

DOING BUSINESS IN Norfolk

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Stay-at-home Britons have brought cheer to tourism operators, writes **Bob Sherwood** Page 4



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Wind blows county in fresh direction



Shoppers in Norwich's Royal Arcade – about 30 per cent of the city's workforce is employed in financial services

Alamy

Bob Sherwood finds old and new industries alongside each other in a graphic example of economic change

At one end of Great Yarmouth's brash pleasure beach, studded with the flashing lights of amusement arcades and fun rides, large cranes tower over a building site. But this is a scheme that has the potential to alter the Norfolk economy more profoundly than a new hotel or roller-coaster.

In the shadow of the now incongruously located Britannia Monument, a Regency era memorial to Norfolk-born Horatio Nelson, construction is in progress on a £40m "outer harbour", the UK's latest deep water port, which will significantly increase the country's freight capacity.

From the recently revamped seafront, past the ranks of children's rides and slot machine parlours, the turbines of a wind farm are clearly visible turning above the waves a short distance offshore.

Here, old and new industries sit alongside each other, a graphic demonstration of economic change in this county on the eastern edge of England.

Norfolk has for long been unashamedly dependent in large part on farming, food and tourism, as well as a Norwich financial services centre clustered around the company formerly known as Norwich Union.

But the county could just turn out to be at the leading edge of emerging sectors that promise solutions to some of the world's most pressing problems, such as renewable energy. In turn, they could transform the Norfolk economy.

The wind farm at Great Yarmouth is just the start. There are plans for bigger farms in the area around the Wash, while the East Anglia Array will create about 1,000 turbines off the coast of Norfolk and north Suffolk.

The potential for an alternative energy sector in manufacturing, servicing, maintenance and distribution is clear.

What makes it more viable, as well as the deeper water port access which will be critical, is that world-class expertise already exists in the North Sea oil and gas industry based around Great Yarmouth.

"The skill-set is ideal for transferring expertise into renewables," says Chris Starkie, chief executive of Shaping Norfolk's Future, the local economic partnership.

"The supply chain is there because there has been 40 years of oil and gas exploration, and so Norfolk is well placed to take advantage of the huge possibilities of offshore wind." Just 20 miles away, in the medieval city of Norwich, others are laying the groundwork for a similarly seismic economic shift.

About 30 per cent of Norwich's workforce is employed in financial services, with Aviva, the former Norwich Union, employing more than 6,500 people in the city.

Other institutions such as Marsh and Virgin Money are based there, in what is the UK's largest general insurance centre.

On the outskirts of the

city sits another institution that plans to grow sharply, broadening Norfolk's potential for highly skilled jobs in a very different sector.

The John Innes Centre, world famous among the scientific community for its plant and genetics research, is at the heart of the Norfolk Research Park.

This employs 2,700 scientists and also includes the Institute of Food Research, the Sainsbury Laboratory, the Norfolk and Norwich University Hospital and the University of East Anglia.

So far, commercial activity has been restricted to a relatively small bio-incubator that has helped launch 20 companies, including two that have failed.

But sitting amid the stark white walls, large glass screens and galleried walkways of the new Genome Analysis Centre at the Research Park, Alan Giles, chair of the business development group, has big plans.

"We are talking about the creation of a world-class life sciences cluster," he says. "We are creating a new commercial sector from this research base."

"We think it's possible because the areas that we are focusing on happen to address some of the grand challenges that the world is facing, such as bio energy, sustainable agriculture, climate change and healthy ageing."

The NRP aims to create an expansive science park on the site, making it much more hospitable to interaction with business and creating substantially

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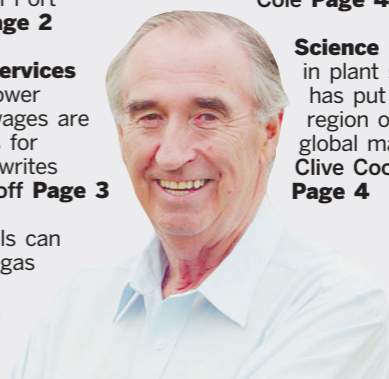
Infrastructure Robert Wright visits the expanded port at Great Yarmouth, a £50m investment by International Port Holdings Page 2

Financial services Norwich's lower rents and wages are a big bonus for employers, writes Sharlene Goff Page 3

Energy Skills can move from gas into wind power, says Ben Gill Page 3

Food and farming Bernard Matthews (pictured below) is not the only big name in the sector, writes George Cole Page 4

Science Expertise in plant science has put the region on the global map, writes Clive Cookson Page 4



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Norfolk.



Reinventing the wheel.

This is the remarkable Lotus Evora 414E Hybrid low emission sports car.

Advanced low carbon engineering like this requires a high skills base, a record of engineering innovation and a flexible supply chain.

There's one place where it's all in one place. Norfolk.

Surprised? Well, it's where you'll already find world leaders in alternative renewable energies, the UK's largest offshore wind farm and a globally recognised research base in environmental thinking and expertise, health and life sciences. Even the UK's Low Carbon Innovation Centre is based here.

So it's not surprising that world-renowned Norfolk-based companies such as Lotus are leading the way by using these unique resources and knowledge to reinvent accepted truths.

To find out more about driving your low carbon business forward in Norfolk, call David Dukes on +44 (0)1603 223142 or visit worldclassnorfolk.com

Picture of Lotus Evora 414 Hybrid by courtesy of Lotus Cars Ltd. To find out more about Lotus please go to www.lotuscars.co.uk

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World Class Innovation. Normal for Norfolk.

Doing Business in Norfolk

County is blown in fresh direction

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more innovation space that can attract inward investment.

An Enterprise from Innovation Board has been established and Mr Giles says the project could generate up to 3,000 high-value jobs over the next 10 to 15 years.

Mark Hodges, chief executive of Aviva UK and chairman of Shaping Norfolk's Future, says: "In terms of transformative opportunities, renewable energy and life sciences stand out. They could be game-changing."

The Norwich financial services hub, predominantly though not exclusively insurance, has inevitably felt the chill of the recession with some job losses, but Mr Hodges says it remains strong and firmly rooted in the city. He points to the recent location in Norwich of companies such as Williams Lea and Swiss Re as a sign of confidence in the sector.

He says: "We have brought companies to Norfolk as a result of the business we have outsourced and they have decided to set up in Norfolk based on the relationship with us."

Mr Hodges also points to the recent establishment of the National Skills Academy in Financial Services in the city as a "positive message" about the sector in Norwich.

Marjorie Eade, director of Norwich's Financial Industry Group, who was instrumental in setting up the academy, says: "It's made a difference to the sector here, because it gives us a mechanism to say what we want in terms of skills."

Among the county's traditional strengths, food sector companies were hit last year with redundancies announced by companies such as Bernard Matthews, Tulip, Total Produce and the Institute of Food Research. But there is a drive in the industry towards innovation, greater productivity and higher skilled jobs.

One example is the creation of the new Centre for Contemporary Agriculture by UEA and Easton College, which will offer undergraduate and postgraduate courses.

Meanwhile tourism in the county fared well in spite of the

Though the county is generally considered remote, many businesses appear genuinely confident

recession last year, as the rise of the "staycationer" increased the number of domestic holidays. Many tourism operations report plans to invest in their businesses this year in anticipation of an increased trend for Britons to spend their holidays in the UK.

But the remote rural nature of Norfolk, which makes it so attractive to tourists, remains a sticking point for business expansion. Companies repeatedly point to restricted road access and train times from London of almost two hours as the biggest constraints, while poor broadband access hampers the potential development of creative and digital businesses, which is another area of potential growth for the county.

The dualling of the last remaining single carriageway section of the A11, a 15km stretch near Thetford, is a top priority that was approved by the last government but needs to be given the go-ahead by the new coalition.

In addition, a "Norwich in 90" campaign is seeking higher service standards from the Greater Anglia rail franchise, to cut journey times from London to an hour and a half.

Daniel Cox, leader of Norfolk County Council says: "The A11 remains unfinished business and deserves early and positive attention from the new transport secretary... This is an issue on which local government in Norfolk and business speak as one and so we are working hard to ensure that the biggest single boost possible for the Norfolk economy is finally delivered."

Though the county is often overlooked in commercial terms and generally considered remote, many businesses appear confident. That confidence was encapsulated in the recent advertising campaign that adopted and turned on its head the pejorative medical slang "normal for Norfolk".

Mr Cox adds: "Perhaps shouting about our success has not been our strong point in the past but the 'World Class - Normal for Norfolk' campaign is changing outdated perceptions others may have of our beautiful and inspiring county."



Quay point: the Seajack Kraken barge at Great Yarmouth's expanded port

Port project hopes to make waves

Infrastructure

A £50m investment has expanded facilities at Great Yarmouth but the timing could have been better, reports Robert Wright

The scene surrounding the Seajacks Kraken as it loads could scarcely be more different from the one it would have encountered at Great Yarmouth just two years ago.

The vessel, a barge servicing the offshore wind, oil and gas industries, lies next to a brand new quay, surrounded by plentiful water and protected by a new breakwater. If it could have reached Great Yarmouth's previous port at all, the vessel would have had to be content with an ill-equipped dock in the shallow, cramped tidal Breydon Water, inland from the town.

The barge, owned by Great Yarmouth-based Seajacks, is one of the largest vessels so far to call at Great Yarmouth outer harbour, an ambitious

project constructed over the past three years along the town's seaford.

The project is intended to revive both the centuries-old Great Yarmouth port and the surrounding town. The £50m investment is being undertaken by International Port Holdings, a specialist port investor founded by Alistair Baillie, a former chief operating officer of P&O Ports.

The port's idle container cranes are a reminder that success is no foregone conclusion. Singapore's PSA, the world's second-largest container terminal operator, agreed to operate the new port's container terminal in 2007, at a time when booming volumes made almost any new UK container terminal a one-way bet. With significant capacity made available by falling volumes last year, the facility is currently standing empty.

However, Chris Starkie, chief executive of Shaping Norfolk's Future, the county's economic development partnership, says the investment in Great Yarmouth was vital to ensure the port remained viable.

"It's about ensuring that trade that would otherwise go down to Harwich or Felixstowe can be held within Norfolk," he says.

Great Yarmouth's old port was built, like hundreds of others around the world, in the natural shelter of a river mouth. But the increasing size of modern vessels meant Breydon Water's five-metre depth and the sharp bend by its mouth were excluding increasing numbers of potential customers.

To the irritation of some other nearby port operators - particularly Hong Kong's Hutchison Ports, owner of the Port of Felixstowe - both British and EU public bodies have contributed around £18m to the £25m basic maritime works costs. That has paid for two breakwaters to enclose a section of beach by the river mouth and dredge an access channel.

The port inside has a water depth of 11 metres and is able to handle the far bigger offshore supply vessels now building wind farms in the North Sea. The container terminal will be able to handle ships of up to 200m, with a cargo capacity of about 2,000 twenty-foot equivalent units of containers.

However, the ambitions of Eastport UK, which took over the port from the old, publicly-owned port authority in May 2007, extend beyond replicating the old port's relatively limited range of activities.

Eddie Freeman, Eastport UK's chief executive, accepts that there could have been better times to launch a new port than into the teeth of some shipping sectors' worst-ever recession. "We didn't pick our timing," he says.

But the port's proximity to continental Europe - only 90 nautical miles away - should make it a significant force in handling containers making short sea crossings to and from the UK and roll-on, roll-off traffic, Mr Freeman believes.

The new port has also led Gleadell, one of the world's largest shippers of agricultural commodities, to build a warehouse for grain from East Anglia's rich agricultural belt. Mr Freeman hopes to attract inward shipments of fertiliser heading into the UK as well.

Meanwhile, the port - the UK's busiest after Aberdeen for offshore supply traffic - looks set to remain an important part of the energy industry. In offshore gas, new technology has extended many fields' lives. Development of the East Anglia Array of wind turbines just off the port offers still greater opportunities.

"The whole market is now ablaze with opportunity," Mr Freeman says. There remain questions about how

well the port can compete for some traffic, given that it is only 60 miles from Felixstowe, the UK's busiest container port, and the neighbouring busy ferry port of Harwich. Both have developed excellent - and still improving - inland rail and road links.

Both rival ports are also well placed to take goods onwards to the knot of distribution centres around Rugby in Warwickshire that is the ultimate destination of many goods arriving in the UK. Its size constraints mean Great Yarmouth will never attract the deep sea, long-distance ships that are Felixstowe's core business.

Many of Great Yarmouth's inhabitants, nevertheless, appear to have invested significant hope in the new port to revive a town suffering from the decline in fishing but still intensely proud of its maritime heritage.

Mr Freeman believes that hope is justified and points to the numerous niches he believes Great Yarmouth can carve out. Precisely because it is small, the port will be able to load trucks and dispatch them more quickly than rivals, he points out.

"The ultimate aim is for the port to be full across a range of areas," Mr Freeman says.

A broad base helps weather the downturn

Economy

But the county still has some catching up to do, writes Bob Sherwood

The headline statistics of the Norfolk economy, which is less productive than regional and national averages, do not do justice to the county's business potential.

According to the most recent figures for the standard measure of economic productivity, Norfolk's gross value added was £16,570 per head of population in 2007, compared with East of England and UK levels of £19,080 and £20,430 respectively. "The county has the potential to do better," says Chris Starkie, chief executive of Shaping Norfolk's Future. But he points out that it is mainly rural and also has a high percentage of retired people - 23.5 per cent of the population compared with the national average of 18.35 per cent.

With Norwich, Great Yarmouth and King's Lynn being the only sizeable towns, there is a high proportion of relatively small companies, which is a determining factor in the performance of the local economy.

Weekly pay levels average £446.10 in Norfolk, below the East of England's £509.40 and the UK average of £496.

"The pay rates reflect the traditional base of the economy - tourism and agriculture," says Mr Starkie.

But the economy is more broadly based than might be immediately apparent.

The public sector accounts for 28 per cent of the workforce; tourism and retail 25 per cent; banking, finance and professional services employs 19 per cent; manufacturing, including food processing, more than 12 per cent; and creative industries 6 per cent.

Kevin Thorn, area commercial director for HSBC, the bank, says: "Norfolk has probably

weathered the downturn better than most because of the diversity of its industries."

For example, he says manufacturing has held up well because the industry in Norfolk is largely tied to the key sectors of energy and food production, which have generally fared well.

In addition, because of its focus on green technologies, Lotus, the Norwich-based automotive group, has expanded its workforce at a time when the car industry is shedding jobs.

"In the past few months, we have seen a significant increase in demand from companies planning to invest in their businesses," says Mr Thorn. "We are lending into several sectors, including energy and manufacturing."

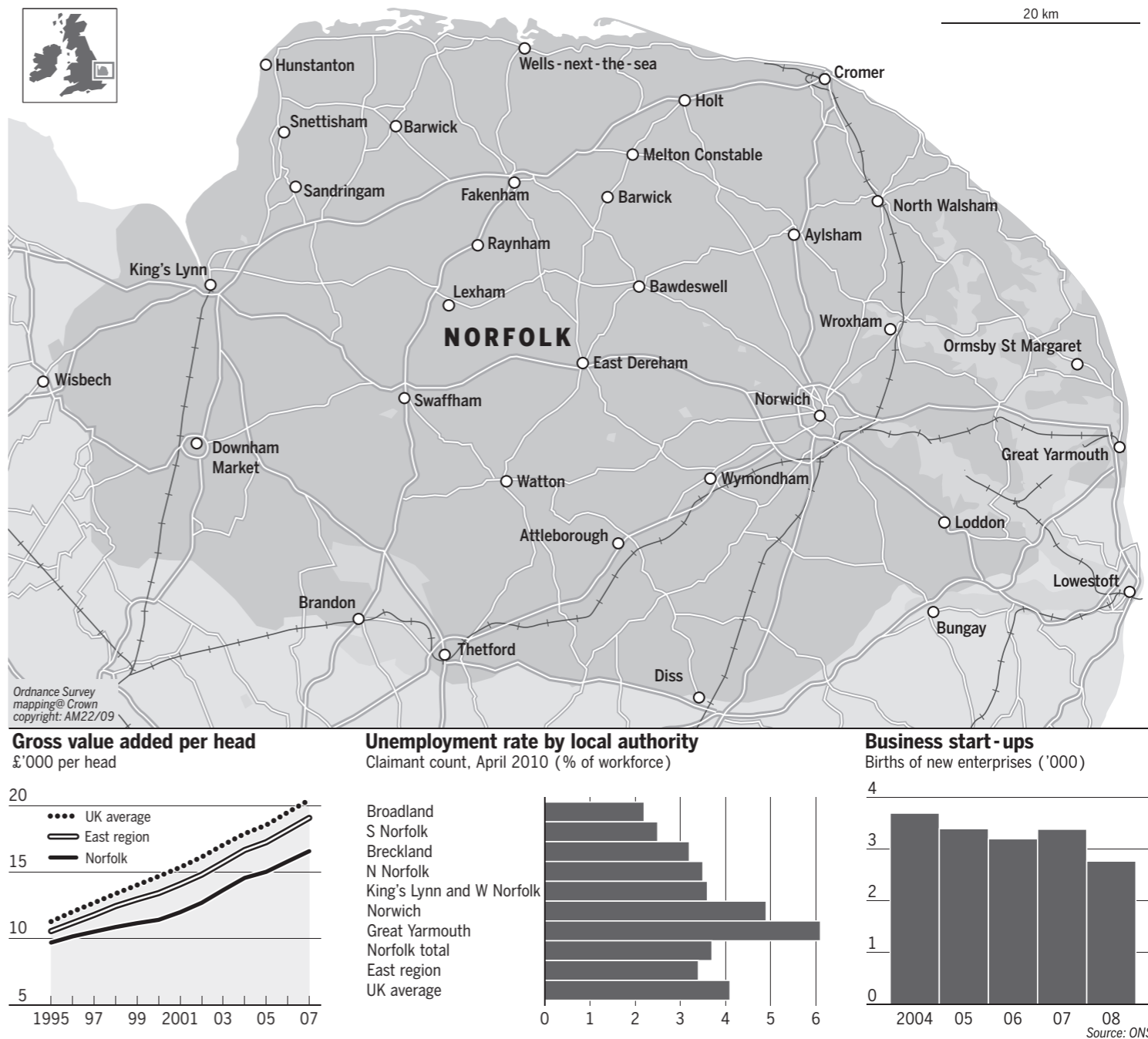
Between December 2007 and December 2009, people claiming unemployment benefit in Norfolk rose from 2 to 3.7 per cent of the working age population, higher than the East of England average but lower than the national rate.

Of course, the economy of Norwich is markedly different to the county as a whole. Its financial services cluster employs more than 30 per cent of the city's workforce, has more large employers, and pushes up pay rates and productivity significantly.

Property prices are low, too, contributing to a high quality of life for those with skilled and relatively well-paid jobs. Norfolk's average house price in 2009 was £145,300, unchanged on 2008, while the East of England average was £171,700.

The county must also cope with rapid population growth. From a low density, the number of inhabitants has reached more than 850,000, an increase of 38,000 from 2003 and a faster rate than the UK average. More is to come. The population is projected to increase by more than 90,000, or 11 per cent, from 2006 to 2016, with Norfolk likely to grow by almost 14 per cent.

The projections underline the importance of creating jobs in sectors such as renewable energy, scientific research and



creative industries. The potential for digital businesses in rural areas, a sector considered by many to have much potential in Norfolk, is currently hampered, though, by poor broadband infrastructure in many places.

The county's size and distance from London, exacerbated by poor road and rail connections, means it has a relatively self-

contained labour market, with 91 per cent of residents working in the county and just 6 per cent of employees commuting from elsewhere.

Almost 10 per cent of the working age population are self-employed, greater than the UK average, but the business start-up rate is lower than the regional and national rates.

David Thompson, regional director of TNG, which delivers programmes to help people into employment, says that while Norfolk provides about 40 per cent of jobs in the county, encouraging entrepreneurial activity will be crucial in the countryside.

He says: "The rural areas are a bigger challenge in terms of transport links. It is clear that either the option for home work-

ing or, as an alternative, helping people set up their own businesses can work extremely well in the more remote areas."

Skills levels are also a challenge, particularly outside Norwich. Of the adult population, more than 12 per cent have no qualifications

workforce as large businesses do," he says. But he says that productivity can be raised in some sectors, such as agriculture, which has been rapidly adopting new technologies.

He adds: "Scandinavian countries are ahead in productivity in agri-foods. And more attention needs to be paid to innovation to improve productivity here."

But while he believes raising Norfolk's productivity to the level of the greater East of England is a "good aspiration", it is not necessarily a defining measure, given the nature of the county's economy.

"It's a reasonable goal but it's going to be challenging, looking at the size of the businesses in Norfolk," he says.

Glenn Athey, director of Insight East, the economic intelligence unit at the East of England Development Agency, says that raising skill levels in much of the county's workforce will be difficult.

"The county has lots of very small businesses and they do not do as much training of their

workforce as large businesses do," he says.

But he says that productivity can be raised in some sectors, such as agriculture, which has been rapidly adopting new technologies.

Insurers avoid paying a premium

Financial services

Norwich's lower rents and wages are a big bonus for employers, writes **Sharlene Goff**

Insurance executives have dubbed Norwich the graveyard of ambition. Some found that after moving to the financial services hub in the centre of Norfolk they discovered a better quality of life, which, while welcome, softened their drive to work.

Nevertheless, the home to Aviva – formerly Norwich Union – Virgin Money and a growing number of start-up insurance businesses has developed into one of the UK's leading financial centres outside London.

The finance industry is easily the largest private sector contributor to Norfolk's economy. One in three employees in Norwich work in financial services, according to the Financial Industry Group, a local lobby group for the sector. The industry pumps millions of pounds back into the local economy each year through housing, retail and other services.

Norwich's financial sector centres around insurance. Aviva has been based in the city for some 200 years and is by far the region's largest employer, with a pool of around 6,000 Norwich-based staff.

Aviva's East Anglian roots have drawn a number of other businesses to the area in recent years.

Virgin Money, which started as a joint-venture with Norwich Union, has remained faithful to the city long after its partnership with the insurer ended, while Marsh, the insurance broker, runs much of its administrative functions from Norwich. The part of reinsurer Swiss Re's business that is responsible for administering life insurance policies for Aviva is also based in Norwich.

More recently a number of entrepreneurial businesses,

such as smaller insurers and claims services companies, have sprung up in the area to service the bigger conglomerates and take advantage of a significantly lower cost base than they would have in London.

Overall, it is believed that more than 10,000 people work in the financial services sector in Norwich.

David McMillan, chief executive of Aviva's general insurance business, which is headquartered in the city, says this has provided a big uplift for the local area.

"If you have 10,000 employees buying houses and spending money that is going to have a major impact," he says.

The attractions for employers are clear. On average office space costs 75 per cent less than in London and cheaper living costs mean that wages are also significantly lower.

The area has not been immune to the recession. Aviva shed hundreds of jobs in Norwich last year

Also, the explosion of financial services in recent years has increased the talent pool in the area, bringing further attractions for businesses considering setting up in Norfolk.

"There are a lot of highly trained people here now," says Natasha Humphrey at Bluefin Insurance Services, the Axavend insurance broker, which has offices in Norwich.

"It is a real second option outside London. There is a high calibre of employees and comprehensive training programmes in financial services."

Local executives say that while the financial sector in the City of London has faced severe turbulence during the recent downturn, the local Norwich market has been more detached from the global events.

Mr McMillan is confident the prospects for the area remain good. "There is a strong and sta-

ble workforce here," he says. "It is a well established and well diversified economy that is pretty resilient to the boom and bust of economic changes."

This is partly because companies tend to have their essential back office operations in Norwich, which are less vulnerable to economic shocks.

Also, growth in the region has been more gradual. "It doesn't have the same peaks and troughs as somewhere like London," adds Mr McMillan. "It never rose as much and hasn't fallen as much."

The area has not been totally immune to the recession. Aviva shed hundreds of jobs at its Norwich office last year, as it moved to streamline its UK life and pensions operations, while people involved in the industry say fewer new companies have set up in recent years.

However, one business that has continued to grow through the downturn is Virgin Money, which has recently secured its banking licence from the Financial Services Authority.

The financial services arm of Sir Richard Branson's business has increased its headcount in Norwich, where it is based and raised profits last year. The bank employs just over 200 staff in the area – the vast majority of its 280-strong workforce – and plans to expand over the next 12 months.

The region's growth prospects now hinge on improvements to the infrastructure of the area.

Insurance companies tend to have core operations in London and so executives spend a considerable amount of time travelling between the capital and Norwich.

Aviva, for example, spent more than £500,000 on train fares last year. It is backing a local campaign which is lobbying for a faster train service to London.

"The reality is that London is still the ultimate hub," says Mr McMillan. "Fifty per cent of major brokers and distribution companies, along with the Lloyd's market, are in London and so transport links are crucial."



Here for good: inside Aviva's Horizon Business Centre in Norwich – the company has been based in the city for about 200 years

Profile Cost savings and pool of talent attract Virgin Money

The transformation of Virgin Money from a niche investment provider to one of the new banks soon to spring up on UK high-streets means the group stands out among the traditional bundle of insurance companies in Norwich.

While Virgin's business model has moved swiftly away from its original partnership with Norwich Union, its head office has remained firmly entrenched in the city.

Almost three-quarters of the bank's 280 staff are based in Norwich and its operations there include IT, finance and risk, marketing, administrative activities and human resources.

The group, which also has offices in Edinburgh and London, acquired its banking licence from the Financial Services Authority this year and is working to open its first

high-street branches. These will be launched in London and Edinburgh this year, but Virgin is hoping to build a nationwide network of about 70 branches over the next three or four years.

It is yet to decide where its operational centre and call centre will be based – although there are advantages of having these in Norwich alongside its head office.

Virgin says the cost of office space in Norwich is typically around £13 a square foot, while its London premises, which are situated in the exclusive area of Mayfair, are more than three times that.

In addition to the cost savings, Virgin says there is a talented pool of financial services staff in Norfolk, who are attracted to the area by the large number of jobs and extensive training opportunities on offer.

Virgin set up 15 years ago to provide personal equity plans (Peps) – the predecessor investment to individual savings accounts (Isas) – pensions and life insurance in a joint venture with Norwich Union.

For the past couple of years, the group has been plotting its launch as a fully fledged bank. It acquired a small Somerset-based private bank earlier year and has raised funds from Wilbur Ross a US entrepreneur.

Virgin also stands in contrast to other Norwich-based companies, as it has increased its employee headcount in the past year, while others have been scaling back.

"Our plans should see staff numbers growing quite considerably," the bank says.

Sharlene Goff

A bright and breezy outlook for renewables

Energy

Skills can be switched from gas into wind power, writes **Ben Gill**

Norwich, the county town, was long said to be cut off on three sides by the sea and on the fourth by the railway. Now, however, Norfolk looks set to turn its maritime aspect to its advantage.

According to the East of England Development Agency (Eeda), the southern North Sea has the most reliable wind patterns in Europe, ideal for offshore power generation.

Norfolk's agricultural heritage also offers excellent opportunities in biofuels. This combination, along with nearby nuclear sites and research into carbon capture and storage, puts the county at the forefront of an integrated energy supply chain required for the future.

At present, 50 per cent of the UK's electricity comes from gas-fired generation, 33 per cent from coal, 14 per cent from nuclear and 3 per cent from other sources, including renewables. This is a long way short of the UK's target of obtaining 15 per cent of its electricity from renewable sources by 2020 and highlights the opportunity for Norfolk and its mix of energy resources.

The Bacton Terminal in Norfolk receives about 35 per cent of UK gas, delivered in pipelines from continental Europe and the southern North Sea. This has maintained Norfolk's position as the UK's second biggest UK gas provider after Aberdeen.

Driven by a recent decline in gas exploration projects and a growth in the renewables industry, some companies plan to diversify their engineering skills from gas to wind, as well as looking to use old gas fields for gas storage and capturing and storing up to 1.46bn tonnes of carbon dioxide.

Celia Anderson, executive director for skills at the East of England Energy Group (Eeeg) says that "80-90 per cent of these skills are in common when you're looking at offshore wind, nuclear, and the oil and gas industry".

Plans are under way for an Energy Skills Centre as well as new energy engineering courses at the University of East Anglia (UEA) to train and recruit local engineers and technicians who have skills that can be transferred between industries.

Ms Anderson says: "This is about getting local people into the jobs and for that we need to be able to train them locally."

Until now, the relatively slow growth of offshore wind has not provided the economies of scale for local businesses to compete in the market, other than in assembly or supplying components and services, with almost all UK wind turbines coming from abroad.

However, with the East Anglia Array set to be the UK's second biggest wind farm from 2020, and a further 4,000Mw



It's an ill wind... the foreshore at Great Yarmouth

Alamy

from Hornsea, up the coast off East Yorkshire, a huge amount of activity is taking place in Norfolk to capitalise on these opportunities.

The recent completion of a deep-water harbour in Great Yarmouth enables Norfolk to become the most cost-effective base for the manufacture and construction of these wind farms, as well as offering a boost to the offshore gas industry. While a lot of UK companies are talking about manufacturing wind turbines, it is likely most of the components will still be imported.

Offshore wind alone could bring a potential 2,300 direct jobs and 1,500 supply chain jobs into the region

At one of Norfolk's innovation centres, the Hethel Engineering Centre, the Eastern England Wind Energy Group (Eeweg) aims to rectify this.

Peter Wortley, project director says the latest wind farm commissions "justify the number of manufacturers looking at the UK as a manufacturing base".

The project aims to take existing knowledge and skills in oil and gas, automotive, aerospace and marine industries, and manufacture a prototype wind turbine, with 80 per cent of its components made in the UK.

The Hethel Centre has created 105 jobs and supported more than 1,000 businesses in the low

carbon industry in its first four years.

Dorian Hindmarsh, business development manager, says the Eeweg was "recognised by the last government as the only project of its kind".

This has led to interest from Scottish Power, owned by Iberdrola of Spain, and Vattenfall of Sweden, the two energy providers behind the East Anglia Array wind farm.

Alongside wind, Norfolk is also pioneering biofuels.

The Wissington factory in north Norfolk is not only British Sugar's biggest refinery in Europe but also saw the UK's first bioethanol plant in 2007. It supplies 70m litres of bioethanol to the transport sector every year, using locally grown sugar beet – about 2 per cent of the fuel used by the UK's cars.

In a similar way to the Hethel Centre, the InCrops Enterprise Hub is facilitating the development of products and processes in alternative and non-food crops, at the UEA.

A study commissioned by Renewables East, a regional energy agency, suggested that offshore wind alone could bring a "potential 2,300 direct jobs and 1,500 supply chain jobs into the region, delivering more than £100m a year to regional gross value added by 2030".

John Best, chief executive of Eeeg, says: "Norfolk, because of its geographic location and proximity to built and natural assets, holds a position of importance for UK plc in producing secure, affordable energy on the path to a low-carbon economy."

Technology groups find comfortable home

Engineering

The sector has an important role to play, says **Andrew Baxter**

In a county best known for tourism and agriculture, the engineering sector is ploughing its own furrow and quietly developing into one of Norfolk's hidden strengths.

It may be low-profile, but the sector's importance is officially recognised as a means of diversifying the local economy. It benefits from a joined-up approach involving the East of England Development Agency (Eeda), the county and local councils, all of which are keen to encourage innovation, give high-technology start-ups a helping hand and build a broad-based knowledge economy.

Of the county's 916 manufacturing businesses, 443 are classified as engineering. The best known name, Group Lotus, straddles both the engineering and transport sectors, with Lotus Engineering, which works on engine design and research, complementing the better-known Lotus Cars (see profile at www.ft.com/east-england-2010).

The rest of the sector is highly diverse, with large and small companies in sectors from defence to energy. All of them have found their strategies tested in the recent recession, but some are beginning to see growth again after surviving a difficult period.

"Those companies that went through the recession of 20 years ago are in a stronger position, and [have not had to make] significant redundancies," says Keith Hamilton, head of external affairs for the East of England at EEF, the UK manufacturers' organisation. "Quite a few, because of skills shortages, have retained their best people."

Simon Coward, Norfolk County Council's managing director of innovation and enterprise hubs, says companies experiencing growth have been diversifying – generally by changing their market and product to meet the needs of a new customer, rather than changing their activities.

An example is Milltech Precision Engineering, a specialist machining and assembly subcontractor with 31 employees based at an industrial estate on the outskirts of Norwich.

"In the middle of 2008, we identified there was a problem coming," says Mike Ottolangui, managing director. Milltech decided to focus on its strengths producing technically complex parts in low and medium volumes, and homed in on the energy sector as one with good growth prospects and where it could expand its business.

"We targeted people within that area, exhibited at trade shows that we had never done previously, and did mailshots and direct contacts," says Mr Ottolangui. "This helped us get through and opened a lot of new doors. Our recession lasted only six months and we are looking to grow again."

If finding the right skills is a challenge, holding on to capable workers is less of a problem

In Great Yarmouth, US-owned Trend Marine Products saw its market, the leisure marine sector, shrink by 35-40 per cent. "We did a little bit better than average in terms of our need to shrink, but took action early to protect our cash flow," explains Robin Thatcher, technical and sales director.

Trend Marine is Europe's largest manufacturer of glazing products for the leisure marine sector, and shed a third of its workforce, or about 100 people, during the recession, but accelerated its rate of innovation.

The business environment is now stable, says Mr Thatcher, although competition remains tough because of overcapacity in the sector.

Supporting innovation, meanwhile, is recognised as the key to shaping the future of Norfolk's engineering sector, and is one of the main aims of the Hethel Engineering Centre, which opened four years ago and is backed by Eeda, Norfolk County Council and South Nor-

folk Council. The £5m centre is a critical component of the endeavour to build a knowledge economy in Norfolk and greater Norwich, says Mr Coward. "It's also about building knowledge-based businesses in the engineering sector."

As well as supporting innovations, the centre incubates them when they need to become start-up businesses, he says.

"As they grow, and need to take on skilled staff, we play our part in upskilling, raising aspirations and attainment." The centre also works with schools to foster enthusiasm for engineering as a career.

Peter Johnson, production director at Thetford-based Trox UK, says the Hethel centre is "very promising, helpful and constructive for giving some focus to manufacturing development in the area, but there's got to be a lot more of it".

Ventilation and indoor climate control systems and components, and is best known for its chilled beams, architectural elements that fit into ceilings and provide multiple services, as well as cooling or heating.

"There hasn't been much of a history of manufacturing in this part of Norfolk, and there aren't many skilled manufacturing people about," says Mr Johnson. "So we do a lot of internal training and apprenticeships."

Road transport connections also need to be improved, he says, but the big advantage of being based in Norfolk is the workforce.

"We've got a very flexible, close-knit and committed workforce, with a lot of community spirit," says Mr Johnson.

New working arrangements were introduced last year, as the recession began to have an impact, and enabled Trox UK to maintain its skillsets and avoid compulsory redundancies at its factory.

If finding the right skills is often a challenge for Norfolk's engineering companies – and counterparts elsewhere in the East of England – holding on to capable workers is less of a problem.

"Once people get here they tend to stay, because it's a great place," says Mr Thatcher at Trend Marine.

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Doing Business in Norfolk

Stay-at-home Britons bring cheer to hoteliers



Tourism

The recession has been a blessing in disguise for the county's biggest industry, writes **Bob Sherwood**

The "staycationer" phenomenon has lifted the spirits of Norfolk's tourist industry just when the recession might have been expected to depress the holiday market.

Many operators reported a profitable year in 2009, as thousands of British tourists gave up their usual foreign holidays under financial constraints and rediscovered the delights of the Norfolk countryside. Given recent British summer weather, it helps that the region is the driest part of the country.

Many see the trend continuing into this year, which will be of economic significance for the county.

For all the attention paid to emerging scientific and environmental industries, tourism remains Norfolk's biggest earner, worth an estimated £2.5bn to the economy and supporting 47,000 jobs directly and indirectly.

"The tourism sector here is 50 per cent bigger than Cornwall's," says Chris Starkie, at

Sun, fun and sand: the lively Great Yarmouth seafront has long been an attraction for the family 'bucket and spade' market

the economic body Shaping Norfolk's Future. "Nobody believes me when I tell them."

"It's huge," says Michael Timewell, chairman of Norfolk Tourism. "It's our biggest industry and it employs the most people."

Detailed figures for the industry for 2009 are not available yet, but tourist attractions are reporting visitor numbers up by between 5 and 10 per cent in 2008, when there were almost 25.5m day trips recorded to Norfolk and almost 4m staying visits.

The staycationer trend has created a wide sense of optimism in the industry, according to Mr Timewell, who is also director of Blue Sky Leisure, which owns two premium holiday parks in the county.

"People have now got the confidence to reinvest," he says. "In a local newspaper survey, 74 per cent of respondents said they were intending to invest in their business in the next 12 months. They are buoyed up by what they see as a continuing resurgence in people coming to the county."

Some recent investments in the sector include the conversion of 16th century Heacham Manor near Hunstanton to a luxury country hotel with an 18-hole golf course, and the Bank House, a Georgian town house hotel in King's Lynn, as well as investment in the 31-room boutique hotel Titchwell Manor on the north Norfolk coast.

Mr Timewell says his company has invested "millions" in recent years in infrastructure and facilities at Kelling Heath, which offers woodland lodges, holiday homes and camping in

250 acres of wood and heathland in north Norfolk and boasts an 82 per cent customer retention rate.

Much of Norfolk's appeal lies in its natural environment, which has distinct brands including the Norfolk Broads, the network of rivers and lakes (the "broads") popular with boaters and anglers, and the coast with its resorts such as Hunstanton, Sheringham and Cromer.

The north Norfolk coast is popular with tourists seeking a more genteel break, while the lively Great Yarmouth seafront caters for the family "bucket and spade" market.

Such attributes appeal to the

There are moves to broaden the appeal of Norfolk with the development of cross-county marketing activities

domestic holiday market, which is critically important to the industry. Visitors from overseas make up only a small proportion of the market – just 232,000 of the 3.98m staying visits in 2008 – as the county does not feature highly on the radar of most foreign tourists.

The county has historical links with the Netherlands and regular flights from Norwich airport to Amsterdam mean that Dutch visitors are the most important overseas market, along with tourists from Belgium and Germany.

The history of US air bases in

the county also encourages some American visitors. Although less than 10 per cent of visitors are from overseas, they are higher spenders.

Business tourism, which suffered rapidly in the recession, is also just a small fraction of the sector in the county.

There are moves to broaden the appeal of Norfolk, with the development of cross-county marketing activities based on themes such as "outdoor Norfolk" and culture and heritage, which could attract more foreign visitors. Norwich was medieval England's second city while King's Lynn has a long maritime history.

Tourism chiefs, perhaps surprisingly, also view the 2012 London Olympics as a prime opportunity to attract more overseas visitors to the county. The rail line to East Anglia runs directly past the Stratford Olympic park and Lydia Smith, Norfolk's director of tourism, says the Olympics are an ideal opportunity to demonstrate how accessible Norfolk really is from London.

A marketing campaign to capitalise on the Olympics is being developed over the next few months along with plans to introduce foreign journalists to Norfolk.

"We hope we will be able to show people how close Norfolk is to Stratford," says Ms Smith. "We hope people will realise they can stay in Norfolk and go to Stratford to see an event."

"People who come to the Olympics are not going to spend the whole of their two weeks at the games and Norfolk has some of the most unspoilt British landscapes within easy reach."

Food and farming Innovation helps agricultural sector build on traditional strengths – while Colman's and other household names cut the mustard

East Anglia is often described as England's bread basket, so it is no surprise that Norfolk is a centre of food production and home to many food manufacturing, processing and packaging companies.

These include Heinz, Colman's (part of Unilever), Kettle Foods, Masterfoods (part of Mars), British Sugar, Hain Frozen Foods (brands include Linda McCartney and Ross), Pinguin Foods, a frozen foods specialist, along with Bernard Matthews Farms, the turkey farmer and producer, which employs 2,000 people and farms more than 7m turkeys a year.

The East of England Development Agency (Eeda) estimates that 10,500 people in Norfolk are employed in agriculture, with a further 9,200 working in food and drink manufacturing, representing about 6 per cent of total employment for the area.

Ann Steward, Norfolk County Council cabinet member for sustainability, says: "Norfolk has been at the forefront of agriculture for centuries, both in terms of innovation and production. These Norfolk characteristics have also driven

farmers to develop their own value-added products."

John Turner, professor of plant science at the University of East Anglia (UEA), says a number of factors have contributed to Norfolk becoming an important centre for the food industry.

These include productive soil and relatively cheap land prices, which attract outside businesses; proximity to the ports of Harwich and Felixstowe, and support from organisations such as Eeda and the county council, which have encouraged enterprise and innovation.

Efforts are also being made to increase skill levels of the local population, as food manufacturing and production becomes increasingly sophisticated. "Farmers are using GPS [Global Positioning System] technology and highly efficient machinery that requires a high skill level," says Mr Turner.

The Centre for Contemporary Agriculture, a collaboration

between UEA and Easton College, with support from other local institutions including the Institute of Food Research and the Sainsbury Laboratory in Norwich, offers education and skills-training in agriculture and food production, with a focus on developing employment skills for the agri-food sector.

Mr Turner also notes that the Norfolk farming community is "strong and resilient. There's a spirit of support and co-operation, and people are willing to share knowledge with others."

With traditional farming offering limited income, farmers have become entrepreneurial and innovative – by setting up farm shops, for example, to sell their produce. Some of these small

businesses have subsequently grown and become household names, such as Bernard Matthews.

Pasta Foods, based in Great Yarmouth, has 130 employees and is the UK's leading dry pasta maker and a big producer of snack pellets.

Most of the company's products are used by food processing and snack manufacturing companies, although Pasta Foods has also formed Marshall Foods, which sells pasta products in Scotland.

"Fifty five per cent of what we produce is exported and we operate in 33 countries," says Peter Barry, managing director. "We've even exported our pasta to Italy."

Hain Frozen Foods, part of The Hain Celestial Group, manufactures frozen meat-free and dessert products for the retail, food service and export sectors, and employs more than 225 people at its Fakenham site. In addition to the company's own brands, it also makes private label products for food retailers, including Tesco.

Asda, J Sainsbury and Wm Morrison.

Martin Johnston, Hain Frozen Food's human resources manager, says there

are a number of benefits from being in Norfolk: "We are surrounded by beautiful countryside and only a few miles from the north Norfolk coast. And we have a stable and loyal workforce."

Kinnerton Confectionery, part of Zetar, is the UK's largest independent producer of children's and adult confectionery novelties. Its 125,000 sq ft plant at Fakenham has 500 employees and an annual turnover of £60m. Another 100 employees work at Kinnerton's packaging facility in the nearby village of South Creake.

The company's products include Advent calendars (it makes 9.3m a year), Easter eggs and licensed chocolate novelties (including, Disney, the Simpsons and Barbie).

Kinnerton supplies Marks and Spencer and its licensed products are sold through many leading retailers. It also manufactures products for chocolate companies, and around 5 per cent of the company's products are exported.

Kinnerton's site also includes segregated lines that produce chocolates for people with nut allergies.

Gordon Chetwood, the manufacturing site director, says one of the advantages in being based in Norfolk is that "we have a long-standing, experienced workforce and a significant number of our staff have been with us for more than 10 years."

However, transport can be a problem for companies based in Norfolk. Mr Turner says: "Transport in and out of Norfolk is a nightmare. If you are going west, it's very difficult, and you often end up on slow, single-carriage roads that are littered with tractors, until you reach the A1. Going south via the A11 is better, but you can still hit bottlenecks. This is limiting growth and development in the area."

In contrast, Mr Chetwood says: "Transport is not a problem. We are a little remote, but we have a good record in delivery rates for our customers. We know the routes out of Norfolk that work for us. Having said that, any improvement in the transport infrastructure would be a help."

George Cole



Talking turkey: Bernard Matthews

spark
knowledge
commitment
bright ideas

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MILLS & REEVE



World-class roots boost plant research

Science

Clive Cookson on the institutions that have helped put the region on the map

When it comes to plant science, there is nowhere in the world that surpasses Norwich. The John Innes Centre and its sister institution on Norwich Research Park, the Sainsbury Laboratory, came top by a long way in a recent global ranking by Thomson Reuters, the scientific information company.

The survey looked at 887 institutions worldwide that publish significant numbers of research papers in plant and animal science, using the huge Thomson Reuters database.

It measured the number of papers produced by scientists at each institution and how often they were referred to by other researchers, to produce an "impact" ranking based on citations per paper.

John Innes and the Sainsbury Lab, which counted as a single entity for the survey, averaged 37.54 citations for each of the 1,134 papers published between 1999 and 2009 – well ahead of Japan's Riken research organisation, in second place with a score of 27.49, and Germany's Max Planck Society, third with 23.04, followed by a group of US universities.

John Innes is the most

venerable of Norwich's group of research institutions, which have particularly strengths in plant and microbial sciences, food, health and the environment.

It celebrates its centenary this year, though it moved to the city only in the 1960s to form a link with the school of biological sciences at the brand-new University of East Anglia.

The Sainsbury lab joined John Innes in 1989, thanks to the generosity of Lord David Sainsbury, then finance director of the Sainsbury supermarket group and more recently Britain's science minister.

His Gatsby charity set up the lab, which it continues to fund, to apply state-of-the-art genetics and molecular biology to investigate the way plants interact with microbes and viruses.

"David Sainsbury set up the lab as an experiment to show what happens if you pick the right people and give them long-term funding to do daring, long-term research," says Dick Flavell, former director of the John Innes Centre, who helped to negotiate the establishment of the lab.

"Judging by the discoveries it has made about plant diseases, the experiment has worked."

Although many experts have warned over the past decade that public and political antipathy to genetically modified crops would drive the best plant scientists away from Britain and Europe to the US, their

fears have not been justified – at least when it comes to carrying out basic research into plants and their genes, says Mike Bevan, the current John Innes director.

"Plant science here has never been in better shape," says Prof Bevan. "People see how much research is needed if we are to deliver food and energy sustainably." Nor are talented plant scientists fleeing the country, he adds.

"On the contrary, we have many fantastic people from around the world applying to work here."

The third key component of the Norwich science cluster is the Institute of Food Research, set up in 1986 through the amalgamation of various state-funded

'We have many fantastic people from around the world applying to work here'

institutes and consolidated on its present site in 1998.

Like John Innes, the IFR is funded mainly through the government's Biotechnology and Biological Sciences Research Council.

Last year, the BBSRC added another member to its Norwich family, the Genome Analysis Centre. It concentrates on decoding and understanding non-human DNA: the genomes of economically and socially



Eyes down: the biomaging facility at the John Innes Centre

important microbes, plants and animals.

"Altogether, Norwich has one of the world's largest concentrations of focused scientific efforts in sustainable food production," says Prof Bevan.

At the same time, a growing number of start-ups and established companies are exploiting the business opportunities. One is Procarta Biosystems, a spin-out from the microbes side of the John Innes Centre.

Procarta has developed technologies to combat antibiotic-resistant bacteria, including "superbugs" such as MRSA. The idea is to use "decoy" stretches of DNA to turn off the bacterial genes responsible for drug resistance.

An older spin-out is Inspiralis, formerly known as John Innes Enterprises.

It supplies products and services based on a class of enzymes called topoisomerase, which help to unwind and wind DNA, so that genes can make proteins and replicate themselves.

Pharmaceutical companies use topoisomerase products from Inspiralis to develop and screen new

antibiotics and anticancer drugs.

Also on Norwich Research Park is Anglia DNA, one of the fastest growing DNA testing laboratories in the UK. It specialises in testing for family relationships: paternity, maternity and siblings.

And Norwich hosts the UK's first genetically modified crop company, Norfolk Plant Sciences. NPS will exploit work at the John Innes Centre and Sainsbury Laboratory to develop "improved potato lines with elevated levels of health-promoting flavonoids".

Flavonoids are natural antioxidants that occur abundantly in berries and other fruits.

The GM potatoes are designed not only to have added consumer appeal because of their health benefits but also to be resistant to late blight, an important potato disease, giving them appeal to producers.

The development and regulatory process will be long and tortuous, however, so do not expect to see Norfolk Plant Sciences spuds on your plate in the near future.