

HERTFORDSHIRE WORKS BOARD

TUESDAY 1st SEPTEMBER 2009

REPORT: DRAFT VISION AND ECONOMIC STRATEGY FOR HERTFORDSHIRE

**Author: Stephen Boffey, University of Hertfordshire
John Pryor, Hertfordshire County Council**

Purpose of Report

To seek initial feedback on the draft vision and economic strategy for Hertfordshire and to agree the process and timetable for its launch at the Hertfordshire Forward Conference on 6 November 2009.

1. Background

- 1.1 The Board, at its meeting on the 30 March 2009, agreed the need to develop a vision and new Economic Strategy for Hertfordshire as a key outcome for the partnership in its first year and agreed that the draft Strategy be produced by November.

2. The need for a new vision and strategy

- 2.1 The last Hertfordshire Economic Development Strategy (HEDS) was produced by Hertfordshire Prosperity in October 2006. This strategy mirrored EEDA's (Regional Development Agency) third Regional Economic Strategy (RES) - a "Shared Vision" - and identified 8 regional economic development goals and the regional partnerships that would deliver them. As the sub regional economic development partnership, Hertfordshire Prosperity Ltd had the task of interpreting EEDA's goals and objectives in the context of Hertfordshire's economy. The broad objective of this was to deliver sustainable economic development for the county in partnership with other agencies and organisations across the private, public and voluntary sectors.
- 2.2 The current view is that the last HEDS was too focused on regional priorities and objectives and as a result did not secure sufficient buy-in from all partners. There was also an absence of SMART action plans to support its delivery and monitoring of achievement.
- 2.3 What is required this time around is a strategy that, whilst taking account of the RES, is more Hertfordshire focused, reflects Hertfordshire's needs and priorities and delivers the objectives of the new sustainable community strategy "Hertfordshire 2021: A Brighter Future".

2.4 Now is a critical time for a new economic vision for Hertfordshire, and to develop appropriate objectives to support the development of a new economic strategy for the county which will guide future economic recovery and sustained prosperity.

2.5 The Hertfordshire Works Board, at its meeting on the 30 March 2009, agreed that a new Economic Strategy be produced for Hertfordshire, to be drafted over the summer and to be launched at the Hertfordshire Forward Conference on November 6th.

3. Stages in developing the new strategy

3.1 Visioning Workshop

3.2 An economic strategy visioning workshop was held on the 6 July at the Fielder Centre for the Hertfordshire Works Board and its partners. This was facilitated by Neil McInroy, Chief Executive of CLES (Centre for Local Economic Strategies).

3.3 A number of background context papers were produced prior to the Workshop together with a background factsheet on “How has Hertfordshire been faring economically in recent years?” The workshop received presentations on the economic context of Hertfordshire and where it sits globally, regionally and locally by speakers from EEDA, the County Council and CLES.

3.3 The purpose of the workshop was to work with delegates to:

- provide an overview of the Hertfordshire economy
- discuss the strengths, weaknesses, opportunities and threats to the Hertfordshire Economy
- develop a potential vision statement for the new economic development strategy
- identify what subcomponents should make up the economic strategy and identify the most commonly selected themes; and to
- generate discussion around each theme, including what success would look like.

3.4 Delegates came up with a variety of vision statements, the most popular being:

- the best place for innovation and opportunity
- creating the future together- the place of choice

The CLES view is that a merged vision stating “Hertfordshire: the place of choice for innovation and opportunity” might be appropriate.

3.5 Draft Strategy

Officers on the Strategy and Intelligence Group of Hertfordshire Works and at the County Council have produced the first draft of the strategy for discussion at this Board Meeting.

3.6 The Draft Strategy is attached as Appendix A.

3.7 This initial draft has focused on producing a high level economic vision for the Strategy and on four overall key objectives for the Strategy that emerged at the Visioning Workshop:

- Creating a vibrant, low carbon economy and quality jobs;
- Developing a well skilled workforce for the future
- Stimulating enterprise and innovation
- Providing connected, high quality locations

3.8 Under these objectives a number of key priorities have been identified

3.9 The Board are invited to comment on the work to date, on the direction of travel, the identified objectives and priorities.

310 Key issues for Hertfordshire Works to consider:

The Vision

- Do you agree with the proposed vision?
- Does it accord with the outcomes of the Visioning Workshop held on the 6 July?
- If not, what changes would you propose?

Strategic Objectives

- For the Creating a vibrant, low carbon economy and quality jobs, have we identified the right set of goals and priorities?
- For the developing a well skilled workforce for the future, have we identified the right set of goals and priorities?
- For stimulating enterprise and innovation, have we identified the right set of goals and priorities?
- For providing quality and connected locations, have we identified the right set of goals and priorities?

Do you agree with the approach? What additions/changes would you propose?

4. Timescale

The following timetable is proposed

September 2009 - Draft vision and direction of travel agreed by the Board

September – October - Draft Strategy shared with a number of HCCI Business Advisory Groups for feedback and input

September – October - Organise Wider Partnership Stakeholder Workshop event for feedback and input

6 November 2009 - Draft Strategy to be launched at Hertfordshire Forward Conference

November – January 2010 Formal Consultation Period on the Strategy

March 2010 – Economic Strategy for Hertfordshire adopted by Hertfordshire Works Board

Each Hertfordshire Works partner will need to seek endorsement of the Strategy during the consultation period.

6. Recommendation

That the Hertfordshire Works Board gives feedback on the attached draft Strategy and agrees the process and timetable for its launch at the Hertfordshire Conference on 6

DRAFT

**HERTFORDSHIRE ECONOMIC STRATEGY
2009 – 2021**

**Hertfordshire Works
September 2009**

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FOREWORD

To be drafted

1. HERTFORDSHIRE'S ECONOMIC VISION

“By 2021, Hertfordshire will have a resilient and low carbon economy characterised by quality jobs, innovative and dynamic business, supported by a well skilled workforce and an entrepreneurial culture, where everyone has the opportunity to prosper and fulfil their ambitions”.

This vision is the economic partnership's shared ambition for how we want Hertfordshire's economy to develop.

Hertfordshire has traditionally had a strong economy and has been the economic engine house of the East of England. In the last eight years, our economic growth has stalled and we are in danger of losing our competitive edge.

Our vision will strengthen Hertfordshire's economic advantage, provide a robust platform for recovery and promote strong sustainable growth.

- We want an economy for Hertfordshire that is resilient – where there is a balance between global and local and old & new sectors to avoid becoming over reliant on a few sectors or a few larger companies.
- We want to build on our strengths in Research and Development, life sciences, telecoms & information technology and hi tech engineering. We will encourage these clusters to develop and innovate to strengthen the local supply chain.
- We will encourage the location and development of new industries in Hertfordshire particularly in digital, media and creative industries, green industries, hi tech manufacturing, and health care.
- We will encourage entrepreneurship, and facilitate opportunities for networking and innovation.
- We will particularly support the retention and growth of local SME's

Our vision recognises the importance of high quality training to the success of the Hertfordshire economy. We want Hertfordshire to be a place where people set high ambitions for themselves and succeed.

- We will ensure the skills of the workforce meet the needs of current and future employers, and encourage a culture of lifelong learning amongst business, young people and adults of all ages.
- We will particularly train and develop our young people to ensure they have the qualifications, life skills and flexibility for tomorrow's world.

- We will particularly encourage graduates to Hertfordshire to harness their skills and potential.
- We will particularly nurture the skills for entrepreneurship and innovation.

However we want everyone to prosper and thrive in Hertfordshire. In spite of Hertfordshire's overall high level of affluence, there are pockets of persistent disadvantage and inequality across the county.

- We will provide lone parents, those living on incapacity benefit, and long term unemployed with access to appropriate training and work experience to enable them to enter the labour market.
- We will raise the expectations and aspirations of our young people in disadvantaged communities across the county and break the cycle of intergenerational poverty and low ambition.

Hertfordshire has an enviable quality of life. Our mix of distinct and attractive towns and villages, proximity to London, excellent transport links, strong economy, access to the countryside, and good education makes Hertfordshire an attractive location for families. This blend is unique and much valued by local people. It also makes Hertfordshire very attractive to business. Whilst we recognise the importance of a strong economy, we need to manage growth in Hertfordshire in a way that does not undermine the county's quality of life. As part of our vision:

- We will encourage economic growth that has strong low carbon credentials and demonstrates compliance with best practice sustainable development guidance.
- We will identify strategic locations for new high quality employment growth along key transport corridors that put Hertfordshire 'on the map'.
- We will actively market Hertfordshire's unique offer to inward investors.
- We will encourage the regeneration of existing employment areas and town centres in order to improve economic, social and wellbeing in those communities.
- We will help ensure appropriate transport, social, community and business infrastructure is in place to ensure growth is sustainable.
- We will encourage the development of a range of housing, especially affordable housing to support economic growth.
- We will lobby to unblock infrastructure constraints including rail capacity, water supply and sewage treatment, electricity supply, and

encourage the development of high speed broadband across the county.

How will we do this – Making it happen

By 2021 we want Hertfordshire to have a confident thriving economy, recognised nationally and internationally as a place where business wants to be. Creating the conditions for this success relies on strong leadership and partnership. Hertfordshire's leaders – public, private and the third sector – all have a critical role in creating the right conditions and culture for enterprise and prosperity to flourish in a way that is sustainable and inclusive.

The economic performance of Hertfordshire underpins the financial, social and environmental wellbeing of all our communities and residents. It is at the heart of effective community leadership.

To do this we will

- Create and sustain a strong economic partnership that keeps its finger on the pulse of the economy and makes targeted interventions and investment based on clear analysis of issues.
- Actively manage growth in Hertfordshire and be clear about what we want for the Hertfordshire economy and what our expectations and standards are.
- Lobby regionally, nationally and abroad for what is right for Hertfordshire.
- Work with our neighbouring areas – London, Cambridge, Luton and Bedfordshire, and Essex – to ensure economic issues and needs are addressed in the wider context.
- Promote an image that Hertfordshire is open for business and develop stronger links with business to hear and understand their needs and concerns.

What will success look like?

Our overall success will be assessed against the following high level indicators:

- Proportion of knowledge based jobs in Hertfordshire
- The number of new jobs created by sector
- Hertfordshire's ranking against other areas

- Level of business confidence in Hertfordshire
- Number of jobs in new industries and existing clusters
- Jobs growth in Hertfordshire SME's, particularly those employing between 5 and 250 staff
- Average earnings in Hertfordshire
- Economic position of our worst performing SOA's improved
- Number of jobs created through inward investment
- Skill levels of our workforce & young people improved
 - Level 2
 - Level 4
- Value of new investment, infrastructure attracted into Hertfordshire.
- Reduction in employment/business based carbon emissions

2. THE HERTFORDSHIRE ECONOMY

HERTFORDSHIRE ECONOMY

Background

Hertfordshire's population of just over 1 million lives in a variety of settlements including medium sized towns such as Watford (91,000), Hemel Hempstead (82,000), Stevenage (81,000) and St Albans (64,000) and a number of smaller towns of different character and rural villages.

Over half of the county land area is green belt and there is significant amounts of open space between settlements, so despite being the second most densely populated county in the country, Hertfordshire has for the most part managed to avoid many of the disadvantages of urban life. This makes the county an attractive and desirable place to live and work.

Housing and Growth

The East of England Plan sets out housing targets for the Region, County and each District for the period 2001 to 2021. For Hertfordshire a minimum of 83,200 dwellings are identified for construction over this period, not including growth proposed North of Harlow and East of Luton. Within the County growth is targeted at major "Key Centres for Development and Change", which comprise Stevenage, Hemel Hempstead, Welwyn Garden City/Hatfield, and Watford.

This level of housing provision represents a "step change" in housing delivery from the rates that had been contained in regional planning guidance and Structure Plans during the 1980s and 1990s. Whilst the Plan does not articulate this, the drivers for this level of housing were principally justified by changes in household size, longevity and immigration primarily from London. In addition, a separate strand of Government work on housing affordability,¹ pointed to even higher levels of housing development being required to impact on levels of affordability in the region.

In addition to the housing numbers an employment growth figure was established for the County of 68,000 additional jobs over the Plan period. Because of the variation of employment projections produced during the preparation of the Plan, this figure for jobs growth was described as being more "aspirational", and represented an attempt to keep jobs and housing growth roughly in balance in the Region over the plan period.

A review of the Regional Plan was commenced in the summer of 2008, to roll forward the Plan to 2031. One of the major policy imperatives was the Government's drive to deliver more housing nationally, with a view to

¹ Which was started by the Barker Report and then taken up by the modelling work of the National Housing and Planning Advisory Unit,

addressing affordability issues and thereby assisting in the mobility of the workforce nationally and supporting economic growth.

The Authorities in the East of England were initially asked to test a number of levels of housing growth for the period 2011 to 2031. For Hertfordshire these numbers ranged from 86,000 to 146,000 dwellings, and represented a range stretching from a continuation of current rates of development set out in the Approved Plan to the most extreme projections of the National Housing and Planning Advisory Unit (NHPAU), which were based on achieving an affordability improvement over the twenty year period. In short the response of the Hertfordshire Authorities were that only the continuation of current rates was in any way feasible or deliverable, and then only with massive infrastructure investment and setting aside the impacts of the recession.

The Regional Economic Strategy (RES):

The RES aims to strengthen clusters around leading private sector R&D companies. This is linked to the idea that companies at the forefront of innovation and R&D can be retained, attracted and nurtured by developing 'third' generation' science parks and business infrastructure linked to the leading companies. Such parks and enterprise hubs are deemed to offer not only high quality commercial, research and incubation space but also access to technological expertise, skilled labour pools, finance providers, support services and networks.

It seeks to increase economic gain from the region's distinctiveness and vitality while furthering our attractiveness as a region. In this connection it highlights the potential to realise benefits from the 2012 Olympic Games for our cultural life, communities and tourism industry.

The RES recognises the importance of GSK in Hertfordshire and Harlow and EADS Astrium in Stevenage as key to world-class knowledge-based economy of the 'London Arc'.

It recognises Hertfordshire as a centre for the media/TV/film sector with studios in Borehamwood and Leavesden, linked to the London creative cluster.

The RES has a target to reduce CO2 emissions to 60 per cent below 1990 levels by 2031.

The **Regional Spatial Strategy (RSS)** aims to promote the use of renewable and low carbon energy. It encourages planning authorities to set ambitious targets in terms of new developments' share of energy from low carbon sources. It specifies that by 2020 17% of the region's energy generation should be from re-newables (excluding offshore wind).

Hertfordshire Economy

Hertfordshire's economy has experienced a number of significant historical phases from a pre war growing economy with a mixture of traditional and emerging "sunrise" industries, to the rapid industrialisation of the New Towns in the 1960s and 1970s, the move to the service sector and to post industrialisation in the 1980s. After the recession of the early 1990s associated with the run down of the county defence/aerospace industry, the county economy grew strongly again through the mid to late decade and into the early 2000s.

After underperforming during this decade, Hertfordshire's economy has recently slowed down due to the current recession,. The most recent East of England baseline economic forecast (June 2009) indicates future employment growth in Hertfordshire will be concentrated in "people based" sectors such as health / social services and retail. Whilst it is recognised these are projections and that the health sector is in the knowledge economy, there is concern that if we wish to protect our prosperity and maintain a balanced economy then we will need to target and grow knowledge based sectors.

Businesses

There were 46,920 VAT and PAYE based enterprises headquartered in Hertfordshire in 2008

- Employment band sizes were as follows:
 - 0-4 = 37,400
 - 5-9 = 5,035
 - 10-19 = 2,355
 - 20-49 = 1,265
 - 50-99 = 395
 - 100-249 = 270
 - 250+ = 200
- N.B. employment outside Herts is included

A comparative table including a district-by-district breakdown is attached

The majority of Hertfordshire businesses in are urban areas and very few Hertfordshire "rural businesses" are engaged in traditional land - based activities.

Traditionally Hertfordshire has enjoyed a relatively high employment rate, although the current recession appears to be threatening this, with a rise in the unemployment rate.

Current Issues

Hertfordshire has many positive features, including its high quality environment, its proximity to London, largely skilled workforce and good communication links. It is evident that the existing identities of the individual

towns within Hertfordshire are a strength and component parts of a strong county identity. It is considered that the economic return of this strong town identity may need augmenting. Hertfordshire's network of medium and small towns has a polycentric strength, but many partners have stated that to maximise the potential of Hertfordshire's strengths, a stronger pan Hertfordshire brand needs to be developed to promote the county within the UK and internationally as a good place to work and to do business.

Hertfordshire's population currently stands at 1.06 million and is predicted to grow to 1.26million by 2031. There are approximately 440,000 households in the county and this is anticipated to grow to 559,000 by 2031. Likely many parts of the UK, Hertfordshire's population is an ageing one and this will have significant implications for future housing provision and social care demands.

Hertfordshire's attractiveness as a place to live also means that affordability, particularly, in terms of house prices, is an important issue facing the county. The county faces a challenge of providing a range of accommodation to support a balanced labour market.

Hertfordshire is a prosperous county overall, with the majority of people living in the county enjoying earnings higher than regional and national levels; this reflects the skilled employment opportunities available both in the county and to the highly paid employment opportunities in London. Whilst this makes for an overall prosperous county and good quality of life, companies considering relocating to Hertfordshire could be deterred by high labour costs.

Whilst the county, in general is characterised by prosperity and low levels of unemployment; there are pockets of deprivation. If not tackled, this inequality is likely to get worse as an effect of the recession. The last Index of deprivation showed..... This is economically as well as socially problematic, as it is a drain on public resources and a lag on the economy in terms of available skills

Car ownership in the county is high, with higher levels of traffic flows than the national average (35%). In part, this is caused by high levels of both inward and outward commuting. By 2011 it is predicted 124,500 people will commute into the county and 167,600 will commute out of Hertfordshire daily. Over 70,000 people commute into London everyday. 75% of trips to work are by car.

Hertfordshire's population is well skilled with the percentage of the population qualified to NVQ4 and above standing at 34.1%, this is well ahead of the average for Great Britain, 28.6%. There does however, remain a significant proportion of the local population with below NVQ2 level skills. Increasing vocational and apprenticeship opportunities is therefore important.

If the recession gets worse, there are a number of sectors in the county that are particularly exposed to the effects of the recession, such as telecommunications and financial services. Many foreign owned businesses that are located in the region are dependent on global markets and during

economic uncertainty may be threatened. Equally, if London no longer remained as a major financial centre this would affect both individuals who work in London, but also Hertfordshire's attraction as an inward investment location. It is therefore necessary that conditions exist in the county for local enterprise to develop.

Hertfordshire has a significant innovation and research and development base (refer to the Enterprise chapter) and given, this importance it will be important to grow the support structures that facilitate innovation and to consider developing appropriate sites for business start up and innovation.

Future Challenges

Hertfordshire's quality of life could be put at risk due to economic growth which could have a negative impact on the environment and quality of life in terms of emissions and impacts on the landscape through housing growth and building.

There are significant and current predicted amounts of transport infrastructure deficits, including an over reliance on cars, this could affect quality of life. Increasing congestion will make Hertfordshire less attractive to live and work in. Economic growth must be clever in order to mitigate and improve on the situation. Policies will need to be adaptable in order to achieve balanced economic growth that mitigates and improves the situation, for example being strategic in positioning of new businesses and homes.

Equally there are pressures on the wider non transportation infrastructure (water, sewage and national grid) that will need to be improved to cope with the growth agenda. Infrastructure must be considered in its broadest terms, including physical, social, and community infrastructure. Supporting social and community infrastructure, for instance, through supporting the third sector is also important with significant impacts on quality of life and community empowerment.

Hertfordshire needs to be flexible and diverse in terms of its economic base. It will become increasingly important for Hertfordshire to rise to the transition to a low carbon agenda, both in terms of meeting statutory requirements and to mitigate the impacts of climate change. In order to be flexible and to seize the opportunities in emerging sectors such as low carbon industries, life-sciences (including biotechnology) and the digital creative industries, it will be crucial for the county to build on its research and development strengths and to attract graduates into the workforce.

With jobs becoming more skilled, and the number of low skill jobs reducing due to technological advances, there are concerns that those people in the county who lack higher level skills will become further removed from the labour market. Lifelong learning will become increasingly important.

NUMBER OF VAT and/or PAYE BASED ENTERPRISES in 2008

	Employment size							
	0 - 4	5 - 9	10 - 19	20 - 49	50 - 99	100 - 249	250 +	TOTAL
UNITED KINGDOM	1,661,130	263,025	127,075	68,625	20,755	12,235	8,710	2,161,555
	76.8%	12.2%	5.9%	3.2%	1.0%	0.6%	0.4%	100%
LONDON GOR	267,855	35,255	17,670	8,960	3,070	1,985	1,715	336,510
	79.6%	10.5%	5.3%	2.7%	0.9%	0.6%	0.5%	100%
SOUTH EAST GOR	266,240	38,190	18,480	9,820	2,955	1,820	1,315	338,820
	78.6%	11.3%	5.5%	2.9%	0.9%	0.5%	0.4%	100.0%
EAST GOR	170,845	25,575	12,005	6,500	1,945	1,135	795	218,800
	78.1%	11.7%	5.5%	3.0%	0.9%	0.5%	0.4%	100%
Hertfordshire County	37,400	5,035	2,355	1,265	395	270	200	46,920
	79.7%	10.7%	5.0%	2.7%	0.8%	0.6%	0.4%	100%
Broxbourne	2,700	355	155	105	25	20	10	3,370
	80.1%	10.5%	4.6%	3.1%	0.7%	0.6%	0.3%	100%
Dacorum	5,170	650	320	150	40	35	25	6,390
	80.9%	10.2%	5.0%	2.3%	0.6%	0.5%	0.4%	100%
East Hertfordshire	5,495	735	325	180	45	30	15	6,825
	80.5%	10.8%	4.8%	2.6%	0.7%	0.4%	0.2%	100%
Hertsmere	3,685	520	240	130	40	30	30	4,675
	78.8%	11.1%	5.1%	2.8%	0.9%	0.6%	0.6%	100%
North Hertfordshire	4,580	710	305	170	50	20	15	5,850
	78.3%	12.1%	5.2%	2.9%	0.9%	0.3%	0.3%	100%
St. Albans	5,225	640	310	155	55	35	20	6,440
	81.1%	9.9%	4.8%	2.4%	0.9%	0.5%	0.3%	100%
Stevenage	1,845	250	135	60	20	30	10	2,350
	78.5%	10.6%	5.7%	2.6%	0.9%	1.3%	0.4%	100%
Three Rivers	3,140	415	185	90	30	15	15	3,890
	80.7%	10.7%	4.8%	2.3%	0.8%	0.4%	0.4%	100%
Watford	2,510	375	200	105	45	30	25	3,290
	76.3%	11.4%	6.1%	3.2%	1.4%	0.9%	0.8%	100%
Welwyn Hatfield	3,050	385	180	120	45	25	35	3,840
	79.4%	10.0%	4.7%	3.1%	1.2%	0.7%	0.9%	100%

Source: Office for National Statistics UK Business: Activity, Size and Location – 2008

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TABLE B1.2 UNITED KINGDOM - NUMBER OF VAT and/or PAYE BASED ENTERPRISES in 2008

3. HERTFORDSHIRE KEY ECONOMIC OBJECTIVES

Our four key economic objectives are;

- 1. Creating a vibrant, low carbon economy & quality jobs**
- 2. Stimulating enterprise, innovation and inward investment**
- 3. Developing a well-skilled workforce**
- 4. Providing quality & connected locations for growth**

3.1 KEY OBJECTIVE 1

CREATING A VIBRANT, LOW CARBON ECONOMY AND QUALITY JOBS

Context

To be resilient local economies need to be balanced, Hertfordshire is fortunate to have a much more diverse economy than at the time of the 1990s recession, which was centred on its defence and aerospace companies.

It is also satisfactorily balanced in terms of:

- i. 'old' and 'new' economies (Knowledge intensive sectors and the others)**
- ii. firms serving global and local markets**
- iii. large and small enterprises.**
- iv. manufacturing and services**

Because:

- we have a high (56%) and stable proportion of employees in knowledge-based sectors
- major firms have global reach
- local market served by extensive small business community and a minority of the major firms
- we are rich in firms of all sizes
- any problem of balance is between those in the middle (5-249 employees) and the extremes (this may be behind poor employment growth in our small - 0-50 employee- enterprises)
- despite technological advances reducing employment numbers, districts to the north and east of the county have retained a strong manufacturing base
- the county has maintained its share of GB manufacturing employment since 1999 (it is above its low point of 1.4%, recorded in 2004).

Priority 1. Economic diversity

Priority 1A. Old and new economies

- We will support knowledge-based clusters.
- We will support tourism, culture and sport
- We will not restrict the development of other activities because they are not knowledge-based.

Priority 1B. Firms serving global and local markets

- We will encourage smaller firms to compete internationally.

Priority 1C. Large and small enterprises

- We will attempt to retain major multinational employers in the county
- We will focus most business support on firms employing 5-249 employees.

Priority 1D Manufacturing and services

- We will support the continuing presence of manufacturing (especially the higher-tech variety).

Priority 2. Building on our strengths: a cluster approach

Economic resilience requires economic diversity. 'Too many eggs in one (defence/aerospace) basket' is a lesson from the 1990s recession. Happily we are now more diverse. This permits building on specialism without compromising resilience. The county's future prosperity depends on remaining attractive to high value-added businesses with the potential for sustainable growth. It is important to help provide the conditions under which such businesses can flourish.

Businesses often cluster together where their needs in terms of the supply of materials, skills and support services are more easily satisfied. Rather than being confined to one type of business, such clusters often involve a diversity of inter-related specialisms, together forming more than the sum of the parts.

Through paying attention to the emerging needs of particular industries in terms of premises, business services, training, housing and other infrastructure, policy can favour the growth and development of clusters. This approach, building on clear areas of strength and/or areas with clear potential for growth, should enable parts of the county to exploit comparative advantage with positive knock-on impacts in terms of employment (across the skills spectrum), spend and investment.

Such an approach does not mean 'picking winners' to the exclusion of other businesses. It does mean deploying limited resources where they can have most effect.

A policy in favour of cluster development is central to the strategy and implicates a wide range of components. It could involve to varying degrees, depending on the cluster, issues around R&D and innovation, business support, inward investment, trade promotion, planning, infrastructure, skills, and public procurement. The geographic scope of clusters, within the county and connections with London/neighbouring counties, will vary with the particular industrial cluster.

Industries with clear potential for cluster development in the county are:

Priority 2A. Life Sciences (Pharma/ Med-tech/ Bio-tech)

High-value and innovative. Building on the county's traditional strengths in pharmaceutical manufacturing and R&D (deriving from its favourable location in the London, Oxford, Cambridge triangle, and the excellent airport links so crucial to this most international of industries, coupled with the UK's relatively favourable regulatory regime).

- We will support small/ companies start-ups in this field
- We will continue to support the cluster through Bio-Park and UH's Innovation Centre
- We will continue to support the development of GSK's 'Science Park' at Stevenage.

Priority 2B. High-tech engineering/ software development

High-value and innovative. The presence of the remnants of the old aerospace/defence cluster together with smaller companies linked to the automotive and electronics industries provide the potential for building a cluster linked to the host of innovative software companies operating in the county, given the increasing dependence of this pervasive technology.

- We will investigate the emerging needs of firms in the sectors
- We will convene an engineering/software cluster development group.

Priority 2C. Digital creativity and media

High-value and innovative. Key elements are design (including visual communications and advertising and media businesses), film and music (including production). The county has assets in film, mobile telephony, software and easy access to London (which will remain central).

- We will investigate and address barriers to the further development of the cluster in the south of the county
- We will endeavour to maximize the spin-off benefits in terms of tourism and 'brand image'.

Priority 2D. Tourism, culture and sport

Key to the county's offer. It clearly links to the digital creativity and media priority e.g. film tourism. Access to quality cultural activities is essential to our feeling of well being and important for our physical and mental health and social integration. Strong cultural provision is a key indicator of a good quality of life. The cultural and tourism economy makes a significant contribution to the wealth and employment of the county and adds considerable value economically (£1.82 billion based on 2007 value and volume data), socially and environmentally. An attractive environment with good facilities as well as attracting visitors is an important consideration in companies' relocation decisions.

- We will maximise tourism & cultural opportunities from the 2012 Games to attract and retain high calibre staff and dynamic enterprises
- We will work with local government partners to encourage a flexible approach to tourism promotion
- We will support the tourism & leisure sector in raising the quality of their offer and provide high quality marketing material to promote Herts as a visitor destination
- We will support and offer Welcome Host training for the tourism, leisure & hospitality sector to retain staff, increase skills and enhance the visitor experience
- We will explore the use of our film heritage to enhance the Herts tourism brand
- We will seek to offer access to cultural and tourism opportunities at a minimal cost to our residents.

Priority 3. A low carbon economy

The challenge of climate change means that if Hertfordshire is to be a leading economy it must pursue a low-carbon path. In so doing it will be able to reap the economic as well as environmental rewards by building competitive advantage in emerging technologies and services. This could potentially be linked to the development of a low carbon technology cluster in the county for which there is much potential. We have the HQ of a leading renewables company (RES), numerous environmental services companies in St Albans and the South West, Ashridge's Centre for Business and Sustainability, the low carbon construction expertise of BRE, and the new UH Centre for Sustainable Communities. These assets mean we could aspire to the county's designation as a Low Carbon Economic Area, which would send clear signals about its strengths and commitment to potential investors.

Whatever the potential for a specific low-carbon cluster:

- We will work to support and actively promote sustainable low carbon growth in Hertfordshire
- We will encourage businesses to work to low carbon standards and gain market share as consumers worldwide increasingly demand goods and services produced to high environmental standards
- We will ensure that the county's skills base is prepared for a major shift in demand for the installation and maintenance of low carbon goods and services
- We will ensure that all development is sufficiently adaptable and fit for purpose to meet future climate change demands
- We will ensure that growth improves the carbon performance of the locality in which it is proposed
- We will ensure that development and wider growth proposals are joined up and accommodate both climate change mitigation and adaptation issues.

What success would look like:

Priority 1A: old and new economies

- Increased proportion of knowledge-based employees
- Increased proportion of 'accommodation and food service' employees.

Priority 1B. Firms serving global and local markets

- Small businesses more export-oriented.

Priority 1C. Large and small enterprises

- Increase in number of firms in 5-249 bracket (or employment if made available)
- No reduction in number of larger firms present.
- No reduction in number of smaller firms present.
- Increase in employment growth among small firms.

Priority 1D Manufacturing and services

- Manufacturing employment maintained at above 1.4% of GB total.

Priority 2A. Life Sciences (Pharma/ Med-tech/ Bio-tech)

- Bio Park fully-occupied, previous tenants installed elsewhere in the county/ nearby
- Increase in number of life sciences companies in county
- Independent firms established on GSK Stevenage Campus.

Priority 2B. High-tech engineering/ software development

- Increased collaboration between MBDA and EADS and local firms
- Increase in defence/aerospace and certain computing employment.

Priority 2C. Digital creativity and media

- National recognition of Hertfordshire as a prime film production location
- Increase of employees in: Publishing of computer games; Motion picture, video and television programme production, sound recording and music publishing activities; Television programming and broadcasting activities; Advertising agencies; Computer programming activities.

Priority 2D. Tourism, culture and sport

- The value of tourism to the local economy will have increased by 5% by 2012
- Increase in employment in 'accommodation and food service' industry

Priority 3. A low carbon economy

- All businesses are actively reducing their carbon emissions
- 'Low carbon' is integral to actions on skills, education, transport and growth, (planning, infrastructure etc.)
- LAA CO2 targets are achieved while driving demand for low carbon goods, services and skills in the county.

3.2 KEY OBJECTIVE 2

STIMULATING ENTERPRISE, INNOVATION AND INWARD INVESTMENT

Context

Hertfordshire is operating in a global marketplace, facing increasing competition from other parts of the world that can undercut it in terms of cost and which are growing their knowledge-based skills. The county remains an expensive place to live, and an expensive place to locate or run a business. This means that it needs to demonstrate significant added value to overcome the extra cost hurdle and maintain its competitive edge. To do this Hertfordshire needs to encourage and support knowledge-based high growth, high value businesses that will generate long term, sustainable prosperity for the county.

Hertfordshire's key strengths are particularly in terms of innovation and research & development (R&D), especially engineering (including services to design/manufacture, defence and supply chain industries for automotive and aerospace sectors), pharmaceutical, biological and medical technology, and the media and creative industries. In particular Hertfordshire is home to a large number of research organisations in Hertfordshire, including:

- Public and Quasi-Public Sector Research Establishments – BRE, Rothamsted, Furniture Industry Research Association and many others;
- Higher Education Institutions – the University of Hertfordshire and the Royal Veterinary College (part of the University of London);
- Larger private sector R&D centres – EADS Astrium, BAe Systems, Eisai Pharmaceuticals, GSK, MBDA UK Ltd and many others

Conversely, although Hertfordshire is seen as a relatively prosperous county that generally displays a strong entrepreneurial culture with high rates of business creation, it also has areas with pockets of deprivation and a significant number of the population who are unable to participate in this knowledge economy. This may be for financial reasons, lack of appropriate skills, geography or personal circumstances. However, it means that Hertfordshire cannot, or should not, rely solely on knowledge-based employment but should develop a balanced economy with knowledge-based businesses at its heart while offering a range of employment and business development opportunities across the whole community.

Entrepreneurial Culture

Hertfordshire is characterised by a higher concentration of small and medium-sized enterprises (SMEs) employing between 0 and 250 people, especially smaller companies, alongside a significant number of major corporates. This profile has implications both for the short to mid term as the county responds

to recession and seeks to emerge out of it as growth returns, and for the longer-term strategic vision of the county.

In particular, these major corporates remain relatively 'footloose' i.e. they operate in a global arena whereby major decision-making is usually taken at an international level and they are not tied to Hertfordshire or to the UK. This is compounded by the fact that employees, especially younger people, are far more willing than ever before to move abroad for employment and career development opportunities. While we are very unlikely to be in a position to influence global decision-making by major companies, we do need to provide an environment that encourages knowledge-based, high value businesses – particularly SMEs – to remain and grow their business in Hertfordshire.

However, the county's SMEs are being challenged by the current economic climate. In engineering, those engaged in design and small-scale manufacture - mainly electronics - are particularly vulnerable and this is affecting their ability to innovate. Reductions in output by large manufacturing firms in automotive and aerospace are also affecting the supply chain industries.

The pharmaceutical industry appears to be doing well, with plans to increase recruitment. However, major corporates are looking to reduce their headcount, resulting in the outsourcing of discovery work to small biotechnology companies. Research may also be contracted out to other commercial organisations and universities as variable costs that can be cut more readily than in-house services.

In terms of the media and creative sector, expansion is still expected within the UK economy as a whole as technological advances allow innovation in the distribution of content and more complex interactions with consumers. The sector has a large SME component, which historical performance suggests is less affected and recovers more quickly than larger companies in times of economic adversity. Key elements of the sector are design (including visual communications and advertising and media businesses), film and music (including production).

Opportunities for Innovation

In order to develop a healthy innovation and R&D sector, while ensuring that limited resources are deployed where they can have the maximum effect, Hertfordshire needs to retain existing businesses and attract new ones where there is potential added value, but also to developing the supply chain – both in terms of materials and skills and the support services that enable the businesses to function and grow.

We believe the most cost effective means of securing this is by encouraging 'clusters' i.e. a diversity of inter-related specialisms working together. The mix between high-technology R&D and supporting skills will vary by cluster. The County will need to be receptive and responsive in the development of new potential clusters that may have a different mix from the existing clusters.

Hertfordshire's film industry is another sector where it is skills-based innovation that is needed; indeed, the development of a creative industries cluster in the south of the county in Watford and Borehamwood around the film studios provides an opportunity for growth. As new audiences and film-makers increasingly use platforms like social networking sites to access and promote content, companies need to learn how to adapt their business practices to stay competitive. The strategy will need to recognise that innovation takes different forms for different business needs.

London continues to offer greater potential to benefit Hertfordshire when considering the push factor out of the capital for pharmaceutical and bio-medical technology companies seeking cost-effective space and the media and creative cluster in the south of the county.

R&D and innovation are global as well as local activities. The county needs to support the start-up and growth of knowledge-based businesses as well as how to compete in international markets. This requires a good understanding of trends and developments in each area of activity. For example, University of Hertfordshire Engineering staff have identified various topics with huge potential for commercial development, including biometrics/sensory fusion to identify remotely when equipment is in need of servicing; use of high density programmable devices and micromachining to produce hybrid mechanical/electronic products; and the use of GPS and data fusion techniques to enhance transport systems and public services.

Whatever priorities are determined, the key requirement is a joined-up approach. Attracting and retaining the right mix of companies will mean being able to understand and deliver the right offer, whether in terms of planning, investment, skills, etc. Consideration should be given to developing packages of support to new businesses which might include an entitlement to free (or subsidised) advice and consultancy on business start-up, legal matters, technical expertise and access to a network based on the relevant cluster of businesses. Local government, business, learning providers and other stakeholders need to be fully engaged.

Inward Investment and Aftercare

Inward Investment can be a catalyst for better economic performance generally. As well as providing new jobs, inward investment can stimulate enterprise and innovation, by bringing new skills, expertise and dynamism to an area. Foreign direct investment (FDI) firms now account for almost a third of total R&D businesses expenditure in the UK. So in order to retain its position as a knowledge-based economy, Hertfordshire must attract good quality, high value foreign and home-grown investment.

Like other top-performing areas, Hertfordshire is an expensive place to live, and in which to do business. In order to attract investors therefore, it needs to demonstrate significant added value. Where it can do this is in the quality of its offer – an unparalleled location, excellent transport links (to London, Cambridge and globally through its proximity to four major international

airports), a highly educated workforce, a long-standing culture of innovation and enterprise, and an exceptional quality of life.

While we are keen to attract new investment, we are also mindful that we need to encourage the survival and growth of FDI businesses in the county, alongside the growth of Hertfordshire's indigenous businesses, by offering a comprehensive and ongoing programme of 'aftercare' support. This service needs to be complementary to the range of business support services already provided by agencies such as, Business Link, chambers of commerce, enterprise agencies, and be delivered in conjunction with East of England International or its successor.

Priorities

We have identified a number of key priorities that we need to implement in order to address the issues that Hertfordshire and its businesses is likely to face over the coming years, especially as the county emerges out of recession.

Priority 1 – Reinforce and build on the existing entrepreneurial culture

In order to maximise the opportunities from the culture of enterprise prevailing in Hertfordshire, it is important that we offer clients easy access to business support services and seamless progression through the range of services available. These services need to be consistent across the County and accessible via portals from a wide range of partners including Business Link, business membership organisations (such as CBI, Chambers of Commerce, Federation of Small Businesses, Institute of Directors), enterprise agencies, FE colleges, local authorities, private sector intermediaries such as accountants, banks and lawyers, and the University of Hertfordshire.

Priority 2 – Maintain a coherent and integrated business support service capable of facilitating resilient and adaptable businesses

It is critical that Hertfordshire has highly resilient businesses capable of absorbing and surviving economic downturn but equally capable of responding and adapting quickly to new opportunities as they emerge. As a consequence, business support services need to be equally adept, clear and consistent, and need to be closely linked to the development of a well educated and skilled workforce (described in a separate chapter in this strategy). Key agencies in the county need to maintain their strong track record of working in partnership to develop and deliver integrated solutions to businesses.

Priority 3 – Support the accelerated and sustainable growth, productivity and competitiveness of the county’s businesses

In order to maximise the potential of business sectors in the County, we need to offer a range of services that will develop their sustainable growth. Part of this process includes identifying and exploiting the commercial potential that exists within our academic and research institutions. We also need to encourage public agencies to procure goods and services locally and assist businesses to win public sector contracts.

Priority 4 – Ensure business development adds value and vitality to local communities

In Hertfordshire we need to develop an economy that can compete in an increasingly fierce global market while simultaneously addressing the employment needs of local communities. We already work with key local partners to promote enterprise in disadvantaged and harder-to-reach communities, but we need to extend that activity to a wider range of communities to help build their capacity.

Priority 5 – Stimulate demand for R&D and knowledge transfer among the county’s SMEs

We need to ensure that knowledge-based businesses in Hertfordshire work far more closely with R&D institutions through programmes such as knowledge transfer in order to increase their skills and exploit new higher value business opportunities. Conversely HEIs need to improve and develop their linkages with commercial organisations in order to hone their business skills and enable them to exploit and commercialise new research opportunities.

Priority 6 – Promote Hertfordshire as a centre for R&D and Innovation through the research assets and reputation of the University of Hertfordshire and other research institutions and develop strong links with the private sector.

The large number of research organisations in Hertfordshire is an enormous asset to the county’s economy but we consider that there is scope to encourage more joint working between them, and for local businesses to work with them either in a collaborative capacity or as part of a local supply chain. Moreover, there needs to be a stronger focus on promoting Hertfordshire as a centre for R&D and innovation through these institutions and through the University of Hertfordshire and the University of London.

Priority 7 – Encourage and support the development of SME clusters

Since we cannot work with all potential clusters, we will concentrate our resources on working with a number of key clusters determined by the following criteria: growth potential, knowledge-based, high value businesses, easy to access (i.e. communications are already in place or easily

established). This will not preclude working with other clusters but, at a time when public resources are likely to be under stress, it will ensure that efforts provide the most cost effective return (refer justification for clusters under Key Objective 4a).

Priority 8 – Actively encourage Inward Investment by providing a new focus on both domestic and foreign investment, including relocation within Hertfordshire

The recession has led to a decline in foreign investment, but the UK remains a top international destination, and there is still good quality investment to be found. Levels in Hertfordshire are satisfactory, but while in recent years the county has been largely content to let the economy look after itself, other areas have invested in raising their profile and promoting their offer. Consequently, Hertfordshire is currently being out-performed by areas in the greater south east with a comparable quality offer.

Priority 9– Raise awareness of Hertfordshire’s offer and measure & evaluate success

While, currently, perceptions of Hertfordshire, to those familiar with the county, are good, it has little profile, nationally or internationally. There is now a need to ensure greater recognition of the county and promote the strengths of Hertfordshire’s business sectors to stimulate investment and growth. To do this we should be willing to embrace our proximity to two existing international brands – Cambridge for R&D and London for finance and as a ‘world city’. We also need to ensure that we measure and evaluate our success much more closely so that we can respond much more rapidly to changing circumstances and adapt our offer accordingly.

What Will Success Look Like?

- Maintain the high levels of business start-up and survival rates
- Increase in SME’s GVA, especially in knowledge-based and high growth businesses
- Increase in number of local businesses procuring public service contracts
- Effective networks and conduits are in place to access hard to reach communities and deliver information and support to these communities
- Increase in the number and survival rate of social enterprises and community-based organisations, and reduction in their reliability on grant support

- Increase in collaborative working (e.g. joint ventures companies, spin-out companies, etc) between businesses, HEIs and other research organisations
- Improvement in perception of Hertfordshire as a centre for R&D and commercialisation of research
- Increase in the number and range of SME-based clusters
- Increase in level of FDI and domestic inward investment
- Increase in level of aftercare to FDIs and domestic businesses
- Improvement in business perceptions of Hertfordshire

3.3 KEY OBJECTIVE 3

DEVELOPING A WELL SKILLED WORKFORCE

Context: The skills and abilities of the Hertfordshire workforce are key to economic growth and are particularly important to the county's knowledge based, high value added economy. Hertfordshire companies require well-qualified, enthusiastic and adaptable employees in order to remain competitive and to increase productivity.

The Leitch Review (Dec 2006), shows that the UK must urgently raise achievement at all levels of skills and recommends that the UK commits to becoming a world leader in skills by 2020, benchmarked against the top OECD 25%. This means doubling attainment at most levels of skill. Responsibility for this lies with government, employers and individuals.

The current Regional Economic Strategy (RES): Skills for Productivity: Developing Skills for the Changing Economy priorities are to:

- Increase the demand for and supply of higher level skills
- Create a culture where people aspire to train and learn throughout life
- Provide clear progression pathways for learning that improves business performance
- Provide education and training that meets the needs of individuals, employers and the economy

Hertfordshire 2021: A Brighter Future, three of the priorities for the Jobs, Prosperity and Skills theme of the Sustainable Community Strategy between now and 2021 are to:

- Ensure the skills of the workforce meet the demands of employers
- Provide opportunities for everyone to share in our prosperity
- Encourage lifelong learning and an entrepreneurial culture

Baseline Information: Hertfordshire Qualifications (Jan 2007-Dec 2007)

	Hertfordshire Numbers	Hertfordshire %	East %	Great Britain %
NVQ4 and above	222,700	34.1	26.0	28.6
NVQ3 and above	348,570	53.4	44.3	47.3
NVQ2 and above	484,340	74.1	66.4	68.6
Qualification	595,400	91.1	87.5	86.9
No qualification	57,900	8.9	12.5	13.1

Source: ONS Annual Population Survey. numbers and % are for those of working age. BIS apportionment of other qualifications applied (see²)

Skills levels have been improving in Hertfordshire, the proportion with Level 4 skills has traditionally been high and has continued to grow strongly. The latest official estimate is 34.1% for 2007. The position with regards to Level 3 skills is also good and improving with 53.4% estimated to having attained that level by 2007 as opposed to 45.9%. However the position with regard to Level 2 skills is not so good. The estimate of 74.1% in 2007 is not much higher than for Great Britain and has only been growing slowly.

Sustainable economic development requires that Hertfordshire develops the talents of its working age resident population. In this way the economy can grow without unhealthy reliance on in-commuting or population growth, whether fuelled by natural increase or in-migration. This approach not only can reduce costs to the exchequer such as benefit payments, but can also raise the quality of life for individuals and communities.

Economic Participation

Economic participation is about improving employability and increasing economic opportunities for individuals to participate fully in the economy. While Hertfordshire historically, enjoys high standards of living and low levels of unemployment, there are still people unable to participate fully in the economy. The working age employment rate is no longer among the highest and is estimated to have fallen below that of the region in 2007.

Across Hertfordshire the employment rate for those with no or low qualifications is significantly below the employment rate for the general population, and the gap appears to be growing. There is some evidence to suggest that the number of jobs available to those with no qualifications is decreasing and is likely to continue to decrease (this was before the current recession) **OSCI Aug 2008.**

Low participation levels are related to deprivation. The Index of Multiple Deprivation (IMD) is the standard basis for analysis of the geographical impact of deprivation in England, especially for small areas. There are seven domains of deprivation, most of which directly impact on economic participation and 'well being' : Income deprivation; Employment deprivation; Health deprivation & disability; Education, skills and training deprivation; Barriers to housing and services; Indoors & outdoors living environment deprivation and Crime.

² **Resident working-age population: skills**

The percentages are for the population from 16 to 59 (women) or 64 (men). This is different to that for the National Indicators 163 to 165 where the population is from 19-59 (women) or 64 (men). The estimation of the numbers conforms to the approach agreed for the NIs using the approach to the classification of other qualifications adopted by DFES/DIUS and not ONS/NOMIS. Broadly speaking Level4 and above means HE qualifications, Level3 and above means at least 2 A levels or equivalent, and Level2 and above means at least 5 GCSEs at grades A-C or equivalent.*

The Hertfordshire Community Foundation Report 'The Hidden Need' 2006 stated that, 20% (137) Lower Super Output Areas in Hertfordshire were more deprived than the national average. Four were in the 20% most deprived in England with the most deprived districts being Stevenage, Watford and Broxbourne. This analysis was based on the IMD 2004 (largely based on data from 2001). The new IMD 2007 (largely based on data from 2005) shows the Hertfordshire position to have deteriorated. 24% (166) LSOAs are now more deprived than the national average. Five are in the 20% most deprived in England. The most deprived districts remain the same but they have all (like all Hertfordshire districts) deteriorated relative to the national average. This would appear in part to be connected with the deterioration in the employment situation of Hertfordshire residents since 2001 (when the economy was very buoyant). There are now eight LSOAs among the worst 20% in the country with regard to employment deprivation as opposed to only two in the IMD 2004.

Current research undertaken by the East of England Development Agency has identified a range of ways in which economic participation can be achieved:

- Raising skill levels and addressing employment barriers
- Maximising the economic benefits of migrant workers
- Stimulating enterprise
- Building capacity in the third sector

Priorities

Priorities and subsequent actions will need to reflect and recognise that high quality training is important to the success of the Hertfordshire economy. The county needs a demand-led system leading to a reduction and prioritisation of identified skills gaps and shortages and related to the economy's needs.

We need to encourage a culture of lifelong learning amongst business, young people and adults of all ages, with individuals fulfilling their potential.

Priority 1 – Developing skills that better meet businesses current and future needs

We will:

Work with larger employers, SMEs and in partnership with education and training providers to increase the number of people undertaking training and completing qualifications related to key and target economic sectors and clusters, so improving productivity.

Identify and prioritise skills shortages issues and develop approaches to address them.

Develop further employer/employee/pupil engagement strategies to benefit a range of skills development and curricula initiatives, and to provide appropriate progression routes into learning and work.

Our aim is to increase the proportion of learning leading to too nationally recognised qualifications an least at level 2 and above. We further aim to tackle literacy/numeracy/ESOL issues through the Skills for life Strategy.

A priority will be to support vocational options including access to the new Diplomas.

Priority 2 – Developing higher and further education and schools to support the knowledge economy

The county needs to ensure that we train and develop our young people to ensure they have the qualifications, life skills and adaptability for future economic activity. Our aim is to improve learning provision and infrastructure to meet current and future needs of learners, employers and communities.

We will support schemes to increase NVQ Level3 and 4 attainment and retention in the Hertfordshire economy. Partners will continue to work with colleges to develop and fund capital expansion proposals and change that will better meet the needs of learners and employers. Our aim is to increase the range and take up of foundation degrees, with access through FE institutions. We will implement “Aim Higher” strategies, in particular encouraging young people from deprived communities to raise their aspirations.

Priority 3 – Increasing employment opportunities and economic participation for disadvantaged communities

In partnership, we will work to create employment opportunities for Hertfordshire people in general and particularly those who are socially excluded and vulnerable because of disabilities or social circumstances. These include:

- lone parents, those living on incapacity benefits and long term unemployed
- people into work;
- people with a learning disability, physical disability, people with mental health problems, substance misuse problems, people in contact with the
- criminal justice system and young people being looked after by the Local Authority.

Our aim is to raise the aspirations and expectations of young people in our disadvantaged communities in the county and to break the cycle of low ambition and intergenerational poverty. This will include reducing the NEET figure overall and in particular in the areas with the highest levels. We aim to increase numbers progressing into Higher Education, especially in Stevenage and Broxbourne

We will target support through programmes such as the Economic Participation programme, Future Jobs Fund, Apprenticeships, ESF co-financing and through learning both formal and informal

Priority 4 – Supporting wider career choices (including Apprenticeships)

We will work with the Local Authorities, LSC/ National Apprenticeship Service (NAS), HERT, Youth Connexions, Aim Higher and the 7 Strategic Area Partnership Groups to embed the Hertfordshire's Information Advice and Guidance (IAG) protocol in line with the 14-19 Strategy and the DCSF IAG Standards and Strategy.

Our aim is to improve and extend the range of vocational training opportunities available for young people, for example, we will further develop, encourage the expansion of Apprenticeship provision and ensure the quality of provision is such that it attracts and retains young people.

Priority 5 – Encouraging skills for innovation and entrepreneurship

We will work with the University of Hertfordshire and the Colleges to address skills gaps and encourage Specialist Skills Development e.g. Foundation Degrees. We will work with partners to encourage innovation programmes in schools.

Our aim is to encourage innovation within SMEs who have limited capacity, for example using programmes such as the HE knowledge transfer programme

We will encourage take up of STEM subjects and linkage to business needs.

Priority 6 – To attract and retain graduates

We will aim to attract graduates to the county and nurture our own graduates to stay in Hertfordshire in order to harness their skills and their potential.

What will success look like?

- We will increase the number of completed apprenticeships from x in ? to y in ?
- Increasing the proportion of population aged 19-64 for males and 19-59 for females qualified to at least Level 2 or higher from 71.7% in 2006 to 76.7% in 2010/11 (LAA Target NI 163)
- Increasing the proportion of population aged 19-64 for males and 19-59 for females qualified to at least Level 4 or higher from 34.8% in 2006 to 36.8% in 2010/11 (LAA Target NI 165)
- Reduce numbers of working age population on out of work benefits
From 10.3% in Stevenage and 9.1% in Broxbourne in 2006/07 to 9.3% in Stevenage and 8.1% in Broxbourne in 2010/11 (LAA target NI 152 to be re-negotiated in 2009/10)

- Reduce the number of young people Not in Education, Employment and Training from x in ? to y in ? and we will target the areas with the highest rates
- Increase the number of people with a Skills for Life qualification from x in ? to y in ?
- Reduce the number of LSOAs on the Index of Multiple Deprivation (IMD) that are more deprived than the national average by x%
- We will attract x graduates
- We will increase the number of employers thinking that training providers are producing individuals with the right skills by x% (NINJ)
- We will implement the Building Schools for the Future Programme
- We aim to improve the position of all Hertfordshire Districts on the Index of Multiple Deprivation

3.4 KEY OBJECTIVE 4

Providing quality and connected locations for growth

Context:

The settlement pattern of Hertfordshire means that there is a dispersed distribution of existing employment land across the county with a wide variety of sites available ranging from established industrial areas in our smaller towns to larger employment areas in our new towns such as Maylands at Hemel Hempstead and Gunnels Wood in Stevenage, to recently-developed business parks such as at Hatfield. Town centres, particularly Watford, are key employment locations particularly for financial and professional services.

Inward investors, especially foreign-based companies look for prestigious locations close to strategic transport routes and for high quality development or sites with support facilities such as shops, restaurants and leisure facilities. They often look to locate close to other prestigious companies or similar sector clusters.

Firms large and small that are already located in Hertfordshire need space to grow and change as their business develops. Evidence from commercial agents suggests that Hertfordshire does not currently provide the quality locations or development that suits the needs of modern businesses and that the county is therefore missing out to other locations where the overall 'offer' is more attractive.

Recent employment land studies³ point to the difficulty of setting targets for the future provision of employment land as the current recession makes long term projections problematic. However there is general agreement that the demand for traditional B2 (general industry) employment land is likely to decline and that demand for B1 (office/research and light industry) and B8 (warehousing and distribution) is likely to increase. Given that the growth of office-based activities contribute to the economic objectives of a higher value, more knowledge-based economy, consultants carrying out these studies suggest that it may be appropriate to plan for some growth in office floorspace though this may be required towards the end of the period covered by this strategy. The Tyms study for the London Arc West authorities suggest that some of this could be provided in one or more high quality strategic business parks.

Hertfordshire has a significant level of B8 floorspace, generally in low density, low value uses. Encouraging too much warehouse development with a corresponding low job density may go against the objective of upgrading the county's mix towards higher value, higher skilled economic activities. District

³ Roger Tym and Partners – Hertfordshire London Arc West Jobs Growth and Employment Land, March 2009

Halcrow – East Herts Employment Land Review – October 2008

Bone Wells Associates – North Herts Employment Land Review – February 2006

Stevenage Employment Capacity Study – DTZ November 2006

Councils, in their role as local planning authorities, need to take on board the aspiration for increases in high value jobs in drawing up and identifying sites in their Local Development Frameworks (LDFs).

Major Employment Sites

Within Hertfordshire, there are a number of major employment areas which together make a significant contribution to the local and regional economy. These include Gunnels Wood in Stevenage, Maylands in Hemel Hempstead, the Elstree corridor in Hertsmere and the Essex Road area in Hoddesdon. Even before the Buncefield explosion devastated parts of the Maylands employment area, a regeneration partnership had been formed and the incident gave this added impetus. The result was the 'Maylands Master Plan', a regeneration framework to re-brand Maylands as a green business park. This is now being implemented and could form the model for the regeneration of other major employment areas elsewhere in Hertfordshire.

Elsewhere and within each district, there are other important employment areas such as Pin green in Stevenage and Rainham Road in East Herts which need to be protected and regenerated and District Councils should identify these and develop suitable policies in their emerging Local Development Frameworks.

A major casualty of the last recession to hit Hertfordshire was the aerospace industry with the closure of the former De Havilland aerodrome in Hatfield with the loss of a significant number of local jobs. However coordinated action by the landowner and public and private sector agencies has led to Hatfield Aerodrome becoming one of Hertfordshire's 'success stories'. A number of major national and international companies now occupy space at Hatfield including T Mobile (UK HQ) Ocado, Computerstore and the European HQ of the Japanese pharmaceutical company, Eisai.

In the west of the county, another major employment opportunity is provided by the Watford Health Campus. This seeks to regenerate 26.5 ha of underused land to create a new hospital and other health facilities, offices, new housing, business, leisure and recreation space and a new stadium for Watford Football Club. The development will also deliver new transport infrastructure and help re-connect West Watford with the town centre.

The Planning Framework

At regional level, the Regional Economic Strategy (RES) describes the overall economic goals for the East of England and these are reflected in the strategic planning framework provided by the Regional Spatial Strategy (RSS). This identifies Stevenage, Watford, Hemel Hempstead and Welwyn-Hatfield as Key Centres of Development and Change (KCDC) where most new development will take place. Policy E1 of the RSS suggests an indicative jobs growth target for Hertfordshire up to 2021 of 68,000 jobs while Policy E2

requires LDDs to ensure the provision of an adequate range of employment sites/premises to accommodate this target.

Policy E3 refers to the need to identify ‘*strategic employment sites*’ to be provided particularly, but not exclusively’ atHarlow⁴, Hemel Hempstead...(in) Hertfordshire at locations...which would support strong continued growth of mature and emerging clusters and sectors, or support the regeneration of the Lea Valley.... and at other KCDC’s to meet needs identified in LDD’s. Policy E4 requires LDDs to support the growth of intra-regional sectors and business clusters including...the life-science regional super-cluster with concentrations in....Hertfordshire...the multi-media cluster from London to Hertfordshire...’.

Hertfordshire’s Priorities

Given the job numbers needed in Hertfordshire by 2021 and the need for active management and control of growth, our approach will be:

- In accordance with RSS Policy E3, to work with local planning authorities to bring forward a small number of strategic employment sites in high profile prestigious locations. The location of these sites will be influenced by a number of factors including the location and quality of new housing development, employment land studies, existing clusters and sectors and existing and proposed strategic transport infrastructure;
- To support local planning authorities in the preparation of development briefs for strategic employment sites, such briefs to include:
 - criteria for assessing the type and value of jobs created to ensure alignment with the goals of this strategy;
 - provision of supporting uses such as retail, leisure, health, housing, education and training to ensure sustainable development and reduce the need to travel,
 - provision of access by a variety of travel modes
 - high quality and innovative design and adherence to the principles of the Hertfordshire Sustainable Development Guide
- To market each strategic site for its unique character, location and brand in order to develop new clusters and innovation.
- To expect all employment sites to maximise the number of high value jobs created in order to ensure the best use of available land – low density development with low quality jobs will be resisted/discouraged
- To expect all development for employment purposes to embody low carbon principles in construction and energy consumption and emissions;
- for all major developments (over 100 jobs) to adopt and implement Green Travel Plans;
- To identify essential infrastructure – transport, social and community, business support, leisure and retail to ensure sustainable development
- To lobby for investment in critical infrastructure that otherwise could be a constraint on economic growth including:

⁴ The RSS proposes the expansion of Harlow through development in East Herts District

- A1(M) widening
 - Croxley Rail Link
 - Strategic Rail capacity
 - Water, electricity supply and sewerage
 - Affordable housing
 - Investment in colleges of further education.
- To ensure the emerging transport vision for Hertfordshire takes into account the needs of the economy and business , addresses congestion hot spots and promotes quality effective public transport to and from key locations;
 - To lobby for the implementation of high speed broadband and other modern communications technologies across Hertfordshire
 - To create innovation and incubation centres for new entrepreneurs at strategic locations across the county particularly based on sectors, clusters and new industries;
 - To promote the improvement and regeneration of existing employment areas such as Gunnels Wood and Maylands to maintain existing jobs and where possible, increase employment densities;
 - To encourage the regeneration of our town centres such as Hatfield and Stevenage for mixed use development;

Summary and Success Criteria

The continued growth and success of the Hertfordshire economy depends on our ability to attract and retain high quality employment which delivers high-skilled jobs and contributes to achieving other economic, social and environmental goals. In order to attract the right kind of employment, Hertfordshire needs to provide a range of suitable sites including a number of strategic employment sites which meet the needs of inward investors, - sites which are well located in relation to strategic transport links and supported by appropriate skills, training, retail, housing and leisure facilities.

The success of this strategy will therefore be measured by:

- The number of strategic employment sites brought forward for high quality development;
- The number of high quality/high value jobs created on these sites;
- The number of existing employment areas safeguarded and regenerated
- Progress made in delivering the 68,000 jobs required by the Regional Spatial Strategy.

4. IMPLEMENTATION

To be drafted

5. MONITORING AND REVIEW

To be drafted