

HERTFORDSHIRE ECONOMIC PARTNERSHIP

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REPORT: TOWARDS AN ECONOMIC VISION AND ECONOMIC STRATEGY FOR HERTFORDSHIRE

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Purpose of Report

To set out the process and timetable for the development of a vision and economic strategy for Hertfordshire.

1. Background

- 1.1 The new economic partnership for Hertfordshire is now established and there is wide consensus that there is a need for a vision and strategy as one of the key outcomes for the partnership in its first year, to establish a route map for economic recovery.

2. Hertfordshire Economic Context

- 2.1 The Hertfordshire economy had a history of post war success, unemployment was for the most part low, and wages for the most part were high. The 1980s saw the impact of pressures associated with economic success and locational advantage including congestion, high house prices and significant inward investment.
- 2.2 The early 1990s saw a recession and economic slowdown, in part related to reductions in military defence spending which in turn led to a run down in the county defence aerospace sector, the loss of manufacturing and move to a service economy. There was at that time a rapid rise of unemployment.
- 2.3 The late 1990s saw economic recovery with Hertfordshire becoming a prosperous county, with an emerging knowledge based economy and on average, high standards of living. The economy is built on some key sectors e.g. pharmaceuticals, telecommunications, financial services.
- 2.4 Hertfordshire's workforce is generally highly skilled and on average well paid, a significant number of employees have higher level qualifications well above the national average. Average workplace earnings are above the UK average and in addition, a significant number of Hertfordshire residents work in London.
- 2.5 However this picture masks a number of growing challenges that will need to be addressed if the county is to remain competitive. Despite the general affluence there are pockets of high unemployment and the generally high levels of skills amongst our workforce mask significant

numbers of the population without formal qualifications. London also attracts many highly skilled people to higher wages and different employment opportunities, so commuting levels are high.

- 2.6 Hertfordshire exists in a global economy and the current recession has led to a slowdown in the local economy with increasing unemployment. Research shows that the economy had already started to slow in Hertfordshire in the mid 2000s.
- 2.7 More challenging conditions lie ahead for our economy if we are to sustain our relative prosperity. These factors include globalisation, proximity to London, infrastructure needs and the growth pressures emanating from the East of England plan, skills.
- 2.8 There is an expectation in the East of England Plan that Hertfordshire creates a further 68,000 jobs by 2021. Ideally these jobs will need to be filled by local people and be high value, sustainable jobs.

3. The need for a new vision and strategy

- 3.1 The last Hertfordshire Economic Development Strategy (HEDS) was produced Herts 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.
- 3.2 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.
- 3.3 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".
- 3.4 Now is a critical time for a new economic vision to replace the HEDS 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.

4. Stages in developing the new strategy

4.1 Economic Analysis

4.1.1 To establish the “where we are now” and “how we have been developing since 2001” positions it will be important that a range of existing information is gathered together.

This will include –

- The recent Roger Tym Employment Land Study undertaken on behalf of a number of districts
- Herts Infrastructure and Investment Strategy
- Various recent job forecasts/projections for Hertfordshire
- The OCSI work of the Economic Participation programme
- Scoping work undertaken for the Sustainable Community Strategy

4.1.2 In addition there is a need to analyse the strengths and weaknesses of the Herts economy and to undertake further work addressing:

- Employment change, quantity and quality, workplace- and residence-based (this can build on existing work for the regional Annual Monitoring Report (AMR) and the Quality of Life Report (QoLR).
- Small businesses in Herts
- Analysis of the Index of Multiple Deprivation (IMD) Changes in deprivation since 2001 using the latest information from DCLG.

4.1.3 Together with economic forecasts from the East of England Forecasting Model (due in April) these should provide an adequate basis for visioning work. Some of these elements (or simple updates of them) would be carried forward into the first statutory economic assessment – the latter needing to incorporate data from many partners, including businesses, and, reflect the importance of sub- and, potentially, supra-county sub-regional geographies.

4.1.4 The statutory economic assessment need not wait upon the government timetable of implementation in 2010, but will need to take account of the regional debate if it is to influence future regional strategies. Consideration could be given to undertaking a pilot assessment in 2009/10.

4.2 Issues and challenges

4.2.1 Likely issues and themes that the strategy will need to focus on will be Skills, Business Competitiveness, Innovation and R&D, Transport and Infrastructure, Low Carbon/Energy Efficiency, Economic Participation (Social Wellbeing), Inward Investment and Business retention.

- 4.2.2 The Strategy will also need to reflect the sub-economies of Hertfordshire and Hertfordshire's relationship to London, the M11/Harlow Corridor, Luton/Dunstable.

5. Timescale

The following timetable is proposed

March – June 2009 - Stage 1 – Economic analysis (the current state of the economy)

June – July 2009 - Economic Board workshop to discuss the state of the economy, key issues and priority themes

September 2009 - Draft vision agreed by the Board

November 2009 - Draft vision to Herts Forward Conference and consultation on themes and priorities

March 2010 – Draft Economic Strategy for Hertfordshire agreed by Economic Partnership Board for consultation

6. Recommendation

That the Partnership Board agree the process and timetable set out in this report.