadly based Partnership Board and Investment Group to secure the “buy in” of key partners, supported by a small dedicated core team, led by an Executive Director with a proven track record in delivering transformational change. The annual revenue cost for a core team of five professional and support staff is likely to be in the order of £350,000 (staffing, supplies and services, excluding accommodation). This cost could be reduced through secondments and access to shared services.

2.15 Agri-tech East, NAAME and both the Norfolk and Suffolk Chambers of Commerce will need to be actively involved in the project to encourage and direct new and expanding local companies to invest in the A11 Technology Corridor.

2.16 It needs to be emphasised that the proposals are at an early stage of development and detailed development of the business case will need to be carried out.

3. KEY RECOMMENDATIONS

3.1 Promote the corridor as the **A11 Technology Corridor**, with a **primary focus** on advanced manufacturing & engineering and agri-tech and a **secondary focus** on wider target sectors of energy, ICT and life sciences together with logistics.

3.2 Amend the initial **vision statement** to reflect this change in emphasis and future market prospects. Ensure that the vision is both aspirational and achievable and “owned” by local partners and not imposed on them.

3.3 Develop a **Northern Technology Growth Hub** at Hethel linked to the Norwich Research Park / University of East Anglia and a **Southern Technology Growth Hub** at Kings Warren - Red Lodge linked to the Cambridge Science Parks/University of Cambridge (the Cambridge Cluster). In addition develop a **Central Technology Hub** in the Thetford area to complement other centres as part of the wider growth agenda. The growth hubs would provide specialist support, including R&D and incubation/expansion space for the target sectors.

Establish a detailed Action Plan and Delivery Structure that will enable the incremental implementation of the strategy as follows:

3.4 Set up an unincorporated **Partnership Board** for the A11 Technology Corridor comprising the three District Councils, two County Councils, the New Anglia and Greater Cambridge Greater Peterborough LEAs, HE sector, New Anglia Advanced Manufacturing and Engineering (NAAME), Agri-tech East and both the Norfolk and Suffolk Chambers of Commerce to drive forward delivery of the vision for the A11 Corridor by directing public sector funding and support. This is expected to involve collaboration and partnership agreements established with the LEAs, Universities, Colleges, training providers and major landowners to ensure “buy in” to the vision for the A11 Corridor.

3.5 In parallel with the above, set up a **Local Authorities Accountable Bodies Group** to endorse the financial implications of the Board’s decisions.

3.6 Establish an **Investment Group** of landowners, agents, developers and key local businesses linked to the A11 Technology Corridor Partnership Board to deliver the core development opportunities and to promote new inward investment and indigenous growth by local companies.

3.7 Establish a dedicated **Joint Local Authority Team** to co-ordinate delivery of the vision for the A11 Technology Corridor, including inward investment and marketing specialists. The Team would service the Board, the Accountable Bodies Group and the Investment Group.

3.8 Agree a **Business Plan and Delivery Strategy** with major funders and private owners /developers, based on further development and refinement of the current outline proposal to establish a range of readily available, masterplanned and serviced sites in the seven major development areas over an agreed timescale. This would consider viability issues, phasing and preferred approaches to remove major barriers to growth, including necessary public sector financial support and planning / mixed use options.

3.9 Develop **Joint Venture** delivery arrangements on key development sites involving the appropriate public sector bodies – Local Authorities and the LEAs. The public sector would help to facilitate the removal of the site constraints as their contribution to the Joint Venture, including support to achieve project viability, where necessary.

3.10 Prepare a **Marketing and Promotion Strategy** including brand guidelines for the A11 Technology Corridor to raise its market presence. This should emphasise the stock of property and development sites, proximity to the “overheating” commercial property market in Cambridge and the Cambridge cluster of science parks. In particular, it should stress the advantages of the A11 Technology Corridor in terms of significantly lower property values, Norwich Research Park, Lotus, Hethel Innovation Centre, easy access to Europe through Felixstowe, high level skills available in the area and good links to Norwich and Stansted Airports.

3.11 Prepare an **Investment Prospectus** setting out the vision, the development sites, employment targets, delivery timescales and funding commitments from the partners. The Prospectus would emphasise the commitment of public and private sector partners to deliver the vision and refer to national and international examples of best practice in delivering economic growth along highway corridors. The Prospectus would be launched locally to regionally based investors and developers and to a selection of national developers and investors at a London venue, such as the Palace of Westminster. This would add value to the Norfolk Growth Group’s aims to bring forward “stalled” employment sites in Norfolk and Suffolk and complement the Locate Norfolk Prospectus.

3.12 Establish a coherent **planning and development framework** for the A11 Technology Corridor setting out a range of sites specifically allocated for employment uses and those sites where mixed uses, particularly residential would be allowed to facilitate the provision of key site infrastructure and to address viability issues, where appropriate. **Special consideration should also be given to establishing Local Development Orders and designating the A11 Technology Corridor as an Enterprise Zone.** Of paramount importance is the requirement for the three Local Authorities to establish a robust 5 year housing land supply capable of withstanding challenge in order to protect the employment land. In addition, masterplans, development briefs and design codes should be prepared and approved by the relevant local planning authority for each of the major development sites.

4. REPORT SUMMARY

4.1 Introduction

Bruton Knowles, with the support of AMION Consulting, was appointed by South Norfolk Council, Breckland Council, and Forest Heath Council ('the Councils') to prepare a Feasibility Study to inform the establishment and delivery of the A11 Growth Corridor project, on the basis that it would consolidate, analyse, and assess existing and emerging data in order to:

- confirm whether the location, scale, and remit of projected growth is achievable within the timescale and other constraints;
- highlight any additional opportunities in addition to those already identified;
- describe and appraise a number of delivery options which deliver the scale of anticipated growth; and
- develop key aspects of a business case to take the project forward.

This summary provides an outline of the final report.

4.2 Methodology

The report, which comprises the first of two phases in developing and finalising a business case for the A11 Corridor, has been prepared in accordance with the Brief and is split into two parts:

- Stage 1 comprised the preparation of baseline evidence, including:
 - an overview of current economic conditions and prospects (in particular in relation to target sectors);
 - a review and assessment of potential employment sites, including key constraints;
 - an assessment of market needs and demands of the target sectors;
 - a review of recent inward investment activity; and
 - identification of key national and international comparator case studies.
- Stage 2 covered the formulation of key aspects of the feasibility study for the business case in particular:
 - an assessment of delivery options and identification of a preferred approach;
 - costs and funding; and
 - organisation and management.

The work has been brought together in a form broadly reflecting HM Treasury's '5 Cases' Model for the development of business cases in the public sector.

4.3 Baseline assessment

The baseline assessment considered two key strands, together with associated evidence:

- **Economic baseline** – the economic baseline underpins the economic case using available data. **Within the context of a very strongly-performing sub-regional economy, it identifies the importance of the focus sectors of advanced manufacturing and engineering and agri-food/agri-tech to the economies of the districts (6%/21% of all businesses and 7%/14% of workers respectively).** The former has the potential for strong growth in employment terms by perhaps 40% on the basis of current trends (based on the East of England Forecasting Model (EEFM) baseline) by 2031 but the latter less strongly, perhaps by 6%, within the context of overall forecast growth in employment of 13%. Associated aspects of the labour market were also considered, which indicate that while new businesses can draw on a skilled pool

of labour, the market is very tight and emphasises the need for growth in the working age population with appropriate skills within the travel to work area to complement economic growth.

- **Employment land baseline** - the review of potential employment sites was developed from initial information from the Councils together with substantial further evidence and the identification of additional opportunities. The sites supply baseline has confirmed a significant potential overall resource of some 578 acres (234 hectares) in 25 significant employment sites within the Corridor. However, these opportunities are subject to a number of barriers to growth - in particular, site constraints relating to access, service provision, environmental considerations, landowner intentions, and market perceptions. In the opinion of the team, 11 of the sites could be considered to provide the 'long list' of the land resource that might be considered to be a potential focus for growth over the period to 2031 and beyond, based on an assessment taking account of their deliverability, suitability, achievability, and potential contribution to the vision for the Corridor. In total these sites comprise some 486 acres (197 hectares) which could accommodate almost 7.62 million sq. ft (708,000 sq.m) of new employment floorspace. In addition, an overview of demand by broad use class suggests that there is demand for B2 and B8 industrial space, with B1a Grade A office development with larger floorplates complementing established high profile locations such as Cambridge and Norwich. Settlements situated along the A11 are more appropriate for lower density development.
- **Other aspects of the baseline assessment** – the baseline includes evidence through wide-ranging consultation with partners, representative industry groups, developers, site owners, and agents. In addition, an analysis of recent inward investment was carried out, together with consultation with UKTI.

4.4. Strategic case

The report builds on the initial 'Prospectus' for the A11 Corridor, prepared by South Norfolk and Breckland Councils, that established a vision for a corridor of opportunity for advanced manufacturers and engineering companies, researchers, and developers to deliver a world-class cluster for UK PLC. Consultations with partners and industry representative groups have indicated that there is an appetite for economic growth focussed on technology in relation to advanced manufacturing and engineering and potentially aspects of agri-food/agri-tech. The scale of the opportunity is reflected in the ambition for substantial economic benefits, including 10,000 jobs and £700m in economic benefits, together with over 20,000 new homes over a period to perhaps 2031, reflecting the A11 Wider Economic Impacts Study (WS Atkins, 2008) supporting the A11 road improvements scheme, from which the proposals derive their rationale.

The A11 Growth Corridor has a substantial policy context. It supports strategic Government policy, including the Plan for Growth. At the sub-regional level, it is identified as one of the key growth areas in New Anglia LEP's Strategic Economic Plan and its European Investment Strategy, and is a focus in relation to its Sector Growth Strategy. It is also supported strategically by Greater Cambridge Greater Peterborough LEP through its Strategic Economic Plan and European Structural and Investment Funds Strategy. In addition, it supports the objectives of Norfolk County Council's Economic Growth Strategy and Suffolk County Council's Suffolk Growth Strategy, as well as the Greater Norwich City Deal and is complementary to the Cambridge City Deal. The A11 Corridor is of key importance at the local level to Breckland Council, as identified in its Corporate Plan 2015-19, to South Norfolk in terms of the development opportunities, set out in its Business Plan 2011-15, and the priorities for increased economic growth in Forest Heath, expressed through the West Suffolk Strategic Plan 2014-16.

4.5. Economic case

The aspects of the emerging business case considered in the report comprises an initial high level assessment of costs and benefits and value for money (VFM), supported by reference to optimism bias, risk, and sensitivity:

- **Economic benefits** - a high level assessment has been undertaken of the economic case that could potentially be offered. An indicative options analysis has been based on two intervention alternatives, the wider group of 11 core sites (Option 3) and a narrower group of 3 key strategic sites (Option 2) compared with a do nothing scenario as a reference case (Option 1). In summary this indicates that Option 2 could

generate in the order of 5,730 gross jobs and Option 3 14,900 gross jobs, with some 2,100 and 8,700 net additional jobs² and an estimated £135 million and almost £560 million in net additional annual GVA respectively over and above the do nothing position. In addition a range of wider benefits could be generated. It would be expected that a proportion of these jobs would be in the target sectors together with more broadly drawn employment opportunities.

- **Economic costs** – a high level assessment was also carried out in relation to potential public sector costs. This focussed on site infrastructure costs as well as the need for development support where viability (over and above infrastructure investment) appears weak. In addition, the costs of a supporting package of investment, including a planning framework, masterplans, initial infrastructure and development support, business support (investment and recruitment & training), and wider marketing and promotion. The initial assessment indicated that total public investment of perhaps some £34m (gross and net) may be required under Option 2 and approximately £70m gross (£55m net) under Option 3.
- **Value for money** – the initial high level assessment was considered in terms of cost effectiveness in relation to employment. This suggested that the wider core sites (Option 3) could offer clear VFM advantages – subject to affordability considered under the financial case - with total public gross cost per net additional job in the order of £6,100 in comparison with £15,500 under Option 2 at this stage. Similarly the indicative benefit cost ratio of total public gross costs to net annual Gross Value Added (GVA) could be 1:7.9 under Option 3 compared with 1:4.0 under Option 2, again reflecting figures at this outline stage.

4.6 Financial case

The financial case represents an early stage overview of the costs of a potential support package and opportunities for public sector funding:

The emerging package of public sector support to promote the delivery of the Corridor comprises:

- **Planning Framework/Masterplans** - a planning framework to give greater certainty to the concept of the Corridor and certain individual sites and a focus for sector-led activity;
- **Site infrastructure** – support for initial investment in site infrastructure to kick start development activity;
- **Development activity support** - support to development to address viability issues in certain sites;
- **Business support** - additional support, where appropriate, to encourage business investment and recruitment and training activity; and
- **Marketing and promotion** – active marketing of the Corridor, with appropriate information and promotional material, with the focus on a 'Technology Corridor'.

Project costs – In relation to Option 3, the preferred option, in outline terms the assessment suggested that total gross public sector costs in the order of £70m related to the scale of development, might be considered as set out in Table 1. These costs are currently indicative and subject to revision.

Table 1: Indicative Public Cost – gross cost (Option 3)	
Item	Indicative cost-gross (£m)
Planning Frameworks/Masterplans	<1
Site infrastructure	30
Development activity support	24
Business support (investment, recruitment & training)	15
Marketing & promotion	2
Total (public)	70

Note: May not sum due to rounding

² Net additional jobs are adjusted to take account of leakage, displacement, multiplier effects and deadweight.

- **Project funding** – an overview of potential sources of funding has been considered in relation to the indicative costs and the type of activities involved. This was focussed in particular on “traditional” opportunities for UK Government funding through LEPs, European Regional Policy (ESIF and Interreg), and local authority sources. In addition, initial consideration was given to innovative approaches to local growth funding – in particular the potential significance of rates retention which could generate more than £42 million (outturn) in business rates income for the local authority partners – coupled with Prudential Borrowing that could be developed into a TIF-style funding model. In addition, there is potential for cross subsidisation at the individual site project level. The broad illustration of a funding profile for further assessment is set out in Table 2. **A more detailed assessment of the costs falling to the Local Authorities will need to be undertaken as part of the Stage 2 Business Case, including the availability of LEP funding and the LA appetite for a TIF - style approach. As a minimum, in order to take forward the project, the Local Authorities will need to agree funding for the core team (c. £350,000 p.a) and to establish a marketing budget (c. £100,000 p.a).**

Item	Indicative funding gross (£m)
Joint ventures	42
Loan funds (gross)	12
LEPs	10
ESIF and other	7
Total (public)	70

Note: May not sum due to rounding

4.7. Commercial case

The initial consideration of a commercial case focusses on the requirements to encourage sustainable growth in conjunction with private sector landowners and developers. The assessment, at a high level, has suggested that the heart of the commercial case would be the basis on which to engage with private sector interests. All of the sites identified under Option 3 are in private ownership, and as a result certain options such as LABVs are not appropriate. The study has broadly classified the sites under three groups as a basis on which the type of intervention required might be considered:

- **Category 1:** Sites that appear to be viable – these sites (which include, for example Newmarket Business Park) could potentially be brought to the market with the assistance of a strong planning framework and a marketing & promotions context for maximising benefits aligned to the objectives of the A11 Technology Corridor;
- **Category 2:** Sites that appear to be viable with support for initial infrastructure – these sites (including Norwich Research Park) could potentially bring forward growth with initial investment in infrastructure to kick start development – in most cases on a potential loan basis with the possibility of repayment of the initial investment, together with the assistance of a strong planning framework and a marketing & promotions context for maximising benefits aligned to the objectives of the A11 Technology Corridor; and
- **Category 3:** Sites that appear not to be viable even with support to initial infrastructure investment – these sites (including Thetford Enterprise Park) could potentially require investment in both infrastructure and development in order to be deliverable, again with the assistance of a strong planning framework and a marketing & promotions context for maximising benefits aligned to the objectives of the A11 Technology Corridor.

Broadly, the Category 1 sites would appear to require engagement with land owners and developers on a strategic level only, while Category 2 sites would potentially require engagement on a site-by-site basis in terms of how support for infrastructure works could be most effectively structured and provided. Category 3 sites, on the other hand, may require joint venture arrangements to be formulated with the public sector taking a longer

term involvement in individual sites because of the more difficult issues in deliverability. This suggested approach provides the rationale for intervention at a site level on the basis of individual projects within the overall framework of the Corridor.

It must be stressed that consideration of sites has, at this stage, only been possible on the basis of high level viability assessments. Further detailed work will be required at the individual site level to formulate appropriate projects within the overall framework of the potential programme for the Corridor.

4.8. Management case

The aspects of the management case considered in relation to the study indicate, in particular, the imperative for joint working between authorities and public and private sector partners at the strategic level.

The report considers, in broad terms, strategic management issues in relation to how the authorities might work together and with partners to create a framework for growth and to maximise the efficient use of public resources and service resilience:

- In terms of planning, it is suggested that an overall planning framework would strengthen the basis for co-ordinated growth within the Corridor. The range of approaches required through the Duty to Co-operate under the Localism Act 2011 are identified, and the timescales for preparation of local plans suggests that a less formal process to develop a framework for the Corridor would potentially be an appropriate way forward.
- In terms of economic development, a co-ordinated approach would enable a comprehensive approach to be adopted to promote sector-focussed growth and the 'offer' that would encourage inward investment. This could be developed under approaches ranging from informal to more formal arrangements through the General Power of Competence powers under the Localism Act 2011. There is the option to consider, at some point in the future, the establishment of an Economic Prosperity Board under the Local Democracy, Economic Development, and Constructions Act 2009. Further consideration will need to be given in relation to the appropriate way forward, but the report suggests that particular consideration should be given to setting up a broad based unincorporated Partnership Board for the A11 Technology Corridor, involving key partners, supported by an Investment Group of land owners, developers and major businesses and a dedicated Executive Team to drive forward the project. The importance of developing both formal and formal links with land owners and developers and key public sector partners will be critical for success.

4.9. Overall case

The report demonstrates that there is the opportunity for projected growth within the A11 Corridor at the scale of, or even exceeding, the vision expressed in the initial 'Prospectus' taking into account the site opportunities considered (including the additions identified during the course of the study) and the significant constraints identified. Appropriate means to manage and deliver the opportunity have been considered and set out – in particular the concept of a strategic planning framework for the Corridor to guide private sector-led development, and the context of key site-based projects within it.

The report may be considered to establish an early stage Outline Business Case in that it confirms the strategic context for the proposals and a case for change, providing the Councils and partners with an indication of the way forward, together with offering key elements of a business case in relation to potential VFM, indicating the basis for a potential deal, and providing a broad indication of potential funding requirements and affordability.

Further development of the business case is required under Stage 2 (as set out in the Brief), in particular to:

- undertake detailed work on sites in order to work up project proposals to a greater level of understanding and certainty;
- develop other aspects of the business case in relation to the overall package of support (to fully define 'the project'), together with the strategic, economic, commercial, financial, and management components; and
- respond to the "emerging" proposals for the Mildenhall USAF airbase.

4.10 Next steps

A number of key actions and decisions will need to be taken by the Local Authorities in order to drive forward economic growth along the A11 Corridor:

- endorsement of a shared vision for the A11 Technology Corridor and a commitment to joint working ;
- revenue support for the core team, including marketing, and a commitment to seek additional funding to remove the barriers to growth;
- support and commitment from the New Anglia and Greater Cambridge Greater Peterborough LEPS;
- formal partnership arrangements established with public and private sector partners;
- collaboration arrangements agreed with Local Authorities in the Greater Cambridge area, Cambridge University and the Cambridge Cluster of Science Parks; and
- “early wins” to develop the momentum for change and to increase investment confidence.

APPENDIX 1: Emerging site projects

Table A1: Emerging site projects (Option 3)

Site	Category	Focus	Site area (ha)	Floorspace (sq m)	Timescale	Potential investment (£m)		Jobs		Net additional GVA (£m per annum)
						Public (gross)	Private	Gross	Net	
FH1A Newmarket Business Park	1	B8	1.6	7,530	Short	0.0	8	90	0	0.0
FH5A Kings Warren - Red Lodge	1	B1, B2	10.4	50,170	Short-Long	0.0	75	1,200	450	29
FH5b Kings Warren - Extension	3	B1, B2	8.5	30,240	Medium-Long	3.1	47	750	540	35
FH6 Approach to Red Lodge	3	B1, B2	4.1	14,400	Short-Long	2.5	22	360	260	17
BL1 Thetford Enterprise Park	3	B2	16.5	52,940	Short-Long	26.7	46	1,300	950	61
BL2 Thetford Urban Extension	3	B1	22.0	85,750	Short-Long	0.5 ¹	19	2,100	1,140	76
BL3 Snetterton Heath	2	B2, B8	68.1	218,690	Short-Long	7.3	224	3,200	1,750	106
SN1 Hethel	2	B1	14.0	54,630	Short-Long	0.1	103	1,330	870	57
SN2 Browick	3	B1,	15.0	79,430	Short-	1.7	113	1,700	700	46

Road - Wymondham		B2, B8			Long					
SN4 Norwich Research Park North	2	B1	17.6	58,500	Short-Long	6.0	126	1,400	1,030	68
SN5 Norwich Research Park South	2	B1	19.0	55,930	Short-Long	6.0	120	1,370	980	65
Total			197.0	708,200		53.8	905	14,900	8,700	558

Note: Site costs only - additional costs are identified in relation to other strategic elements of the proposed package.

¹ Subject to revision following inclusion of infrastructure costs.