Ideopolis: Knowledge City-Regions

Enabling Norwich in the Knowledge Economy

An independent report sponsored by Norwich City Council

Laura Williams
Alexandra Jones
Neil Lee
Simon Griffiths

Contents

Executive Summary

This report assesses the strengths and weaknesses of Norwich in the changing economy and sets out a potential vision for Norwich's future as well as recommendations for how to get there.

Norwich in the Knowledge Economy

Norwich has some key assets in the knowledge economy:

- Financial Services
- University of East Anglia and Norwich Research Park
- Emerging strengths in sciences and creative and cultural industries

Using The Work Foundation's measures, developed as part of the *Ideopolis: Knowledge City Regions* research programme, 32% of Norwich's businesses are knowledge based and 41% of employment in the city is in knowledge industries (though not all of these jobs are 'knowledge' jobs, i.e. professionals, senior managers or associate professionals). This is broadly comparable with other urban areas in Britain.

Assessing Norwich against the *Ideopolis* drivers

Analysis of the city using The Work Foundation's Ideopolis drivers reveals that whilst the city has some key strengths, it also has weaknesses that need to be addressed:

Physical knowledge city

- Attractive city, blend of new urban developments with historic sites
- BUT under-bounded district authority may hamper future growth

Building on what's there

- Historic linkages with the financial services sector
- BUT weak linkages with other cities in the east of England, notably Cambridge – this is starting to improve through Regional Cities East but more needs to be done

Diverse specialisation

- Financial services, opportunities to specialise in other industries
- BUT lack of coherent vision may prevent city from capitalising on strengths

High skill organisations

- Some high value jobs
- BUT risk of low skill low pay sectors dominating, e.g. retail

Vibrant education sector

- Strong tertiary sector
- BUT school performance a threat to the future labour market

Distinctive 'knowledge city' offer

- Not perceived to have same problems as other urban areas
- BUT lack of a clear and positive external identity

Leveraging strong connectivity

- Worldwide connections via Amsterdam Schipol
- BUT national and regional connectivity poor

Strong leadership around knowledge city vision

- Partnership offers an opportunity for the city
- BUT being an under bounded district authority may hamper future leadership

Investing in communities

- Does not experience the same extent of deprivation as large metropolitan areas
- BUT concern about social inequalities and what this means now and in the future

Norwich is currently a medium-sized city outside a major city region. This report argues that the future success of the city will depend upon its networks with other medium-sized cities and with nearby city-regions (such as London). Norwich needs to move towards becoming a "polycentric" medium-sized city, developing specialisms building on its existing strengths and making links with other cities and within the rural hinterland.

The report identifies policies that could help Norwich to achieve these goals, arguing that the city and its partners should:

- Take a broader view of the city's future as being beyond financial services, beyond tight boundaries and beyond Norfolk;
- Develop a defined strategy around three core specialisms: financial services, creative industries and sciences;
- Focus on attracting more high skill organisations;
- Develop the skills of the existing population;
- Focus on building and reinforcing an image that will attract businesses and people, building on its quality of life strengths;
- Lobby Government for investment in rail and road connectivity;
- Pursue unitary status whilst developing contingency plans if the bid fails;
- Continue to attract funding to invest in communities and ensure its economic development strategies consider how local communities can benefit from success.

These recommendations rely on Norwich:

1. Developing a focused vision for the city's future;
2. Ensuring that this strategy reflects the socio-economic context;
3. Building aspirations about the future of Norwich, both within the city and externally.

Acknowledgements

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Please note that this report is independent. The views presented are those of the authors and should not be seen to represent those of Norwich City Council.

About This Report

"Norwich has the potential to be a marvelous, stunningly successful regional city[1]."

Already a thriving city, over the next twenty years Norwich aspires to build on existing success and carve out a distinctive niche for itself in the changing UK economy. Its ambition is supported by the wider policy context, with the most recent recognition of the importance of large and medium-sized cities to the national economy being in the Local Government White Paper, published in October 2006. This has reinforced the importance of cities such as Norwich, with further potential to grow, becoming key players in the national economy. To fulfil its potential, however, Norwich recognises the importance of understanding its place in the 21st century economy - its strengths and weaknesses; its relationships with other UK and international cities - and the importance of building on this analysis to create a shared vision of how Norwich can be both economically successful and offer a high quality of life.

To support their work in creating this shared vision and understanding Norwich's place in the changing UK economy, Norwich City Council has commissioned this report from The Work Foundation. The project draws on our history of research into how cities succeed in the knowledge economy[2], as well as on a review of literature on Norwich, secondary data analysis and interviews with key stakeholders. The report uses The Work Foundation's Ideopolis framework to assess the strengths and weaknesses of the city in the changing economy and its relationships with other cities. It sets out a potential vision for Norwich's future in the knowledge economy, as well as recommendations for how to get there.

These issues are addressed in the following sections:

Context: The changing UK economy and the impact this is having upon cities, and an outline of The Work Foundation's cities research, summarising the findings of our Ideopolis Knowledge City-Region work.

Overview of Norwich: Overview of the city, looking at its history, geography, population and policy and institutional architecture.

Analysis of Norwich, using the Ideopolis drivers: Assessment of Norwich's strengths and weaknesses, using the Ideopolis framework of nine drivers.

The Future for Norwich: conclusions and recommendations: Overview of what Norwich should aspire to in the future, based on interviewee comments, and setting out recommendations for action that also draw on other UK and international case studies.

1 **Interviewee from Norwich**
2 See *Enabling Cities in the Knowledge Economy* (2006) DCLG and *Ideopolis: Knowledge City-Regions* (2006) The Work Foundation.

Cities in the Changing Economy

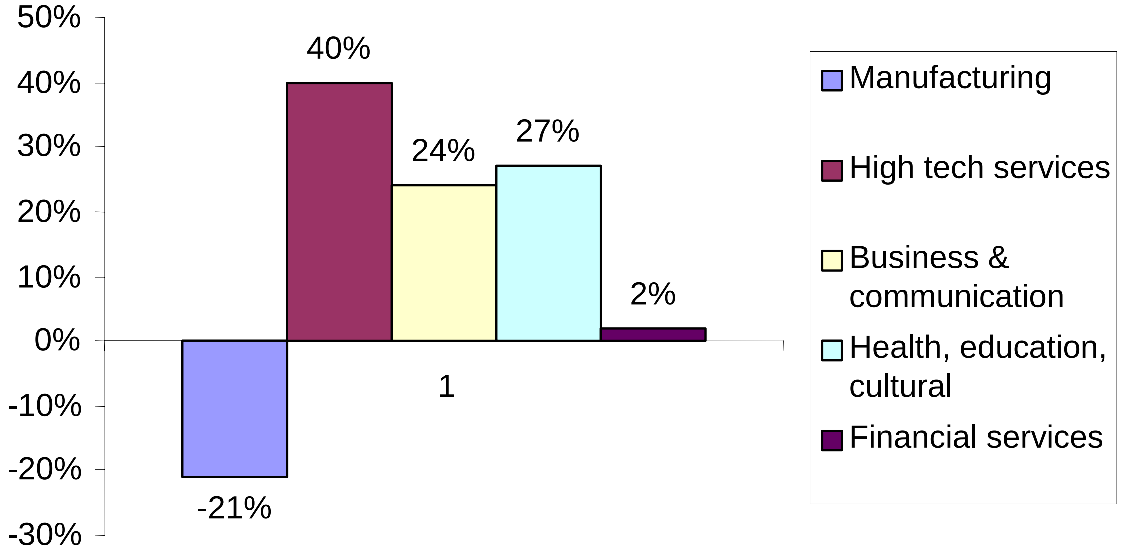
4.1 Changing Economy

The last thirty years has seen a transformation in the UK towards a more **knowledge-driven, service dominated economy**.

Knowledge industries as defined by the OECD and The Work Foundation[3] have grown by 17 per cent in the last ten years, compared to growth of 1 per cent in all other sectors. Knowledge service exports from the UK have also trebled in ten years, from £27 billion in 1995 to £76 billion in 2006.

Nearly half of all jobs (48 per cent) are now in knowledge industries and high tech services in particular have thrived, with employment growing by 40 per cent in ten years, as illustrated in Figure 1 below:

Figure 1: New jobs in UK 1995 – 2005[4]



Not only are there more knowledge industries, there are also more 'knowledge jobs' – high skilled jobs that can exist in any industry (not all jobs in knowledge industries are 'knowledge' or high skill jobs, but not all jobs in non-knowledge industries are lower skill jobs either). Over two-fifths of people now work in 'knowledge roles'[5].

The economy has also become more **service dominated**. Over the past thirty-five years, manufacturing has declined rapidly, from accounting for a third (33%) of the economy in 1970 down to accounting for less than a fifth (16 per cent) of the economy in 2006. In contrast, the service sector has grown from just over half (53 per cent) of the UK economy in 1970 to nearly three-quarters (73 per cent) in 2006[6].

[3] This definition includes high to medium tech manufacturing; financial services; telecommunications; business services; education and health services.
[4] Source: Eurostat
[5] Fauth, R & Horner, L (2005) *Workplace Trends 2005*, The Work Foundation: London
[6] Source: National Statistics

These shifts can be attributed to three main factors. First, **changing consumer demand**. As individuals have become more affluent, they are increasingly seeking to express themselves through consumption of leisure services and activities[7]. This has led to a doubling of expenditure on the service sector, from 27 per cent of household spending in 1970 to 54 per cent in 2006.

The second factor is **changing supply**. There has been a "cognitive transformation", with a quadrupling of those with degrees since 1975. The number of people with no qualification has reduced from half of all men and women in 1974 to 13 per cent of men and 15 per cent of women in 2001. This, combined with a range of other factors including technology that has enabled businesses to transform their products and strategies, has contributed to the rise of not only knowledge industries but also knowledge jobs.

Third and most importantly, however, the shift to a more knowledge-driven, service-dominated economy reflects the **importance of knowledge industries to future UK prosperity**. Even without countries such as India and China competing on wage rates for 'lower value' jobs, the only way for the UK to increase its productivity is through innovating to make more effective use of capital and labour and to create new products. The shift to more knowledge industries and services is a positive indication that this is starting to happen.

If the UK is to continue to prosper, however, there is a need to understand how the UK can create an environment conducive to increasing the proportion and productivity of knowledge workers and businesses. Despite ideas about the knowledge economy being "weightless", the reality is that it continues to take place in cities: cities' contribution to the national economy is greater than their share of population[8]. This makes it vital that the government understands what role cities across the UK can play in supporting successful knowledge industries, and that cities themselves can identify where their sources of comparative advantage are in the knowledge economy, and how they can capitalise on these assets.

4.2 Cities in the Knowledge Economy

Cities matter in the knowledge economy for two main reasons. First, because they offer productivity benefits, including economies of scale, access to large customer markets, and access to large and specialised labour pools (particularly of high skill workers). Cities also offer proximity to other knowledge workers, enabling 'tacit' knowledge to be shared; the knowledge that cannot be easily 'codified' and is best exchanged and developed through face-to-face contact and trust-based relationships. In other words, firms can benefit from 'spill-over effects' from other firms' innovative activity. This is particularly important in a knowledge economy.[9]

The second reason that cities matter in the knowledge economy is consumption benefits: access to a rich variety of goods, services, cultural facilities and social opportunities suggest that the benefits of living in a city may be particularly attractive for the most

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[7] Will Hutton (2006) Presentation at Ideopolis event
8 HM Treasury (2006) Devolving decision-making: Meeting the regional economic challenge: The importance of cities to regional growth, London: HMSO
[9] See DCLG (2006) *Enabling Cities in the Knowledge Economy*

talented and entrepreneurial workers[10] – in other words, the workers that drive the knowledge economy[11].

A recognition of the importance of cities in the knowledge economy led to The Work Foundation's research in this area. We have been investigating how different size cities succeed in the knowledge economy, looking at what constitutes a knowledge city or an 'Ideopolis', what the drivers of success in the knowledge economy are, and what the implications are for policy. An overview of our research findings to date is set out below.

4.3 The Work Foundation's Ideopolis research

The Work Foundation's research on knowledge cities involved literature reviews, data modelling and consultation, through semi-structured interviews, with a range of stakeholders in order to create a vision for what a successful knowledge city should be and do. This vision is of an Ideopolis – a knowledge city-region, where a sustainable knowledge intensive city drives growth in the wider city-region.

An Ideopolis is characterised by the following:

- High levels of economic success;
- High levels of knowledge intensity based on The Work Foundation's definition of knowledge intensity;
- Industries built on the research strengths of one or more universities that have a mutually beneficial relationship with the city, leading to transfer of knowledge to businesses and the retention of graduates;
- Strong connectivity (communications and transport) within the city and to other cities;
- A distinctive long-term 'knowledge city' offer to investors and individuals alike, created by public and private sector leaders;
- Strategies to increase quality of life and ensure that all communities benefit from the economic success associated with knowledge.

We found that cities with more knowledge intensive industries and occupations are more economically successful and that this can improve quality of life for many local people, making becoming an Ideopolis a valuable aspiration for many cities.

During the first phase of the research, we identified London and Edinburgh as the leading Ideopolises in the UK, with Manchester and Bristol the cities with the most potential to become Ideopolises.

We also found that not all cities can become an Ideopolis, as they are not the main drivers of growth in their city-region, for example Cambridge, a very successful city in the knowledge economy but without the critical mass to become a knowledge city-region. These medium-sized cities can become 'Partner Ideopolises', however, which link closely with an Ideopolis enabling both the smaller and larger cities to benefit from each other's different strengths, rather than setting up an unhelpful competition. An example here is Brighton.

10 See Cheshire, 2006; Hall, 2000; Florida, 2002.
11 DCLG ibid

Regardless of whether a city's economic strategy is based on knowledge or not, all cities need to consider how they can most effectively complement one another if they are to succeed in the knowledge economy[12].

Based on fourteen case studies, ten UK and four international, we have identified nine drivers of a successful Ideopolis. These are:

1) **Creating the physical knowledge city** – having the architecture and accommodation that knowledge intensive businesses and workers require;
2) **Building on what's there** – recognising the city's existing strengths and weaknesses and playing to these;
3) **'Diverse specialisation'** – having a diverse range of economic specialisms for which the city is known;
4) **High skill organisations** – organisations that rely on the 'high road' to productivity through high quality jobs and highly skilled people;
5) **Vibrant education sector embedded in community and economy** – one or more universities linking closely with the city and businesses, supported by good education institutions helping all individuals develop their skills;
6) **Distinctive 'knowledge city' offer** – a distinctive offer for knowledge intensive businesses and workers who are considering investing, working and living in the city, supported by diverse cultural and leisure facilities;
7) **Leveraging strong connectivity within and outside the city-region** – good communications infrastructure combined with quick links both within the city and to other cities via air, rail and road;
8) **Strong leadership around knowledge city vision, supported by networks and partnerships** – civic or private sector leadership around the vision of a knowledge intensive city, based on strong networks across different industries;
9) **Investing in communities** – investing in strategies to ensure the whole community experiences the benefits of knowledge intensity.

These drivers provide cities with a robust framework to assess strengths and weaknesses so that policy makers and businesses can take the right action at the right time. However, a few caveats should be noted:

Economic and social strategies should be linked: Case studies suggest that it is important to link these two to ensure that local communities have opportunities to benefit from a city's success.

No 'one-size-fits-all': The framework is not an attempt to impose a prescriptive model of economic and social development on cities. Each city has its own unique history, industrial mix and strengths and weaknesses, and this shapes its future. Instead the drivers provide a framework within which each city can assess its distinctive strengths and weaknesses, identify its priorities and start to work towards a shared vision.

Not every city will have the potential to become a primarily knowledge-driven city: Some cities, for example, may prosper more in a knowledge-driven, service-dominated economy by becoming a regional services hub. However, all cities can make use of the framework of drivers to see how likely it is that they can become a knowledge-driven city and to identify if they have other assets that may have more potential for growth.

12 DCLG ibid

Different size cities have different advantages: Larger cities tend to make a disproportionately high contribution to the national economy[13] but both large and medium-sized cities offer distinct advantages (see Figure 2 below). Cities need to recognise the advantages that come with their size, history and geography, and formulate economic development strategies accordingly.

Figure 2: Different Sized Cities

The size of large cities brings its own advantages, including: higher productivity[14]; greater international presence[15]; more diverse range of knowledge industries[16]; and a greater range of leisure and cultural activities that are particularly attractive to knowledge workers[17]. As knowledge workers tend to be more mobile than other workers, they may also be willing to live outside a large city and travel a reasonably long distance in order to work there.

However, medium-sized cities also offer advantages based on their size. When large cities get to a particular size they can become very expensive locations for businesses and individuals, congestion can increase and wages can become higher, increasing competition. This can make it beneficial for businesses and individuals to locate in medium-sized cities offering a smaller range of industries but higher quality of life and lower costs[18]

Cities cannot operate in isolation: All cities operate in an inter-connected network, relying on relationships with other areas whether as sources of labour, better quality of life or leisure activities. Cities need to recognise how they link with other areas and to develop complementary economic strategies where possible. This is particularly important for medium-sized cities, which should seek to work closely with a large city if they are in a city-region, or potentially to work with other medium-sized cities if they are not in a city-region.[19]

This report builds on these findings, as well as a review of literature on Norwich, secondary data analysis and interviews with 12 stakeholders. It first sets out a background on Norwich and then uses the Ideopolis framework to assess Norwich's strengths and weaknesses in the knowledge economy and to make recommendations about policy steps that could be taken in order to increase Norwich's economic success and quality of life.

13 HM Treasury (2006) ibid
14 Polese, M (2005) 'Cities and National Economic Growth: A Reappraisal' Urban Studies 42 (8) p.1429-1451
15 Sassen, S (2001) The Global City: London, New York, Tokyo, PUP: Princeton
16 Henderson, V (1997) 'Medium Size Cities', Regional Science and Urban Economics, 27 p.583-612
17 Henderson (1997) ibid
18 Henderson (1997) ibid
19 DCLG (2006) ibid

Norwich in Context

Norwich's history continues to shape its fortunes today, both physically and in its sense of itself. This section briefly outlines how the city's history has defined how the city is now.

Norwich is an ancient city. Its position on the river Wensum, providing access to both water and to the coast and Europe, has led to it being occupied since at least the mid-ninth century. The settlement developed as a centre for trade with a distinct Viking influence and began to host a regular market, both precursors to Norwich's close links with the continent across the North Sea and to the regional function the city would serve in future.

The establishment of a Norman castle in Norwich cemented the city's importance. This was further reinforced when Norwich was granted City status by Richard I in 1194, making it one of the oldest cities in the UK. Early links with the continent were mainly through trade, with the main source of Norwich's wealth throughout the Middle Ages being the wool trade, a network of trade and immigration links with continental Europe[20].

The success of the wool trade made the city rich, and from the Middle Ages until the eighteenth century Norwich was the second largest city in England[21]. This affluence continues to shape the city: its physical expression is found in the grand architecture for which the city is still known. The city walls restricted Norwich's expansion and a host of churches were built near the centre. This architectural legacy remains important, giving Norwich a highly attractive city centre that tourists wish to visit. Yet it also restricts the city centre to a tight, and sometimes winding, medieval street plan, where the historical buildings can prove barriers to traffic movement and, sometimes, the expansion of office space.

However, with the advent of the industrial revolution, the wool trade declined. The mechanised textile industry of the booming northern industrial towns[22] was more efficient and competitive than the traditional practices of the under-mechanised weavers of Norwich. In modern terms, the city's industries had failed to innovate, and had been overtaken by (relatively) distant competitors. As the complacent local industries declined, the city moved back into a more traditional market and distribution role within East Anglia. Despite this relative decline in economic prosperity, however, this period was one of population growth in part due to the agricultural success of the region – albeit at a smaller pace than the northern towns.

As the national economy expanded, new industries gained niches in new areas. Norwich diversified into shoemaking, food processing and, later, engineering. Its geographical location as a regional centre meant that retail remained important, while engineering grew in influence. Transport links were still a problem, however, despite the railway to London, built in 1834.

20 Corfield, P (2004) "From Second City to Regional Capital", in Carole Rawcliffe and Richard Wilson (eds.) Norwich Since 1550, Hambledon: London.
21 Corfield, P (2004) ibid
22 Clapham, J H (1910) 'The Transference of the Worsted Industry from Norfolk to West Riding' *Economic Journal* XX

Perhaps the most important new industry was financial services, an area in which the city already had some strengths. Norwich Union had been founded in the city in 1797 by Thomas Bignold, as “Norwich Union Society for the Insurance of Houses, Stock and Merchandise from Fire”[23]. Over the subsequent century the Union expanded both the scope of its insurance operations and its geographical influence. Some major changes aside (notably following the merger with CGU in 2000, and demutualization), Norwich Union has expanded to become a dominant influence in the city, providing a high proportion of local jobs.

Since World War II the city has continued on similar lines, with Norwich Union expanding and the city continuing to flourish as a regional hub for financial services, benefiting in this way from its status as the major city in Norfolk and for some distance. Housing near the city centre was bombed during the war, and housing estates were built in their place. A proposal in 1970s to redevelop the city centre in Modernist style was rejected, although newer developments in the centre have been quietly successful with a blend of modern architecture in historic settings.

The most important development in the last fifty years has been the University of East Anglia. Founded in 1963 as one of the new Universities to educate the baby boomers, it has developed into a university with some world-class departments, including Environmental Science and English Language and Literature. The campus, on the outskirts of the city and on the site of an old municipal golf course, has a stark modernist design by Denis Lasdun, the architect of the national theatre. The presence of UEA has enabled the city to attract and retain many young skilled workers, as well as providing a source of research for industries such as biomedical and environmental sciences. In addition, Norwich Research Park has been another significant development in the city’s economic history.

[23] http://www.aviva.com/index.asp?pageid=78

Norwich: Knowledge City?

Today, Norwich combines the role of a regional service hub with strengths in more nationally connected industries and a reputation for offering its workers and residents a high quality of life. The city's role as a regional facilities hub is a historic one and due, in large part, to its relative isolation. More than 50,000 people commute into Norwich from the rest of Norfolk – proportionally this is the highest in-bound commuter rate outside of London[24]. This means that the city provides around a third of Norfolk's workforce with employment, and that Norwich based businesses have access to an increased staff and skills catchment. Despite this apparently robust local economy, the City has not performed particularly well compared with to other cities in the South in recent years[25].

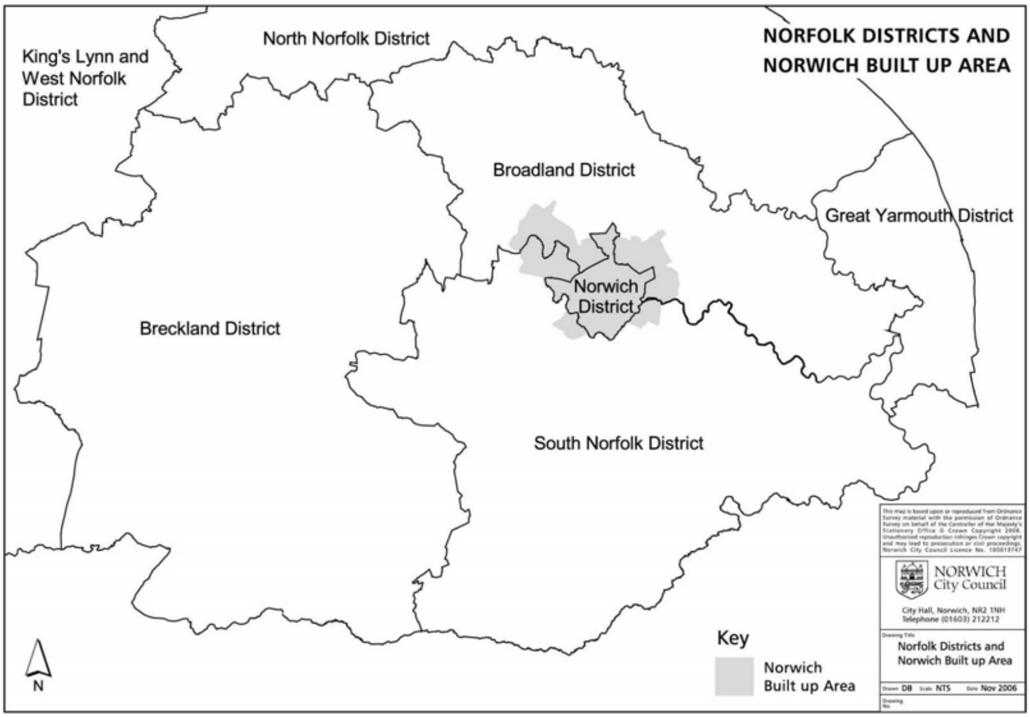
This section focuses on Norwich's economy, looking at the city's labour market and also the knowledge intensity of industries and jobs based in the city. This analysis combines to assess the extent to which Norwich can be regarded as a knowledge city – an analysis that will be explored in greater depth in the discussion of the Ideopolis drivers.

6.1 Defining 'Norwich'

As with other cities, defining Norwich and, in particular, defining the boundaries of Norwich, can be challenging. Whilst some refer to Norwich as the area covered by the City Council, for others Norwich means the contiguous build-up area covered by Norwich City Council's administrative boundaries and by some of the wards of the neighbouring district authorities (Broadland and South Norfolk, as shown in figure 3 on the next page). Furthermore, Norwich's travel to work area stretches beyond these wards, meaning that the economic footprint of Norwich operates at different levels and within different administrative boundaries. For the purposes of this report, we will use data for all three definitions of Norwich and will highlight which definition we are using at each stage.

24 http://www.rce.org.uk/norwich.htm
[25] Parkinson, M et al. (2006) *The State of the English Cities* ODPM: London

Figure 3: Showing a map of Norwich's urban area[26]



Using the three definitions, figure four below presents data on employment and industries in Norwich. It shows that the profile of Norwich's labour market is broadly comparable with the regional and national picture. However, it is also clear that Norwich has an above average proportion of jobs in the financial, IT and other business sectors. As we shall later discuss, this is a real knowledge-based strength in the city's economy.

Figure 4: Employment in Norwich[27]

	Norwich City Council (employee jobs)	Norwich City Council (%)	Norwich Urban Area[28] (%)	Norwich Travel to Work Area[29] (%)	Eastern Region (%)	Great Britain (%)
Total employee jobs	80,432	N/a	N/a	N/a	N/a	N/a
Full time	54.241	67%	67%	67%	67%	68%
Part time	26,290	33%	33%	33%	33%	32%
Employee Jobs by industry						
Manufacturing	6,987	9%	8%	12%	12%	12%
Construction	3,755	5%	5%	6%	5%	5%

[26] Source: Norwich City Council
27 Source: Annual Business Inquiry, 2004
28 Norwich's built up area covers the following wards: North, Drayton South, Hellesdon North West, Hellesdon South East, Old Catton and Sprowston West, Sprowston Central, Sprowston East, Taverham North, Taverham South, Thorpe St Andrew North West, Thorpe St Andrew South East, Bowthorpe, Catton Grove, Crome, Eaton, Lakenham, Mancroft, Mile Cross, Nelson, Sewell, Thorpe Hamlet, Town Close, University, Wensum, Cringleford, New Costessey, Old Costessey, Stoke Holy Cross
29 As defined by Office of National Statistics

Distribution, hotels & restaurants	22,386	28%	27%	25%	26%	25%
Transport & communications	4,620	6%	5%	5%	6%	6%
Finance, IT, other business activities	20,317	25%	21%	35%	20%	20%
Public admin, education & health	17,666	22%	27%	25%	24%	26%
Other services	4,427	6%	5%	4%	5%	5%

6.2 Business activity in Norwich

In Norwich, the percentage of business start-ups is low: Norwich is 327th of 408 Local Authorities on this measure. More worryingly, the short-term trend is significantly downwards, as the ratio of start-ups to population fell by almost a quarter between 2003 and 2004. Norwich's small business base is now growing, but at a slower rate than the regional average.

6.3 The Knowledge Economy in Norwich

Norwich has some important knowledge industries. Cultural industries include firms ranging from BBC East to Archant. The finance industry in Norwich is dominated by Norwich Union, which is part of the Aviva group (the world's sixth largest insurance company)[30]. However, whilst Norwich Union is the largest firm, there are a number of other financial firms, including Virgin, Marsh, Moneyfacts and Central Trust. The presence of this cluster of financial services increases competition within the labour market, and their continued presence in the area has begun to reach a critical mass, making it an attractive place to site further start-ups in the field. The city also has strengths in research science and engineering.

As discussed in section four, it is increasingly recognised that knowledge industries and knowledge jobs make a significant contribution to a city's performance, making it important for Norwich to understand its levels of knowledge intensity[31]. Before assessing this, it is important to note that the measurement of the knowledge economy remains a challenge. No single measure can accurately represent the knowledge sector, partly because of its complexity and partly because of outdated classifications. With these caveats in mind, we have attempted to make an approximate assessment of knowledge intensity, where we define this as being the proportion of the economy of the city that can be attributed to the 'knowledge economy', using two measures:

- The number of firms in knowledge industries;
- The number of employees in knowledge industries[32].

These two measures are used to assess Norwich's knowledge intensity in relation to other medium-sized cities in figure 5 below.

30 http://www.rce.org.uk/norwich.htm
31 Brinkley, I (2006) *Defining the Knowledge Economy*, The Work Foundation: London
32 See Jones, A, Williams, L, Lee, N, Coats, D & Cowling, M (2006) *Ideopolis: Knowledge City-Regions*, The Work Foundation: London for a detailed discussion

Figure 5: Measuring Norwich's knowledge intensity

	Knowledge Businesses (2004)	Employment in Knowledge Industries (2004)
Norwich City Council	32%	41%
Norwich Urban Area	31%	43%
Norwich Travel to Work Area	30%	38%
Cambridge	46%	62%
Oxford	42%	59%
Brighton	40%	48%
Bath	38%	54%
Exeter	34%	54%
Southampton	31%	43%
Nottingham	31%	47%
Plymouth	27%	42%
GB average (all areas)	25%	29%
GB average (urban areas)	32%	43%

On the first measure, the proportion of firms in knowledge industries[33], Norwich compares favourably with other medium-sized cities and with the national urban average. On the second measure however, Norwich lags slightly behind comparative cities (i.e. whilst it has a similar proportion of knowledge based businesses as Exeter and Nottingham, it has lower levels of employment in knowledge industries).

It is also worth exploring the proportion of jobs in knowledge industries that can be called 'knowledge jobs' (I.e. jobs in managerial, professional, technical and associate technical occupations). However, there are two important caveats to this analysis: firstly, that the ward level data is not available meaning that we would only be able to rely on data based on the boundaries of Norwich City Council and, secondly, the classification of occupations does not always map onto what we would label as 'knowledge jobs' (for example, small business owners are classified as 'managers' although they do not necessarily work in knowledge jobs).

With these caveats in mind, figure 6 below must be treated with a degree of caution. However, using this information in comparison to other cities does provide an interesting comparison. Again, the comparator cities for Norwich here are Exeter, Southampton and Nottingham with the city lagging behind the well-established knowledge cities of Cambridge, Oxford and Brighton.

Figure 6: Knowledge Occupations in Knowledge Industries

	Knowledge Occupations in Knowledge Industries (2004)
Norwich City Council	25%
Norwich Urban Area	N/a
Norwich Travel to Work	N/a

[33] Using The Work Foundation's definition of knowledge industries as discussed in *Ideopolis* and including sectors excluded in the OECD definition.

Area	
Cambridge	41%
Oxford	37%
Brighton	33%
Bath	29%
Exeter	24%
Southampton	23%
Nottingham	22%
Plymouth	21%

Overall, these statistics demonstrate that Norwich has some real strengths in the knowledge economy and that it compares favorably with other cities in England. However, the city also serves as a regional services city and its strength in retail will reduce the proportion of economic activity in knowledge intensive sectors. Against other cities that also have strong retail sectors (such as Oxford), the city could still perform better. It is clear that whilst Norwich is not a leading knowledge city in the UK, it is certainly a leading location for knowledge intensive industries in the east of the East of England region.

Ideopolis Driver Analysis: Strengths, Challenges and Opportunities

As discussed in section one, the Ideopolis drivers were developed through our literature review, data modelling and case study work conducted as part of the first phase of the Ideopolis research[34]. These drivers provide a framework against which a city's strengths and weaknesses can be assessed. This section of the report will analyse Norwich according to the nine drivers based on literature review work and stakeholder interviews. It will consider the following questions:

- What are the factors that have supported Norwich's success?
- What are the challenges that the city now faces?
- What are the opportunities that will support Norwich in becoming a knowledge city?

7.1 Physical knowledge city

Investing in the physical knowledge city is about having the architecture and accommodation that knowledge-intensive businesses and workers require. This includes commercial and residential accommodation, public buildings, infrastructure and public space. It is also about having the accommodation for other businesses, such as retail and personal services, and their employees.

In relation to this driver, Norwich has some clear strengths:

- Norwich is seen as **an attractive city** in which to live and work;
- Norwich offers **access to rural Norfolk** (coast and green spaces), which makes for an attractive quality of life offer and is mentioned by private sector interviewees as a key draw to being located in Norwich;
- The city has managed to **blend new urban developments and historic sites.** This has been supported by its involvement in the 'Liveable City' partnership, a 10,000,000 Euro project designed both to improve public space in historic city centres in a co-ordinated way and to balance the need to maintain the heritage of the city with the needs of those who work, live or visit it[35]. The city centre is seen as benefiting from several recent projects that achieve this balance, most notably The Forum.
- Norwich is largely regarded as providing **good accommodation for knowledge businesses**. Norwich Research Park is a powerful co-operative including the John Innes Centre, the Institute of Food Research, the Sainsbury Laboratory and the Norfolk and Norwich University Hospital NHS Trust. The Research Park has 6,500 staff and over 900 postgraduate research students, with strong links with the University of East Anglia's (UEA) Schools of Health, Biological and Environmental Sciences[36]. A new five hundred thousand pound initiative from the East of England

34 Jones, A, Williams, L, Lee, N, Coats, D & Cowling, M (2006) *Ideopolis: Knowledge City-Regions*, The Work Foundation: London
35 See www.liveable-city.org for more details
36 www1.uea.ac.uk/cm/home/about/Facts+and+Figures

Development Agency (EEDA) is currently underway to create an Enterprise Hub around Norwich Research Park[37]. With ambitions similar to those of Cambridge's 'growth hub'[38], the Enterprise Hub aims to provide a focus for business activity, and to strengthen the emerging knowledge economy alliance between Cambridge and NRP – or even the high-tech developments also emerging between Cambridge and Ipswich[39].

- Norwich is also increasingly seen as a city that provides **good accommodation for knowledge workers**. Recent developments have led to a rise in city centre living, creating an urban environment that is attractive to knowledge workers. This is a recent phenomenon: as one interviewee commented, *"five years ago there weren't enough flats to make an average flat price in the city! Development has changed it enormously."*

However, despite these strengths, there are still some key areas where Norwich faces challenges, these include:

- Interviewees felt that Norwich **lacks some of the facilities** that make other cities attractive locations to do business, or for people to live or visit. One interviewee commented, *"hotel facilities in Norwich are not great… the city lacks conference facilities, a concert hall and central hotels".* Other cities have used the development of conference facilities and a growing hotel sector as part of a compelling package to attract businesses to visit, to sample the pleasures of working there, and to increase local revenue. There is a concern that Norwich is losing out and will continue to do so on this market.[40]

- Several interviewees mentioned that **the under-bounded local authority boundary** of **Norwich City Council** makes expansion planning for the city difficult. This issue is starting to be addressed in relation to housing, with the development of the Greater Norwich Housing Partnership with Norwich City, Broadland and South Norfolk District Councils working together (with funds of £16.5m for affordable housing in 2006/08).

- **An over-supply of poor quality second-hand office space**, as noted by a recent report on the office market in Norwich. There has been a slow recovery in the market and vacant space in the Norwich area is now less than 500,000 square foot. However, prime and newly refurbished offices are in limited supply with only 25,000 square foot vacant in new developments[41]. Furthermore, Norwich, similar to other cities, needs to address the tension of developing office space within the city and on the city fringes which may lead to a loss of employment within the city centre itself.

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37 http://www.norwich.gov.uk/site_files/pages/City_Business__Businesses_in_Norwich__Health_and_Life_Sciences__Norwich_Research_Park.html
38 Vincent Watts, Chair of EEDA, quoted in Jim Kelly, 'FT Report: Cambridge', Financial Times, 17 September 2003, p.1 [Available and www.lexis-nexis.com]
39 Jim Kelly, 'FT Report: Cambridge', Financial Times, 17 September 2003, p.1 [Available and www.lexis-nexis.com]
40 See Ideopolis case studies (Brighton, Manchester and Glasgow) available at www.theworkfoundation.com
41 Norwich City Council, Norwich Economic and Labour Market Assessment (NELMA) Summary 2005, 2005, p. 10

A final challenge for the city relates to a common theme running throughout the discussion of the Ideopolis drivers in relation to Norwich. There was a general concern about a lack of a shared ambitious vision across the city, with comments about *"complacency"* and *"a lack of aspiration"* or a feeling that the aspiration that did exist was all too often unfocussed or misdirected.

In relation to the physical knowledge city, this was cited as meaning that despite the high number of local developments, there was all too often a lack of clarity about where recent developments are heading and what they added up to in terms of a vision for the city. As one interviewee put it. *"we measure the prosperity of the city by cranes on the horizon – there are lots – but we're not sure where it's taking us."* In other words, there is a need for Norwich's physical redevelopment to be planned so that it contributes to a broader strategy and vision for Norwich's future, as well as meeting the shorter-term needs that gave rise to that particular development.

7.2 Building on what's there

This driver is about basing economic strategies and growth on a city's strengths and weaknesses. This is of particular importance given the current array of city strategies based around an aspiration to attract new and fashionable industries – and which are doomed to fail in cities that do not have existing clusters or strengths that will enable them to attract these industries.

Norwich's successful financial service sector demonstrates the city's strength on this particular driver. The city claims to be the 'UK's most significant financial centre outside the City of London' and 'the largest General Insurance Centre in the UK'. This sector provides almost 30% of jobs in Norwich, compared to 20% in Britain as a whole.[42] The city has built too on its role as a regional services provider and has enhanced its retail and leisure offers in reflection of this.

As will be discussed in relation to the next driver, building on what's there is crucial to Norwich's future. There is always a danger that cities become seduced by ideas of industries that sound attractive, but which do not necessarily have a base in that city. Norwich needs to continue to capitalise on its existing strengths and, where it seeks to invest in new industries, to do so based on current assets such as sciences and creative industries.

7.3 Diverse specialisation

This driver is about the importance of a city having a range of industries, but also developing specialisms in a small number of industries to make it distinctive. This helps protect the city against the risk of changes in the economy, whilst ensuring that the city has a distinctive reputation that helps it attract knowledge industries and workers.

Norwich is a strongly service dominated city, with 85% of employee jobs in services, compared to a national average of 82%. Yet the sectors in which these jobs are based are diverse, including: the financial sector, both insurance and banking; retail; professional services; public administration; education; and health.

42 Source: www.nomisweb.co.uk

Norwich also succeeds in having some specialisms, such as the financial services cluster. This is strong and has links with the university and City College. Norwich Union, Virgin Money, Marsh and Moneyfacts are based in the city, providing knowledge and other jobs. This has also created a critical mass of people with the skills required to work in financial services.

However, as the recent takeover of Norwich Union by Aviva as well as job losses at the firm demonstrate, the financial services industry is changing. Many cities have lost the financial services companies that used to have historic links in a particular place, particularly as multinational businesses take over regional and local ones. Norwich has held on to Norwich Union and the company is likely to continue to have its base there in the future.

Yet despite the strengths of the city's financial services industries, there is a need to develop other specialisms to manage the risks of a changing financial services markets. This point is well understood in Norwich. As one interviewee commented, *'there is a real issue about the resilience of its specialist functions in the face of global and national competition'.* This is not to say, however, that the city should not continue to invest in attracting and retaining financial services industries and workers, indeed the planned Financial Services Academy will enable the city to compete in the future and therefore continued investment is vital.

During the interviews, discussions focused on two other areas on which it was felt Norwich should focus:

- **Creative and Cultural Industries**. With Norwich School of Art and Design, as well as the *'long tradition of creative writing and creative culture*' at UEA, Norwich already has some key assets on which to build.

- **Sciences.** Norwich has strengths in health and life sciences: Norwich Research Park is Europe's largest single site concentration of research and development in plants, microbes, food, diet & health, the environment and Information systems). Future potential may lie in developing expertise in environmental sustainability. Again, Norwich has some strengths here, both in terms of strength of environmental services at UEA and also the physical geography of rural Norfolk which provides the potential for the region to lead the way in the development of renewable energy. One interviewee commented that: *'[it] could make a serious claim to being a science city and a sustainable city.'*

Combined, these industries *offer 'two poles around which a lot might usefully be done".*

Perhaps the biggest threat to Norwich being able to develop a sufficiently diverse as well as specialised economy is what interviewees again described as a lack of aspiration. One interviewee commented, *'that aspirational culture is not here'.* Aspiration is required for developing new sectors, creating start-up businesses, and constantly changing to retain the strengths of current sectors.

7.4 High skill, high wage organisations

This driver is about attracting and retaining organisations that rely on the 'high road' to productivity through high quality jobs and highly skilled people.

As in most other cities, skills and wages in Norwich are both polarised, leading one interviewee to describe it as *'a tale of two cities'*. There are certain sectors drawing in highly skilled people, and offering wages that will support the high quality of life that attracts people to the city in the first place. The presence of financial services and the university give the city a good proportion of highly skilled jobs. For these sectors, one challenge highlighted by interviewees however was ensuring that is sufficient diversity of high skill jobs to offer interesting and well-paid jobs to more than one individual, as some more experienced workers may only agree to relocate to Norwich if their partner can also find an interesting job in the area.

In other sectors, however, the situation is much more difficult. Overall, Norwich is a relatively low pay city in a relatively low pay region (see figure 7 below). The region's high pay areas are dominated by the area surrounding Cambridge and to the south-east of the region (closer to London).

Figure 7:Earnings in Norwich and comparator cities[43]

		Local district councils		Comparable local cities				
	Norwich (£)	Broadland (£)	South Norfolk (£)	Cambridge (£)	Ipswich (£)	Peter-borough (£)	Eastern (£)	Britain (£)
Gross weekly pay								
Full Time Workers	409.0	411.8	435.8	498.3	413.7	402.6	470.0	449.6
Male Full Time Workers	438.3	465	488.3	524.0	482.3	447.5	520.5	490.5
Female Full Time Workers	355.6	323.8	363.8	461.7	331.8	336.3	392.7	387.6

As well as the low wages, people can become locked into lower skill jobs with little prospect of accessing some of the new 'knowledge' jobs, and this means that changes in the economy can hit them hard. For example, factory closures in Norwich (Nestlé and Harmers) led to job losses in what one interviewee described as *'low skill generational jobs'* – in other words, jobs that different generations of the same family tend to do. Although the city's increasing retail offer provides jobs for those with lower skill levels, the lack of higher level skills within the local population will create challenges to Norwich's future growth potential.

Part of the challenge is again ascribed by interviewees to a lack of aspiration, further fuelled by a historical expectation that qualifications were not required as financial services, particularly Norwich Union, would provide clerical jobs to all those living in the city. One interviewee described the situation thus: *'when Norwich Union was at its peak, it used to guarantee every Norwich 16 year old a job when they left school. So they all went there and did clerical work in retail insurance despite [the presence of] UEA. HE participation remains one of the lowest in the country and this has led to a range of issues about culture and human capital.'*

43 http://www.nomisweb.co.uk/reports/lmp/la/2038431851/report.aspx?town=norwichNote a: Median earnings in pounds for employees living in the area.

Not making the links between growth sectors offering lower skilled work and local education is also seen as a challenge in Norwich. As one interviewee said, *'[They have committed to] 20,000 new homes for 2020…. [and] construction companies will have to bring people in. But we still have people on the dole down the road.'* Those who constructed the Chapelfields shopping centre were brought in from overseas; a lack of capacity and funds in the local further education institution means that the engineers working in Norfolk's growing renewable energy sector are more likely to be migrant workers, using the skills they have developed in the Netherlands, than local people. Whilst cities have always relied on migrant work, which adds to the diversity and strength of a city, Norwich needs to consider how it can create a critical mass of people living within the local area with the skills that would both help the city develop and ensure they were in work. This is a challenge that the city needs to urgently address.

7.5 Vibrant education sector

The Ideopolis research highlighted this driver as important for all cities but particularly for those cities aiming to become knowledge intensive. It is primarily about cities having universities and other higher education institutions that link closely with the city and with businesses. However, to succeed in the knowledge economy, cities need a whole range of skills to work in knowledge industries and also in the burgeoning service industries that the knowledge industries and knowledge workers rely on. Therefore, the quality of schools, further education institutions and other learning providers is critical to the knowledge economy as well as being key to ensuring that all communities within the city can benefit from its success.

Norwich has the University of East Anglia and this gives the city advantages which interviewees were keen to recognise:

> *'UEA is a massive strength, particularly in life sciences and creative writing. Without UEA, Norwich would really struggle.'*
>
> *'The turning point was UEA in the 1960s. Before then it was in decline, exporting people. It went from being a second city to a small town. The arrival of UEA move the intellectual capital the other way.'*
>
> *'[Norwich has] a fantastic research park. Fourth in the country in terms of research citations (London, Cambridge, Oxford, Norwich)… people don't realise that.'*

UEA has over 13,000 students and the most recent Research Assessment Exercise (2001) saw UEA achieve eleven subject areas with top 5 and 5* marks (out of 24 Schools). Top marked schools were biological sciences (5); chemical sciences (5); English language and literature (5); environmental sciences (5*); film studies (5*); history (5*); history of art (5) law (5); philosophy (5); pure maths (5) and social work (5). 57% of academic staff worked in departments undertaking work of international excellence. Overall, the University was rated 51st in *The Guardian* ranking of universities in the UK (2006) and 23rd in *The Times* guide (2007).[44]

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[44] See http://education.guardian.co.uk/universityguide2006/0,,1595180,00.html and http://www.timesonline.co.uk/section/0,,716,00.html

As previous Ideopolis research has shown, the presence of a university in a city has impacts above and beyond links with businesses and international academic linkages. UEA has a graduate retention rate of around 40%, the second highest in the country and providing a skill base that the city would otherwise lose[45]. This also means that the city has a relatively young population, with a far higher proportion of people in their 20s than that of the rest of the UK.

The city also benefits from the Norfolk and Norwich University Hospital, the School of Art and Design, as well as City College, a further education institution with 4,500 16-18 year old students offering a range of vocational and other courses and qualifications. Post-school age, the city is well equipped with education institutions to meet the economic needs of the city and the wider area. And this is reflected in the qualification levels of Norwich's population, with the city having slightly higher skill levels than the national or regional average. Figures 8a and 8b below present this information.

Figure 8a: Qualifications in Norwich[46] [47]

	Norwich		Local Districts	
	Norwich (numbers)	Norwich (%)	Broadland (%)	South Norfolk (%)
NVQ4 and above	20,700	27.0	22.7	27
NVQ3 and above	33,700	44.1	40.4	46
NVQ2 and above	49,500	64.7	66.3	70.7
NVQ1 and above	63,100	82.4	83.4	86.1
Other Qualifications	4,500	5.9	4.9	5.3
No Qualifications	9,000	11.7	11.1	8.7

Figure 8b: Qualifications in comparator cities

		Other cities				
	Norwich (%)	Cambridge (%)	Peterborough (%)	Ipswich (%)	Eastern (%)	Great Britain (%)
NVQ4 and above	27.0	45.5	18.7	17.6	24.8	26.5
NVQ3 and above	44.1	54.3	35.9	36.9	42.4	44.4
NVQ2 and above	64.7	64.6	57	59.4	62.6	62.9
NVQ1 and above	82.4	74.3	74	75.2	78.9	77.2
Other Qualifications	5.9	18.3	10.6	6.5	7.8	8.4
No Qualifications	11.7	7.4	15.3	17.8	13.2	14.3

45 http://www.rce.org.uk/norwich.htm
46 Source: compiled from National Statistics, Nomis: Official Labour Market Statistics [Available at http://www.nomisweb.co.uk/] 2005
47 No qualifications: No formal qualifications held
Other qualifications: includes foreign qualifications and some professional qualifications
NVQ 1 equivalent: e.g. fewer than 5 GCSEs at grades A-C, foundation GNVQ, NVQ 1, intermediate 1 national qualification (Scotland) or equivalent
NVQ 2 equivalent: e.g. 5 or more GCSEs at grades A-C, intermediate GNVQ, NVQ 2, intermediate 2 national qualification (Scotland) or equivalent
NVQ 3 equivalent: e.g. 2 or more A levels, advanced GNVQ, NVQ 3, 2 or more higher or advanced higher national qualifications (Scotland) or equivalent
NVQ 4 equivalent and above: e.g. HND, Degree and Higher Degree level qualifications or equivalent

Almost a third of residents in Norwich are educated to degree level and above, and this is broadly comparable nationally. However, almost 12% of the population have no qualifications and whilst this is better than the national average of 14%, compared to a city like Cambridge where only 7% of the population has no qualifications, improvements can still be made in Norwich.

Many of the challenges for Norwich lie in the performance in the school sector. Interviewees recognised this issue, with many concerned that without adequate education at school level, Norwich will be unable to ensure that success in the knowledge economy means success for local communities:

> *'As new jobs are created we need more skills and training becomes important…as does the extent to which the indigenous local population takes advantage of new jobs.'*
>
> *'[low skills] is an issue for UEA…the natural recruitment area is yielding fewer students than it might.'*

Indeed, Norwich has a low higher education participation rate, reflecting in part the quality of schools: *'out of six schools in the Norwich City council area, three have just gotten out of special measures'.*

School performance data (as shown in figure 9 on the next page) reinforces the statement made about the 'tale of two cities'. As in other cities, such as Bristol, the independent school sector is very successful at attracting the children of middle class families. Just 46% of pupils in schools in Norwich achieve 5 A*-C GCSE grades, compared to 68% in South Norfolk and 56% in England as a whole. And the variation between different schools ranges from 19% to 75% - a striking variation in education outcomes. There is an urgent need for Norwich City and its partners to address these differential outcomes and to work towards up-skilling the knowledge workers of the future, as well as the workforce in other industries, such as retail, that become more important as the knowledge economy booms and levels of affluence rise.

Figure 9 GCSE and equivalent results, Norfolk and comparable cities 2005[48]

	15-year olds achieving 5+ A*-C %	15-year olds achieving 5+ A*-G %	15-year olds achieving any passes
Local districts			
Breckland District	52.2	91.6	97.5
Broadland District	55.5	93.1	97.5
Great Yarmouth District	47.2	89.5	94.8
King's Lynn and West Norfolk District	45.8	88.4	97.2
North Norfolk District	50.4	89.9	97
Norwich District	45.8	84.8	95.8
South Norfolk District	67.9	96.1	99.1
Comparative district councils			
Cambridge District	60.4	94.7	97.9
Ipswich District	51.9	87.4	96.3
Peterborough District	53.5	87.8	96
Wider comparison areas			
Norfolk LA	52.4	90.7	97.1
East of England Region	56.6	90.8	96.8
England	56.3	89	96.4

7.6 Distinctive knowledge city offer

To succeed in the knowledge economy, cities must have a compelling and distinctive offer to knowledge intensive businesses and workers who are considering investing, working and living in the city, supported by diverse services (cultural, leisure, retail).

Many cities are realising this, as Ivan Turok notes: 'city authorities have been making increasing use of their distinctive features in order to encourage resurgence.' [49] For Turok, this distinctiveness should be a source of quality. Whilst many cities will focus on distinctiveness in terms of their competitive edge over other cities, we would argue that identity is about complementing as much as it is about being distinct from other nearby cities and places.

This is not the most important driver for Norwich: arguably the factors most important for success in the city lie in its ability to develop specialisms outside financial services and to address the skill gaps and the polarities between different communities. But it is an area where the city is currently struggling, and which would support the city in recruiting and retaining the right people.

[48] Source: compiled from http://www.dfes.gov.uk/inyourarea/statics/gor_G_4.shtml
49 Ivan Turok, 'The Distinctive City: 'Quality' as a Source of Competitive Advantage', Paper Presented at the LSE Resurgent City Conference, September 2004, p.1

From an external perspective, Norwich "s*uffers from an image problem"* which interviewees were keen to point out was all about perception rather than reality. Norwich may strive to be the *'best city in the world'*, but we would argue that the first step in improving Norwich's image is to identify distinctive assets around which Norwich can build a vision for the future and a marketing strategy. Many interviewees felt that Norwich's assets were not sufficiently well known and that – at a national rather than regional level- Norwich was off the radar:

> *'Norwich isn't as famous for science as it could be.'*
>
> *'A lot of people I meet are "Norwich Converts": they used to say Norwich was the graveyard of ambition.'*

Norwich's relative isolation from other areas of the country contributes to concerns about external audiences perceiving the city as a '*rural backwater*'. On some levels this is about marketing the city better, but on others it is about generating change that alters what Norwich is about. Norwich needs to focus on building and reinforcing an image grounded in its strengths (such as quality of life, sciences, financial services) that will attract people and businesses and will also support the city in realising its future ambitions regionally, nationally and internationally.

Internally, however, the city has a very positive image with a recent MORI survey finding that 90% of surveyed residents are satisfied with the city as a place to live (one of the highest scores compared to similar surveys MORI had conducted for other cities)[50].

7.7 Leveraging strong connectivity

As the knowledge economy evolves, it is clear that distance is not dead and that places and people still need physical links. Cities need strong internal and external communications infrastructure, meaning links within the city and to other cities by air, rail and road.

Internal connectivity

Like many other cities, Norwich suffers from road congestion, reflecting increased use in cars in general, although the park and ride initiative has helped to address this. Bus deregulation (in all cities outside London) has also led to a situation whereby local authorities and their partners do not have sufficient control over bus route planning. And this issue is pertinent in Norwich, with one interviewee commenting that the way the buses operate *"makes it hard to dissuade people from bringing cars into the city.'*

External connectivity

This is seen as a major inhibitor of future success. On one hand, the city and the neighbouring area benefits from relative isolation, giving rise to a compelling quality of life to residents and to those who work and visit the city, as well as the city's role as a regional hub. However, the location of the city and the connectivity with other places, notably London, makes Norwich appear to be more isolated than it ought to be. This was an issue on which interviewees commented:

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[50] Ipsos/MORI (forthcoming, 2006) *Local Government Structure in Norwich*

'[Norwich] is a long way…there is something about it that makes you think that you're going out to the end of the world. But it's a perception rather than a reality.'

Others commented on the challenges of reaching the city by rail. Train links to London are frequent, but slow. Intercity trains run to London every 30 minutes and there are direct hourly trains to Cambridge.[51] Norwich was the twenty-sixth fastest daytime travel to London in 2005[52].

One interviewee commented that it is easier to *"get to Shanghai via Amsterdam*" than London because of the airport. Norwich International Airport is only 15 minutes from the city centre and provides worldwide links via four daily flights to Amsterdam Schiphol, as well as direct flights to an increasing number of domestic and overseas destinations. [53] Direct flights to Amsterdam Schiphol take 35 minutes and make the complete journey time to destinations in the Benelux countries comparable, if not faster, than that to central London. The airport has not expanded at the same rate as other regional airports. However Norwich, like other cities, must balance airport expansion with the current environmental concerns about the future of air travel. In *Ideopolis* we argued that strong connectivity is not necessarily about having a large airport, but can also be about linkages to other regional airports by train and road to reduce the negative environmental consequences of airport expansion.

The roads were also the subject of comment: "*Norwich is the largest city in Europe without a dual carriageway.'* Although it is served by A-routes there are no motorway connections east of Cambridge. Of course, distance is relative: in the densely populated islands of Britain, a two hour train journey to a major city region seems too long, whereas for an investor from the United States, Norwich is just two hours away from the centre of London. Overall, interviewees' views were that Norwich *"has some of the connectivity that an international city needs without the connectivity that a regional city needs.'*

7.8 Leadership around a knowledge city vision

This driver is about having civic leadership around a vision to which partners sign up, based on strong networks across the public, private and community sectors.

Broadly, interviewees felt that the City Council does take a lead in the development of the knowledge economy in the city and that the council has increasingly good relationships with local businesses. For example, it strongly supported the expansion of Norwich Research Park[54]. The City has also forged several partnerships and links that push forward this agenda and this has been supported by The East of England Development Agency funding partnership between a group of smaller cities: Peterborough, Luton, Ipswich, Norwich, Colchester and Southend, as the Regional Cities East (RCE) partnership. The collaboration is aimed at delivering greater prosperity, jobs and homes.[55] The launch of the renewed City of Norwich Partnership in November 2006 is an example of the beginnings of revitalised leadership.

51 http://www.norwich.gov.uk/intranet_docs/A-Z/Business/2006/21_key_facts.pdf
52 Parkinson, M et al. (2006) *The State of the English Cities* ODPM: London
53 http://www.norwich.gov.uk/intranet_docs/A-Z/Business/2006/21_key_facts.pdf
54 http://www.norwich.gov.uk/site_files/pages/City_Business.html
55 Regional Cities East, A Business Case For Enabling Measures From Government Draft Prospectus, July 2006.

Politically, the city has seen some changes in recent years and a couple of interviewees felt that this change has been good for Norwich: Labour losing the council election in 2002 is said to have *'broken the dynasty'* and the renewed Labour administration returned in 2005. Like other cities in largely rural areas, Norwich has been a traditionally Labour area whilst Norfolk has been Conservative. This has created challenges in the past and has also made it difficult to put urban issues on the County's agenda: *'Being two-tier in leadership is a massive weaknesses and it is a relatively under bounded city in a very traditional Conservative dominated country which makes its economic planning and management schizophrenic at best and dysfunctional at worst.'*

In *Enabling Cities in the Knowledge Economy*, The Work Foundation discussed the challenges of two-tier governance arrangements in cities in detail. Clearly there are implications for service delivery and funding decisions. In addition, however, a two-tier arrangement does not enable a city council such as Norwich to lead the city in the way that it needs to. Other cities have benefited from single tier arrangements, and have used these to strengthen relationships with the rural hinterland. For Norwich, having unitary status will enable the city to *'take its destiny into its own hands*'. And as the evidence from this case study has demonstrated, this is something that needs to happen with some urgency and alongside increased partnership working with the neighbouring districts of Broadland and South Norfolk.

7.9 Investing in communities

The final Ideopolis driver relates to having the determination to tackle social exclusion and to ensure that the outcomes of growth are equitably shared, alongside a commitment to invest in the more deprived communities within a city. This is a driver with which many of our case study cities are struggling and Norwich is no exception.

Norwich is the most deprived local authority district in the Eastern Region and the 61st most deprived district nationally. Several local reports and national statistics have noted this deprivation.[56] From a business perspective there is a sense that the deprivation acts as a disincentive to investors.[57] This is an area that is attracting attention and funding, for example, Norwich has £2m Neighbourhood Renewal Funding and has been short listed for Local Enterprise Growth Initiative funding to invest in the deprived areas of the city. However, for some interviewees, the polarities between different communities and the low skill levels and higher education participation of the local population are a major barrier that may threaten future growth and will also have impacts on quality of life for all in the city: *'the challenge for the city has to be about social inequalities.'*

56 The Norwich Economy Round Table, Norwich Economic Strategy Refresh, 2006; Ipsos/Mori, Norwich City Council, Doing business in Norwich: Draft report, Version 2, 28 July 2006; Local Economy Policy Unit, Norwich LEGI, Data Gathering & Analysis, Final Report, London South Bank University September 2006; Local Enterprise Growth Initiative Application Form.
57 Ipsos/Mori, Norwich City Council, Doing business in Norwich: Draft report, Version 2, 28 July 2006

The Future for Norwich: Conclusions and Recommendations

Based on our analysis, Norwich has the potential to become a very successful city in the knowledge economy – but not necessarily as a knowledge-driven city. It has strong assets on which to build and, while it faces challenges, these are not as extreme as many other cities. Interviewees too were optimistic about the city's future: '*In about 15 years time we will almost certainly have achieved our growth targets and we should manage to be pretty prosperous compared to the rest of the country'.*

However, above and beyond the challenges outlined in section 7 in relation to skills, transport and future economic strengths, it is the way that Norwich City Council and its partners develop and sign up to a shared vision that will really make a difference. As one interviewee put it *'nothing will happen unless it is pursued.'* Therefore Norwich will not become successful unless the shape of that success is clearly identified and pursued.

This section highlights:

- The challenges common to all medium-sized cities, with which Norwich needs to grapple;

- The detailed policy recommendations, relating to the Ideopolis drivers, that would support Norwich in achieving its aspirations; and

- The three priorities that we argue Norwich needs to focus on above all if it is to thrive in the knowledge economy.

8.1 Challenges facing all medium-sized cities

There are some challenges that all medium-sized cities face in the knowledge economy. These include:

- The importance of a balance between national priorities and local needs. National policies need to create the space for local cities to respond to their distinctive circumstances. However, local areas need to learn lessons where possible from cities that have successfully responded to similar circumstances;

- The need for all cities to create a vision for their future, based on their distinctive strengths and weaknesses and their position in a UK and international network of cities;

- There needs to be a common consensus about the benefits of partnership working if this is to work within and between cities.

The recent Local Government White Paper has highlighted the importance of focusing on large and medium-sized cities, and on the relationships between them. Norwich should use this opportunity, as well as EEDA's support for Regional Cities East, to address these challenges and to seek national and regional support for their work.

8.2 Detailed Policy recommendations

Norwich has many of the components in place to deliver the promise of a successful city in the Knowledge Economy, but there are some policies that could help the city move closer towards its aspirations for economic success whilst maintaining and improving quality of life. Based on our analysis and previous research, some clear recommendations emerge, summarised under each of the Ideopolis drivers.

Driver	**Strengths**	**Weaknesses**	**Recommendation**
Physical Knowledge City	Attractive city, access to rural Norfolk, high quality of life, blend of new urban developments with historic sites, well-accommodated knowledge economy.	Lack of high quality office space, lacks conference and hotel facilities, under-bounded district authority may hamper future growth. Continued vitality of city centre.	Norwich needs to invest in the facilities that businesses need, planning for the future economy. To do this, central government needs to recognise that as an under-bounded district authority, the city lacks sufficient decision-making powers to drive future growth.
Building on what's there	Historic linkages with financial services sector	Linkages with other cities, notably Cambridge	Norwich needs to see its future beyond financial services and beyond the tight boundaries of the County.
Diverse specialisation	Financial services, opportunities for growth in creative and cultural industries as well as sciences.	Lack of focused aspiration for the city to become strong in other sectors.	Norwich needs a defined strategy around three specialisms: financial services, creative industries and sciences. It also needs to invest in its role as a regional services hub and see this as an equally important ambition.
High skill, high wage organisations	Some high value jobs in financial services, UEA, Norwich Research Park.	Threat to low skill and low paying jobs as companies outsource or industries continue to decline.	Norwich needs to focus on attracting more high skill organisations and growing its low performing SME base, as well as working with employers to create 'good jobs' in other sectors such as retail.
Vibrant education sector	Norwich has a compelling higher and further	Differential education performance and	Norwich needs to plan for the skills the labour market will need in the future:

	education offer and retains graduates.	low HE participation from local population.	skills for knowledge industries, retail and other personal services, skilled trades and construction to support the city's growth.
Distinctive knowledge city offer	Norwich's relative isolation makes it distinctive from other cities in England, and it is not seen as struggling with the same levels of decline as post-industrial cities. This makes for a compelling quality of life offer.	Norwich does suffer from an image problem and is not known for the strengths that it has.	Norwich needs to focus on building and reinforcing an image that will attract businesses and people, and will support the city in realising its ambitions regionally, nationally and internationally.
Leveraging strong connectivity	Worldwide connections via Amsterdam, seen as close to London by international investors.	Slow train connections, lack of a dual carriageway and lack of control over bus planning encouraging people to drive in the city.	Partners within Norfolk and the East of England more generally need to continue to lobby Government for investment in the rail and road connectivity.
Leadership around a knowledge city vision	City and county councils are seen as having developed better relationships with business. The new Local Strategic Partnership offers an opportunity for the city.	Being a district authority hampers decision-making powers for the urban area.	Norwich needs to be given unitary status, with boundaries reflecting the contiguous urban area of the city. Norwich needs to engage around a shared vision with partners within and outside the city.
Investing in communities	Levels of deprivation and exclusion are not as extreme as other large metropolitan areas.	Polarisation of communities, challenge of social inequalities and concern about growth in knowledge intensive sectors	Norwich needs to continue to attract funding to work in this area and needs to base its vision and strategy on ensuring that the knowledge economy benefits all communities in the city.

		exacerbating these divides.	

These policy recommendations also draw on the experience of other cities, including Manchester, Bristol, Brighton and Cambridge.

8.3 Overall Priorities for Norwich

Whilst we would argue that the policy recommendations above would support Norwich in achieving its ambitions, there is also a need for the city to prioritise and to ensure it has an overall strategy for the future. With this in mind, there are three areas that we argue Norwich needs to focus on:

1. Developing a Vision for Norwich

This is crucial. The city has many strengths but there was concern amongst interviewees that coherence and consensus around the future for Norwich do not exist:

> *What we don't have is a sense of direction as a city at the moment*
>
> *What is the Norfolk vision beyond a relatively complacent 'this is a very nice place'?*
>
> *[We] Can't predict the future but can create the environment and infrastructure to support emerging skills needs rather than reacting all the time. Need to become proactive and predictive*

This last quote highlights the importance of having a strategic vision that goes beyond the silos of specific policy areas. Currently Norwich is striving to be the *'best city in the world'.* However, we would argue that Norwich needs a more focused vision (and slogan) reflecting its ambitions to be environmentally sustainable, to have strengths in financial services, creative industries and sciences, and to offer a high quality of life to all residents. Having a focused yet aspirational vision gives partners a direction to work towards and also forms the basis of a marketing strategy and a strategy for attracting funding.

2. Ensuring that strategy reflects the socio-economic context

Norwich's vision also needs to be based on what is happening in the world around it. There was a fear from one interviewee that at worst, unless Norwich does this, the city will experience a slow decline '*where we do not understand the vastly changed economic circumstances and do not see that the proposition we had is being made more compelling elsewhere..don't collapse but drift away.'* Engagement with Regional Cities East is a first step towards working with others, as is planning for the Financial Services Academy. Furthermore, there is a view that Norwich needs to manage its growth strategy so that it does not damage its crucial strength of being a nice place to live: *'The secret is ensuring that the quality of life here is maintained and enhanced'*

3. Building aspiration

Interviewees agreed that there was a lack of entrepreneurial or aspirational culture in Norwich that has driven change in other cities, notably Manchester: "'*Lack of aspiration…almost everything comes down to that".*

Aspiration needs to exist in the city's leadership and partnerships, as well as in the city's wider culture. Currently many of the high skilled jobs are taken by people moving to Norwich from elsewhere in the UK and many of the local population do not have the skills to compete in the knowledge economy. Norwich needs to continue to strive to build aspirations and invest in its communities to ensure everyone benefits from its growth and success.

Norwich has the potential to be highly successful, building on its knowledge-based and non knowledge-based strengths. By focusing on these three areas, we would argue that Norwich will be maximising its potential to be both economically successful and to maintain and improve its quality of life offer for all its residents and visitors.

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