Productive North Herts

Evidence to Support Economic Development Strategy

September 2015

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1. ECONOMIC AND POLICY CONTEXT

The UK Economy

1. In the last 5-10 years the UK economy has been through a slow and uncertain period, zig-zagging between small rises and falls in economic growth.

2. Officially, according to the Office for National Statistics (ONS) the recession began in the second quarter of 2008, and exited it in the fourth quarter of 2009. The figures show that the UK suffered six consecutive quarters of negative growth, making it the longest recession since records began.

3. In the first quarter of 2012, the economy was thought to have entered a double-dip recession by posting two consecutive negative quarters of growth. However, revised figures by the ONS illustrated that in fact the UK economy had stagnated in the first quarter with growth at 0.0%, (thereby not fulfilling the technical requirement of two consecutive quarters of negative growth for a recession). In 2012 the one-off boost from sales of Olympic Games tickets broke the pattern temporarily in the latter part of the year.

4. In the first quarter of 2013 the economy grew by 0.3% and then by 0.7% in the second quarter, this pattern of growth continued into 2014 with an annual growth rate of 2.6%. In 2015, the first 3 months saw a growth rate of 0.3% although forecasts expect the UK to grow approximately 2.9% throughout the year. ,However, uncertainty in the international and European climate may impact on these figures. It is however clear that the economy is beginning to recover from the period of stagnation through 2008 – 2012.

Hertfordshire Context

5. In Hertfordshire and the wider sub-regional area a number of documents have been produced providing an assessment of the county-wide context. These are summarised in the table below:

- Although Hertfordshire generates high levels of Gross Value Added (GVA)[1], growth in GVA and GVA per head has been slower than certain competitor areas
- Employment growth in Hertfordshire has been behind some other areas. Between 1998 and 2008, employment in Hertfordshire increased by 2% which compares to national and regional growth levels of 10% over the same period
- Population growth in Hertfordshire over the same period increased by 7% which is in line with other areas. The fact that employment growth has not kept pace with the increase in population levels is likely to have resulted in increased out-commuting
- There has been significant variation in economic performance at a district level. Three Rivers and Welwyn Hatfield in particular have experienced significant employment growth in the last 10 years, whilst St Albans has seen a large

[1] GVA is a measure in economics of the value of goods and services produced in an area, industry or sector of an economy

decline in employment over the same period

- There is also some evidence to suggest that employment in Hertfordshire is becoming more focused on low value sectors. Key sectors in terms of size include “wholesale and retail trade” and admin and support services. In addition sectors which have grown between 1998 and 2008 include education, health and social work. Employment in other sectors such as research and development have not kept pace with nation growth
- Hertfordshire has a particular strength in life sciences, with an increase in employment between 2003 and 2008 and a relative specialism in employment terms compared to national levels
- There has been significant employment growth in the advanced manufacturing and professional, banking and finance sectors in Hertfordshire. However the county does not have a relative specialisation in this sector in employment terms compared to nationally
- Employment in the software and digital sector and the green industries sector declined between 2003 and 2008 but Hertfordshire does have a relative specialisation in this sector in terms of employment compared to national levels
- In terms of inward investment, Hertfordshire attracted the second highest levels of inward investment in the region after Cambridge between 2005 and 2010 (44 investments). This is however; three times lower than for Berkshire. Investment in Hertfordshire has remained fairly stable over this period whilst this has declined in Berkshire.

6. Essentially the message is that Hertfordshire has lost its competitive edge and areas such as the Thames Gateway, M4 Corridor and Cambridge have been growing at a much faster rate in the relative recent past.

Local Enterprise Partnerships (LEPs)

7. North Hertfordshire resides within two separate Local Enterprise Partnership areas. This is based on its location and interaction with two separate economies.

8. The majority of settlements in North Hertfordshire i.e. Hitchin Letchworth, Baldock and the proximate villages interact and share similarities to other settlements in Hertfordshire (and London) both in terms of employment and functionality. However to the north of the district Royston and the surrounding villages interact more with Cambridge sub-region meaning that we must be aware of the intentions and aspirations of both the Hertfordshire LEP and the Greater Cambridge Greater Peterborough LEP and ensure we obtain the best outcome for the district going forward.

Hertfordshire Local Enterprise Partnership (LEP)

9. The Hertfordshire LEP Growth Strategy identifies the vision that *by 2030 Hertfordshire will be the leading economy at the heart of the UK's golden research triangle (Oxford-Cambridge-London).*

10. Three priorities were identified as key to achieving this vision. They are:
    - Maintaining our global excellence in science and technology

- Harnessing our relationships with London (and elsewhere)
- Re-invigorating our places for the 21st Century

Strategic Economic Plan

11. The Strategic Economic Plan (SEP) is the foundation document on which the LEP negotiated the local growth deal with Government. The document identifies a series of growth corridors and has a strong emphasis on housing growth, investing in infrastructure and reinvigoration of the counties new towns.

12. On the basis of this document the LEP were awarded £53 million for the year 2015/16, and as part of the Governments on-going commitment it also provided an indicative award of a further £146million from 2016/17 onwards. Recently the Government awarded a further £22.3 million for the period 2016-2021, bringing the total secured so far for the Hertfordshire area to £221.5 million.

13. The LEP has identified that over the lifetime of the growth deal (2015-2021) up to 15,000 additional jobs could be created, 20,000 additional homes built and it has the potential to unlock £430m public and private investment. The growth deal is built on 4 main priorities:

    - Enabling flagship sites for housing and employment
    - Enhancing transport connectivity across the area
    - Growing the skills base
    - Creating jobs and supporting core sectors

14. The vision, priorities and actions contained within Productive North Herts will need to make sure that there is consistency with what the LEP are proposing and that we are contributing to the overall aims and objectives for the LEP area as well as our own specific requirements. Alignment with specific projects and programmes in the SEP provides an opportunity for funding and an increased chance of delivery.

Growth areas

15. North Hertfordshire is located in the A1 Growth Corridor and so we will need to be involved in the associated growth area forum when it is established. Whilst a number of the projects may be specifically focussed around the new towns that exist within the growth area, the infrastructure that exists within this area serves all settlements and so improvements will have added value to all.

Economies

16. The North Hertfordshire economy includes pockets of life science and pharmaceutical industries, which are seen as important within the priority of *Global Excellence in Science and Technology* in the SEP. The presence of GlaxoSmithKline in Stevenage and the influence of the Cambridge economy to the north east means that there are a number of spin off and related industries residing within our boundaries. This provides an opportunity for potential growth in the future.

17. Also linked to science and technology are the those classified as “creative industries” such as media, film and digital animation. Whilst these are not particularly prevalent in North Hertfordshire, there are some pockets of these

industries and there are obvious links to North Hertfordshire College and their Centre for the Arts. This again is an opportunity for growth in the future.

Specific funding streams

18. The LEP was allocated €69.6 million (£56.4 million) from the European Structural and Investment Funds (ESIF), for investment into Hertfordshire projects from 2015 onwards, This was on the basis of the ESIF Investment Strategy[2].

19. European Structural and Investment Funds (ESIF) are designed to improve economic growth, business competitiveness and employment opportunities and social well-being across Member States of the EU. The ESIF allocation for the UK for the period 2014-2020 is nearly €6.2bn. This amount covers three funding programmes: the European Regional Development Fund (ERDF); European Social Fund (ESF) and the European Agricultural Fund for Rural Development (EAFRD).

20. Both the ERDF and ESF pots each total £28.2 million. The focus for ERDF projects should be around:
    - Strengthening research, technological development and innovation
    - Enhancing the competitiveness of SMEs
    - Supporting the shift towards a low carbon economy in all sectors

21. . The ESF pot is more focussed around issues such as skills and apprenticeships supporting and promoting employment and supporting labour mobility. This also includes promoting social inclusion and combating poverty and investing in education, skills and lifelong learning. A skills strategy was recently been produced by the LEP in combination with an action plan, providing potential projects to deliver some of this funding.

22. Additional to ESF and ERDF, is European Agriculture Fund for Rural Development (EAFRD). This funding stream totals approximately £1.5 million and is focussed around building knowledge and skills in rural areas, funding new and developing non-agricultural, micro, small and medium-sized rural business, funding small scale renewable and broadband investments in rural areas and supporting tourism activities in rural areas.

Greater Cambridge Greater Peterborough (GCGP) LEP

23. In April 2013, the GCGP LEP finalised its Operational Plan for the year, which identified five priority areas for the LEP, which were:

- Enabling the development and occupation of Alconbury Enterprise Zone in line with partners' vision for the site
- Advocating and influencing improvements to our area's transport infrastructure
- Enabling business-led skills provision and improving the work readiness of the unemployed in target areas

[2] See http://www.hertfordshirelep.com/Our-EU-Strategy.aspx

- Promoting enterprise growth and innovation
- Improving international promotion, increasing inward investment and exporting

24. Again these priorities will need to influence our vision to ensure consistency.

Strategic Economic Plan

25. The GCGP SEP was built on core strengths and demonstrable growth to date, seeking to build on recognised research and technology base, but at the same time seeking to expand export of goods and services and ensure that the growth agenda benefits the whole LEP area. The SEP set out six Prioritised Intervention Packages to unlock growth, which were:
    - For the LEP to be the UK's exemplar area for digital connectivity
    - Accelerate the momentum of business growth by facilitating targeted support
    - Respond to existing pressure for the growth and retention of businesses by facilitating the provision of additional commercial space
    - A transport network fit for an economically vital high growth area
    - Remove the skills barriers to continued growth
    - Enabling the development of Alconbury Enterprise Zone in line with partners' vision for the site.

26. The initial Growth Deal allocation for GCGP LEP was £17.1 million for the year 2015/2016 and an additional £53.9 million for the years 2016-2020. In the second phase of growth deal funding the LEP secured an additional £38 million for specific projects.

27. Much of the focus of the SEP is around digital connectivity, supporting business growth, removal of skill barriers and improving the transport network.

28. Many of the identified projects are concentrated away from the North Hertfordshire area, however the more general priorities around digital connectivity and skills can be considered in the emerging strategy.

Economy

29. Again as with Hertfordshire SEP, there is an identification of Agri-tech as a specific focus for investment, and there are pockets of this industry, specifically around Royston based on the agricultural and equestrian uses.

Specific funding streams

30. From the three funding streams within the European Structural Investment Funds (ESIF) i.e. ERDF, ESF and EAFRD, the GCGP LEP was allocated £72 million. Whilst the overall themes were similar to that of the Hertfordshire LEP, the specific focus of the funding was quite different. Both ERDF and ESF were allocated £32.3 million and EAFRD was £7.39 million.

31. Within ERDF the GCGP placed a greater emphasis on low carbon initiatives, but also on ICT projects. ESF funding is again based around employment social inclusion and skills much like the Hertfordshire LEP.

32. With regards to the EAFRD, £3 million will be allocated towards promoting innovation in rural business, another £3 million towards business development and support and £1 million towards rural broadband in hard to reach location, the remainder will be focused on providing training in rural tourism.

North Hertfordshire District Council Priorities

33. As agreed by Full Council on the 3 September 2013, the district council has three priorities for the district and these are:
    - Promoting sustainable growth
    - Working with our communities; and
    - Living within our means

34. These will need to have a strong influence over the key areas and priorities of the economic development strategy. Promoting sustainable growth provides a key basis for economic development but the document will need to be framed in a way that satisfies the other two priorities as well.

Other Key Projects / Programmes

Eastern Plateau Rural Development Programme

35. The Eastern Plateau Programme is a funding initiative for rural communities and businesses in North Hertfordshire, East Hertfordshire, Epping Forest and Uttlesford. The initiative received £2.5 million of European funding between 2008 to 2013, and again was recently allocated £1.8 million for the period from 2015 to 2020.

36. The programme provides grant funding largely to economic development projects and SMEs and represents a substantial fund and key opportunity for rural enterprises in the local area, particularly for small businesses. The area now covers most of rural North Hertfordshire, having been expanded from the previous programme. This provides a key opportunity for rural businesses to access finance for projects up to the value of €200,000, although match funding is required

37. The Table below provides a summary of messages from other document prepared at district level around topic such as employment and economic development issues.

Summary of key messages for North Hertfordshire (Largely taken from North Hertfordshire Employment Land Review (2013):
• Employment growth in North Hertfordshire has been relatively low and in decline since 2005. During the period 1998-2011 we experienced a -10% decline in employment (4,800 job losses) compared to 8% employment growth at the regional and national levels.

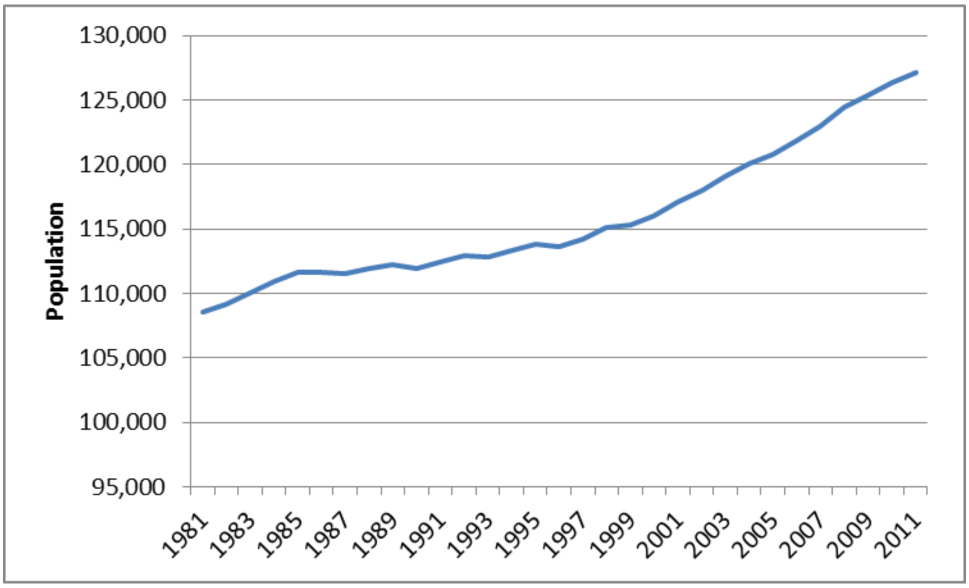
- Losses were experienced across all B class uses with the greatest changes experienced in B2: manufacturing (-21%) and B1: business (-20%) followed by B8: storage and distribution (-7%)*.
- The manufacturing and retail sectors, representing a quarter of the district's employment, each recorded over 1,000 job losses during the 2003-8 period. The business administration and professional/scientific sectors, which represent 12% of the district's employment, have been steadily contracting and since 2008 have each lost around 1,000 jobs.
- While 11% of the North Hertfordshire workforce is self-employed, in line with the national average (13%), this figure has sharply declined since 2004, with almost 4,000 leaving self-employment.
- Nevertheless, the economic activity and employment rate in the district are relatively strong (82% and 76% respectively), surpassed only by the South Cambridgeshire comparator district. They did however decline between 2004 and 2011.
- Overall population growth in the district has also been relatively strong (9%) and above the levels of Hertfordshire county (8%), East of England (8%), and England (7%).
- High economic activity rate of 82% (although both the changes to compulsory education to the age of 18 and removal of a defined retirement age will impact future figures and their comparison), with the growth rate of this demographic continuing to keep pace with the national level of 8% over the last decade.
- Resident earnings in North Hertfordshire are significantly higher than workplace earnings and are highest relative to all comparator geographies.
- North Hertfordshire experiences an overall net outflow of 11,100 daily commuters, with the average out-commuter being more highly skilled than those commuting into the district. As such, there is a clear trend of residents commuting out of the district to work in more highly skilled jobs (census 2001),
- Town centre vacancy rates have consistently been below the national and regional average, although there are variations across centres, and individual locations within the centres.

2. ECONOMIC CHARACTERISTICS

Population and density

38. North Hertfordshire has **a total population of 127,114** (Census 2011). As can be seen in **Figure 1**, the population has grown quicker in the last 10 years, than the preceding 20 year period. This can be attributed to developments such as Great Ashby, on the edge of Stevenage, which have increased the annual build-rate, but also the fact that people are living longer. Therefore the average age of the population is much older now than it was in the 1980s.

FIGURE 1: POPULATION GROWTH SINCE 1981



Source: Nomis

39. Although North Hertfordshire is considered to be a largely rural district, with a total area of 375.4km the **population density equates to 3.4 persons/ha**. This is above the East of England average (3.1), but below the national average (4.1). Of the 326 district / unitary authorities, **North Hertfordshire scores 211th for population density**, which is quite surprising based on the large rural area that exists.

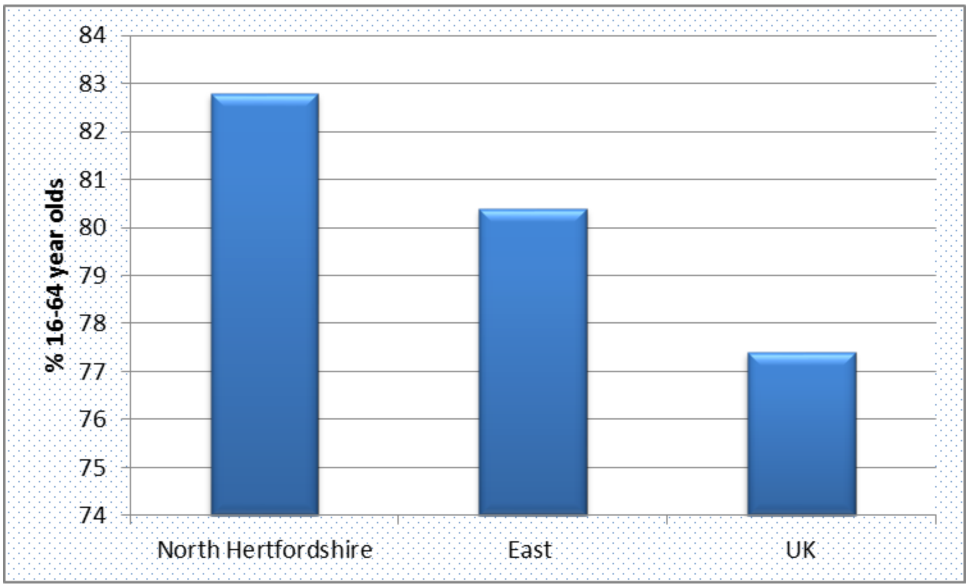
40. Even though the area is considered to be rural, the mixture of market towns and villages mean that the area is more densely populated than some people may think.

Economic activity rate

41. **The economic activity rate is high in North Hertfordshire** (i.e. a large proportion of people are either in work or looking for work) as **Figure 2** demonstrates. The economic activity rate of North Hertfordshire in 2013 was 82.8%, higher than the east of England average of 80.4 and the UK average of 77.4.

42. A high rate suggests **healthy labour market** where a large proportion of the population are either looking for work or are in training. This usually goes hand in hand with a low unemployment rate.

FIGURE 2 ECONOMIC ACTIVITY RATE AT 2013

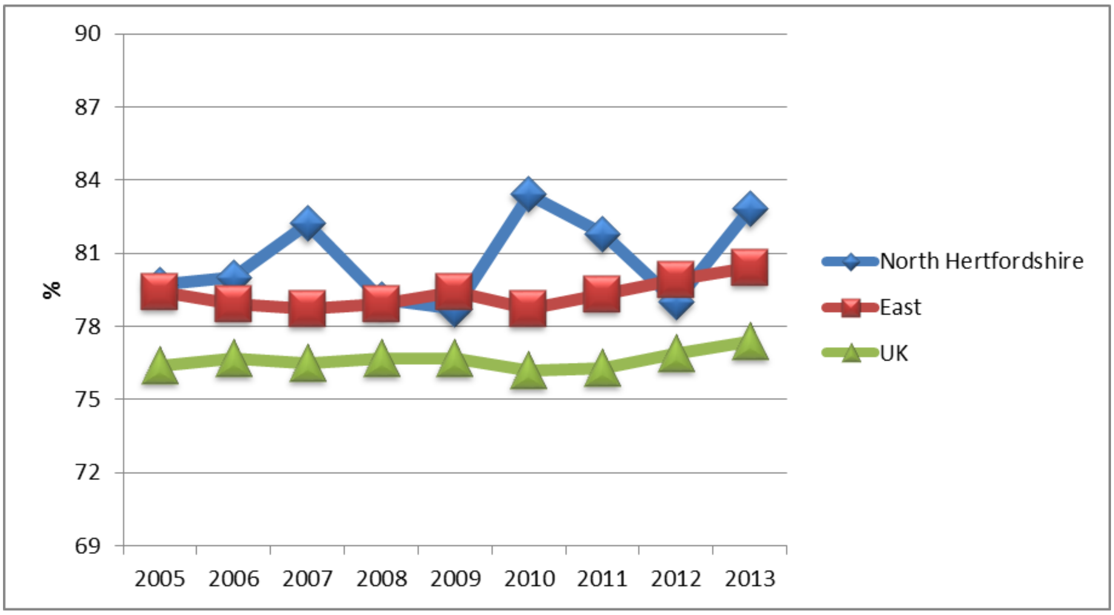


Source: Nomis

43. **Figure 3** confirms that over time **North Hertfordshire has continued to have a high economic activity rate** above the UK average and largely above the east of England, albeit occasionally dipping below.

44. The rates have varied over time, with decreases during and following the economic downturn. The recent increase seen at all levels over the last three years can partly be attributed to the increase in the state pension age for women as economic activity rate among 50 – 64 year olds was much more rapid than the 16 – 49 category.

FIGURE 3: ECONOMIC ACTIVITY RATE OVER TIME

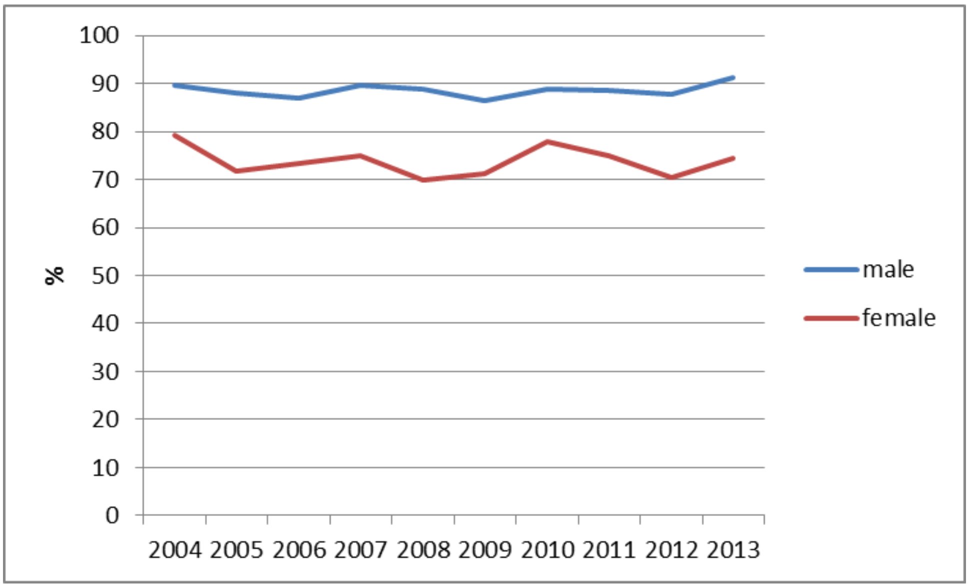


Source: Nomis

45. It is clear from **Figure 4** that the male employment rate is much higher than the equivalent for female. Both have largely stayed the same over time, albeit with a degree of deviation. It would appear that the female rate was more heavily affected by the economic downturn, and the figures suggest that it has yet to return to 2004 or 2010 levels.

46. In North Hertfordshire the **most common reason for economic inactivity is "looking after the family or home"**, which traditionally affects female economic activity rates more. Across England the most common reason is being economically inactive is being a student.

FIGURE 4: EMPLOYMENT ACTIVITY RATE FOR MALE AND FEMALE NORTH HERFORDSHIRE RESIDENTS

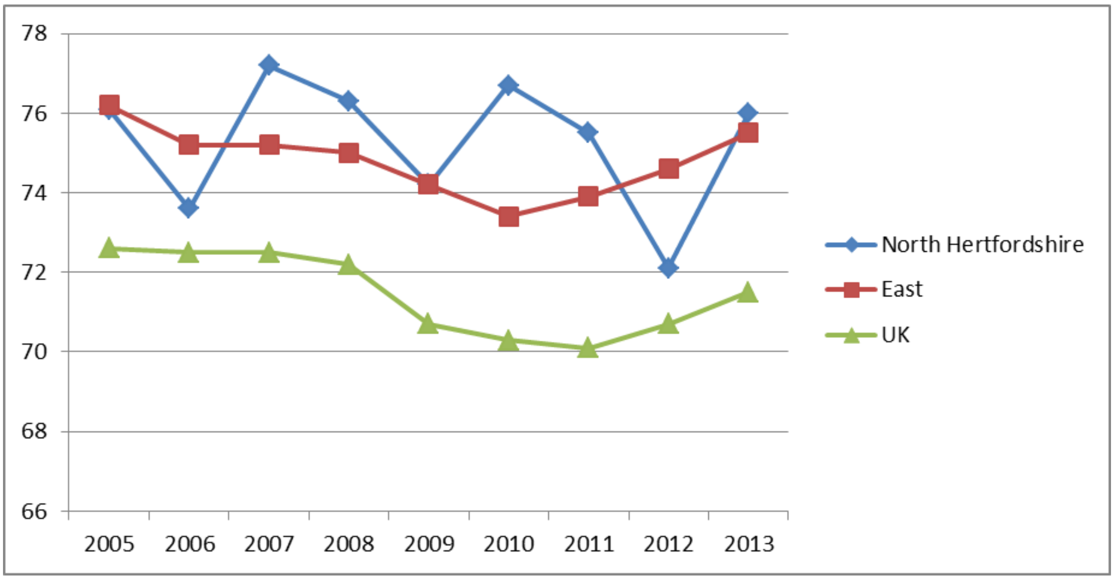


Source: Annual Population Survey (ONS)

Participation in employment

47. North Hertfordshire has a relatively high employment rate (i.e. working age employees in employment). Figure 5 illustrates that district rate has dropped below the East of England figure a number of times in the last 7 years, but is **currently above both the UK and the East of England figures.**

FIGURE 5: EMPLOYMENT RATE OVER TIME



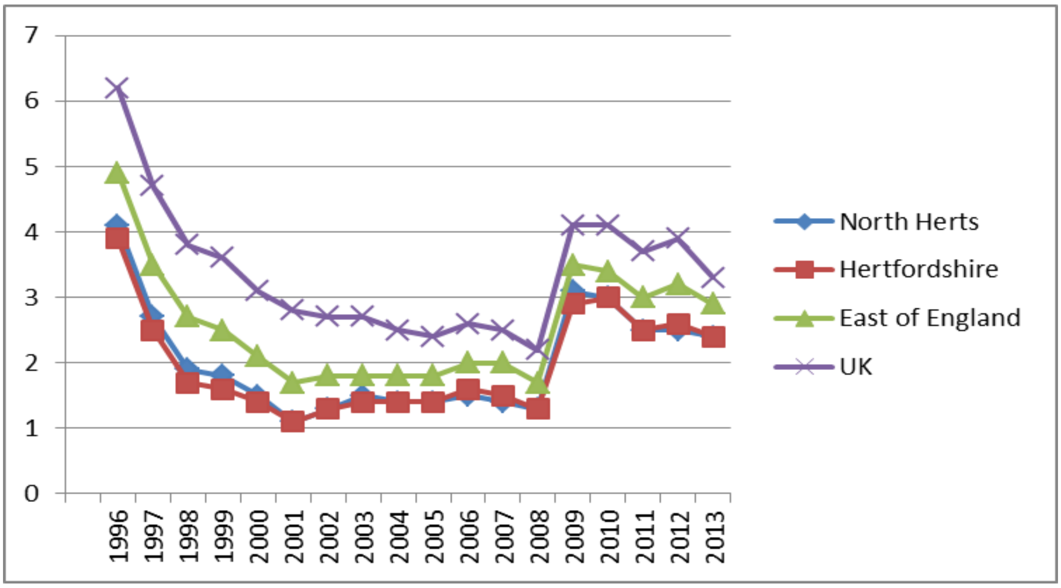
Source: Nomis

Unemployment rate (claimant count)

48. The rate of unemployment (measured through the percentage of people claiming Jobseekers Allowance) in North Hertfordshire **has largely followed the county average** as illustrated by **Figure 6**. The figure is still someway below regional and UK averages, representing the economic strength of the district.

49. The recent improvement in economic conditions has had a downward trend on unemployment at all levels, although figures remain above pre-2008 levels.

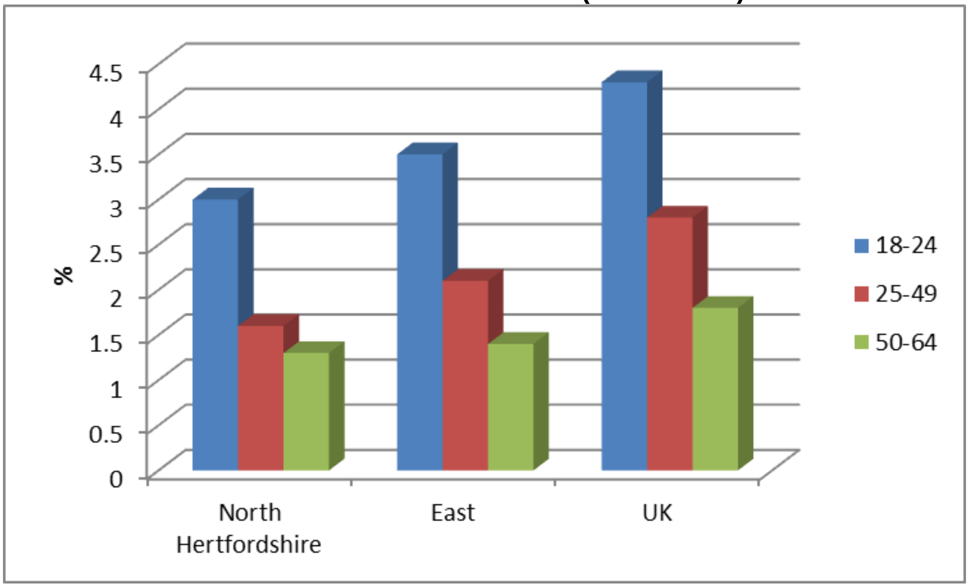
FIGURE 6: UNEMPLOYMENT RATE AS A PERCENTAGE OF ALL RESIDENTS OF WORKING AGE



Source: Hertfordshire Employment Bulletin

50. When the claimant count is split by age (Figure 7) it is clear that across the board, a greater number of younger working age residents are claiming jobseekers allowance. **The figures for North Hertfordshire are once again below East of England and UK averages;** however the figure for the upper age population (50-64) is much closer.

FIGURE 7: CLAIMANT COUNT RATE BY AGE (APRIL 2014)



Source: ONS

51. Over time it is clear that it is the younger section of the community who suffered most during the most recent economic downturn as shown in **Figure 8**. Interestingly the figures for most age groups are approaching pre-recession levels. The younger age group has decreased substantially over time, **potentially reflecting the funding that has been invested in youth unemployment and associated initiatives.**

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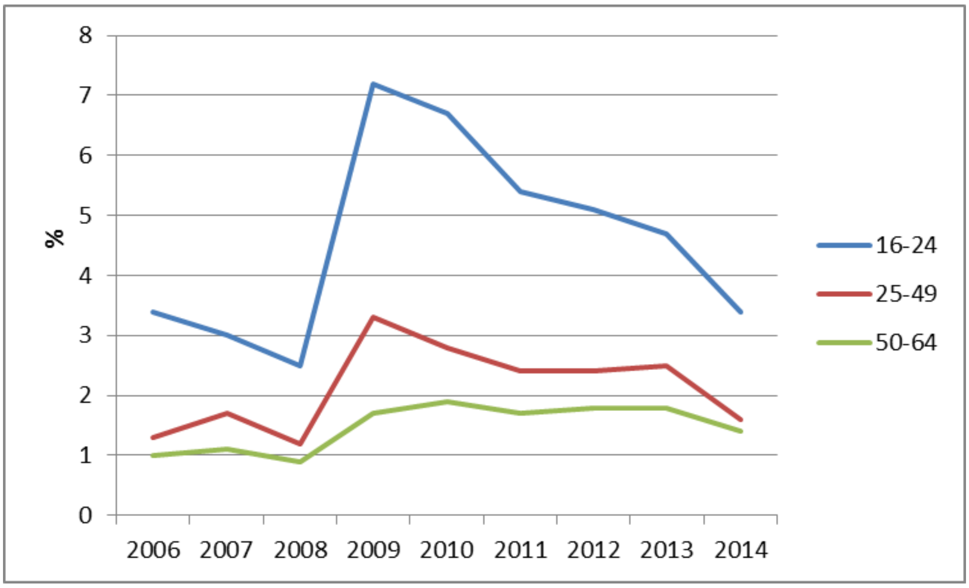
FIGURE 8: CLAIMANT COUNT RATES BY AGE IN NORTH HERTS 2006 - 2014



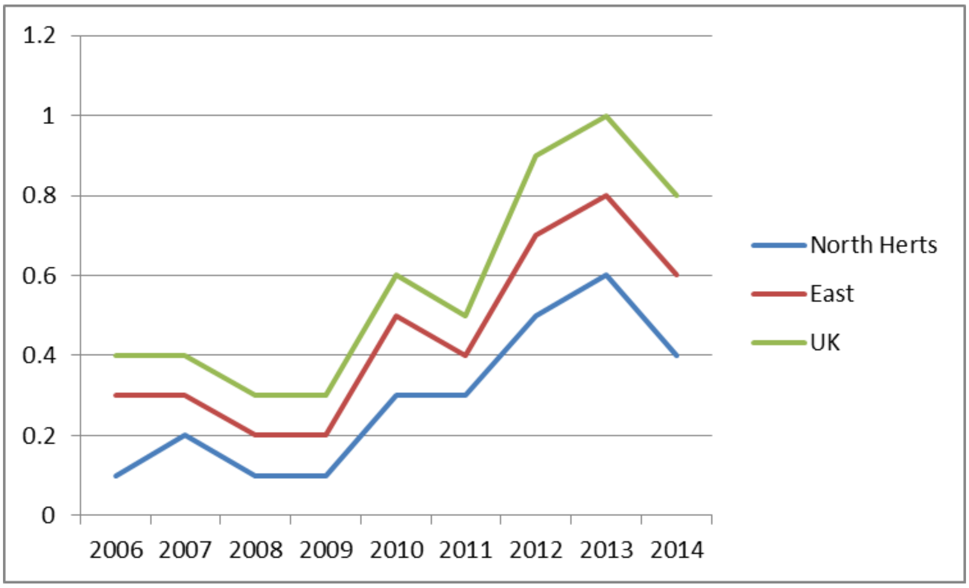
Source: ONS

52. Although the proportion of the claimant count is dropping, the length of time that people are have been claiming JSA has increased considerably following the recent recession. **Figure 9** shows the proportion of the working age population that have been receiving Jobseekers Allowance for over 12 months.

53. **Although the North Hertfordshire figure is below the East of England and UK averages it still remains much higher than pre-recession figures**. The positive is that the recent trend is a downward one; regardless it will take a number of years to recover to pre-recession levels as there will always be a one year lag in the figures.

54. There is also a wider social issue associated with long term unemployment as it can cause stress and concern. It also creates a cycle which is hard to break as those affected can find it more difficult to find employment as skills and the work environment are constantly changing.

FIGURE 9: % 16-64 YEAR OLDS CLAIMING JSA FOR OVER 12 MONTHS

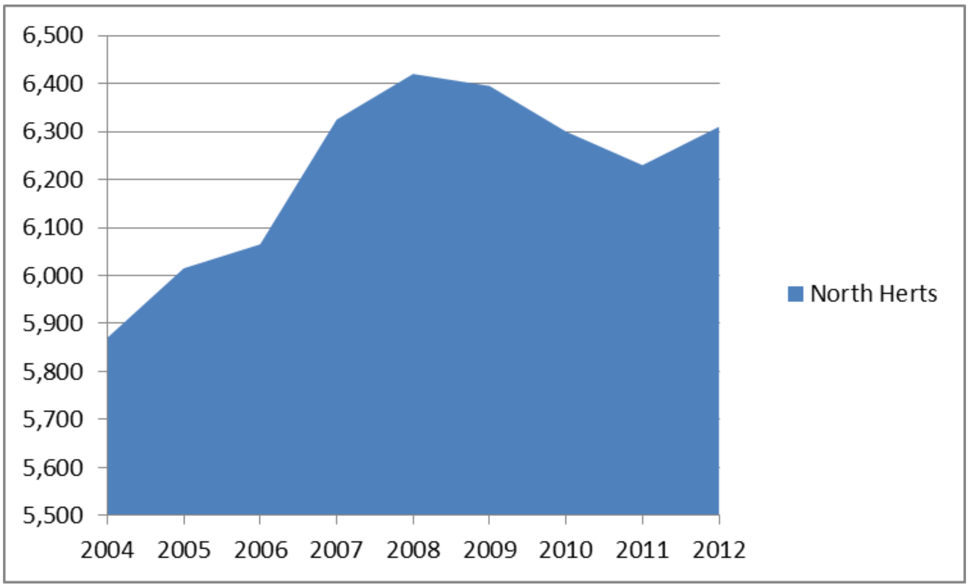


Source: Nomis

Enterprise

55. **There were 6,310 active enterprises in North Hertfordshire in 2012. Figure 10** illustrates the change in total businesses over time. Again, as with unemployment, following the economic downturn in 2008, the number of enterprises decreased year on year until 2011 and since then an increase has occurred.

FIGURE 10: NUMBER OF ENTERPRISES OVER TIME IN NORTH HERTFORDSHIRE

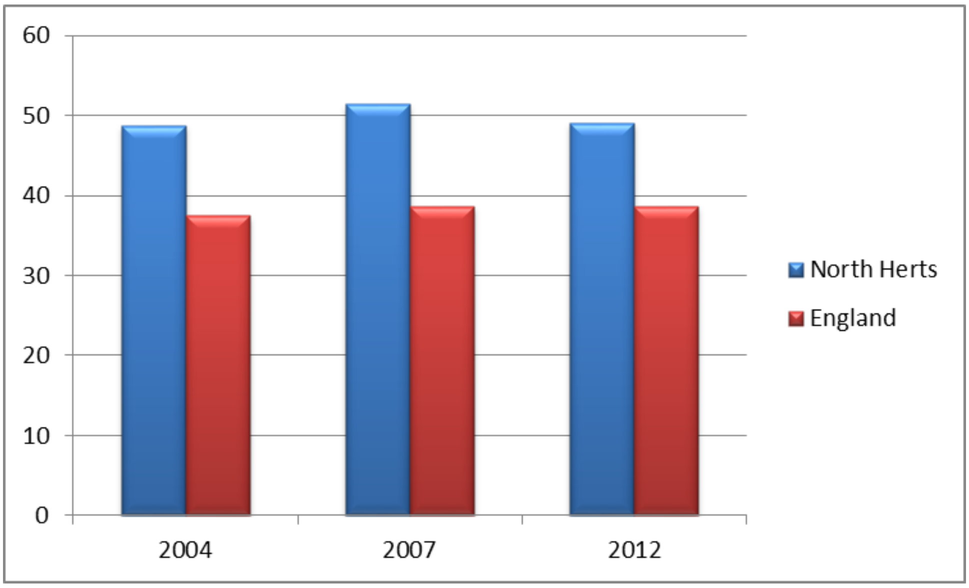


Source: ONS Business Demography

56. The 2012 figure of 6,310 businesses equates to 49.6 businesses per 1000 people. The equivalent figure for England is 38.7 as illustrated in Figure 11. This suggests that **there are higher levels of Enterprise than the national average.**

57. The North Herts figure increased in 2007 at the height of the economy, however had not recovered to those levels in 2012.

FIGURE 11: NORTH HERTS AND ENGLAND BUSINESSES PER 1000 RESIDENTS



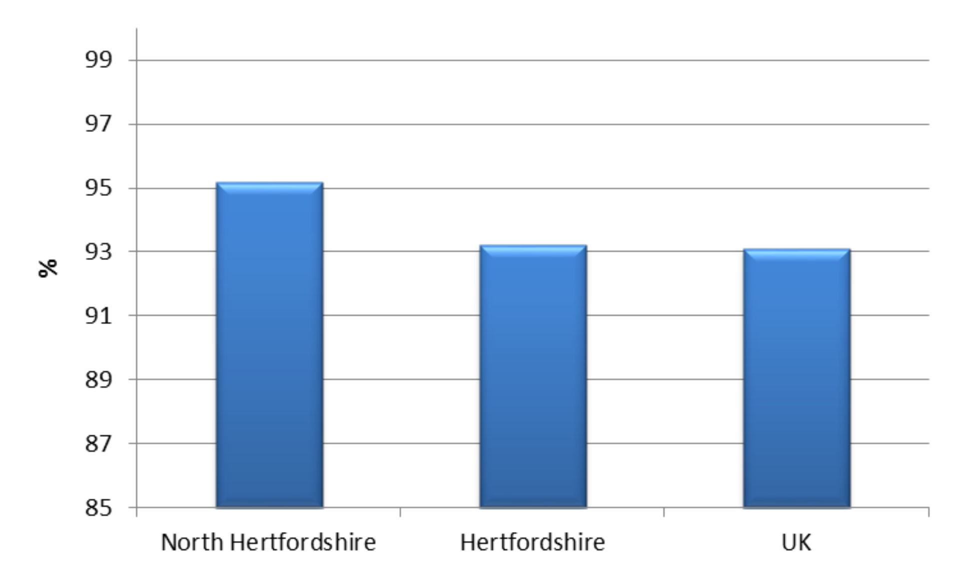
Source: ONS Business Demography

Enterprise survival rate

58. **The survival rate for businesses in North Hertfordshire is very high**; it is in fact the highest in the county. **In 2011 95.2% of businesses survived in their first year following creation**. This is above UK and county averages as detailed in **Figure 12**. This could be explained by a number of factors including the high

resident skills base, the presence of education facilities and partnerships providing business support in the district or just the entrepreneurial nature that exists.

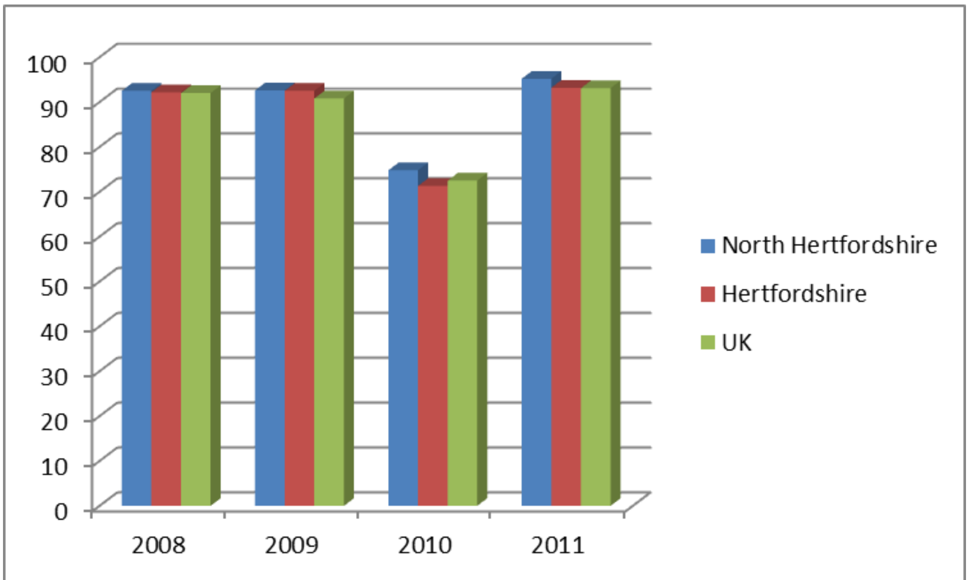
FIGURE 12: ONE YEAR SURVIVAL RATE OF BUSINESSES IN 2011



Source: ONS Business Demography

59. As **Figure 13** suggests the figure for 2011 was not a freak occurrence as figures for the recent past suggest that **the survival rate of businesses has historically been high**, albeit more prominent in recent years.

FIGURE 13: ONE YEAR SURVIVAL RATE OF NEW BUSINESSES OVER TIME (2012)



Source: ONS Business Demography

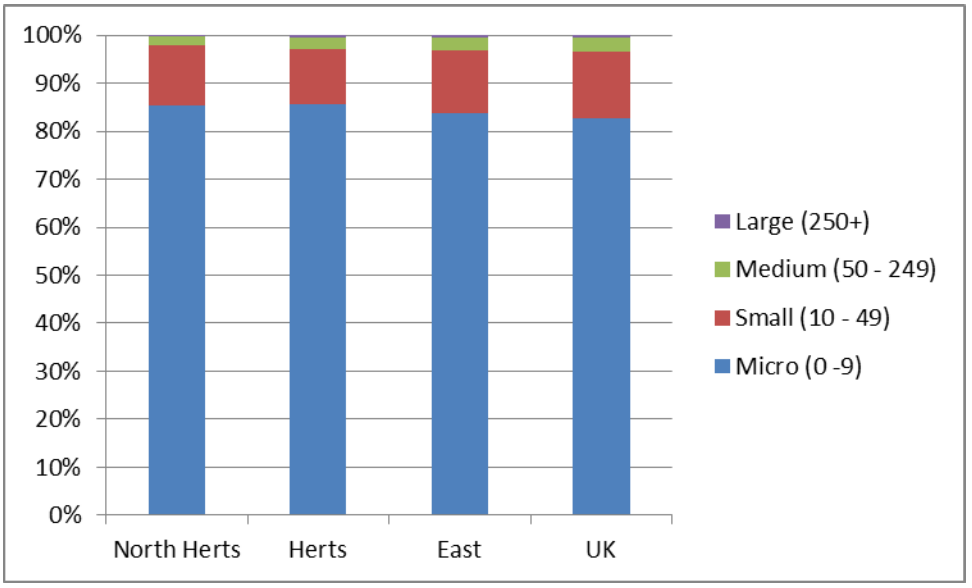
Business size

60. **North Hertfordshire has a higher proportion of micro businesses (0-9 people)** than both the East of England and the UK. The figures closely match the

county average**,** meaning **the smaller average size of businesses is a common theme throughout Hertfordshire**. Although the differences in **Figure 14** are not huge even a small difference can mean a very large number in terms of overall businesses.

61. As both North Hertfordshire and Hertfordshire have a larger number of smaller businesses, they are considered to be **more resilient to change** as they don't rely on large employers. This means that should strategic decisions be made that may cause companies to relocate or close the effects are not so pronounced.

FIGURE 14: PROPORTION OF ENTERPRISE SIZE



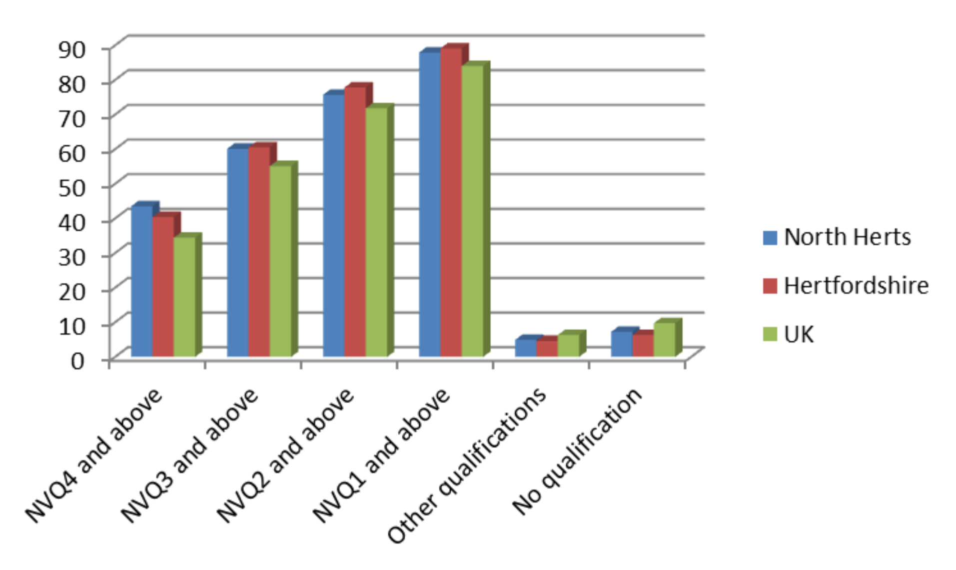
Source: Nomis

Skills

62. **North Hertfordshire has high levels of skilled residents** in comparison with the UK. This is a trend that can be seen across most of Hertfordshire as illustrated by **Figure 15**. In North Hertfordshire the number of highly skilled jobs is relatively low, and as a result there is much out-commuting, especially with regard to those in the business / financial sector.

63. The figures for all levels of qualifications have risen in the last year in North Hertfordshire. In percentage terms, compared to Hertfordshire, a larger percentage of **North Hertfordshire residents hold the highest level of qualification (NVQ4 is equivalent to a Masters Degree)**. For all other classification of qualifications the levels are below the Hertfordshire figure but above the national average.

FIGURE 15: LEVELS OF QUALIFICATION (2013)



Source: ONS Annual Population Survey

Earnings by Residence

64. As can be seen in **Figure 16 the earnings of resident workers in North Hertfordshire are higher than both the UK and Hertfordshire average**. This suggests that those who live in North Hertfordshire are particularly well paid, employed in those highly skilled / management jobs that pay well.

FIGURE 16: WEEKLY EARNINGS

Source: ONS Annual Survey of Hours and Earnings

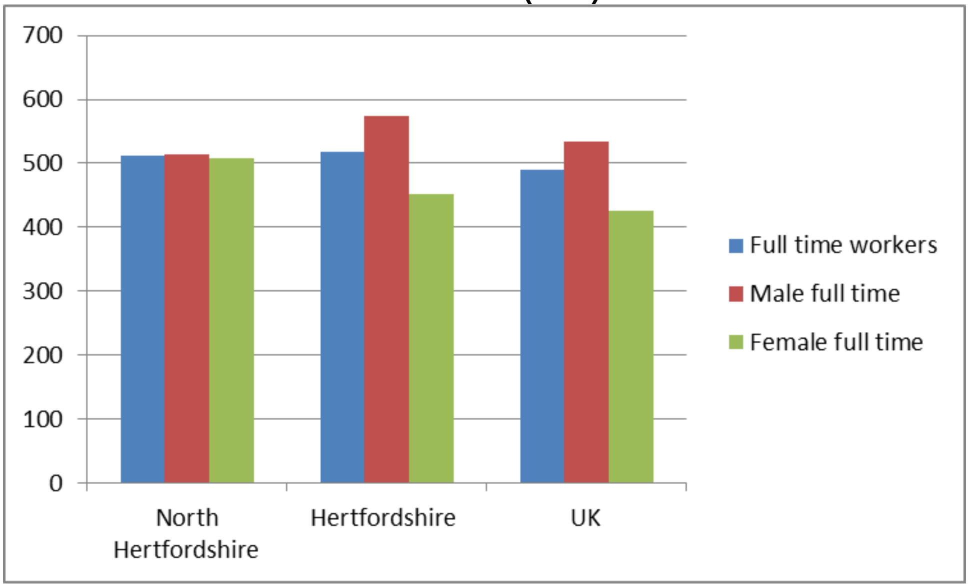
Earnings by Workplace

65. In comparison, the earnings by **workplace as illustrated in Figure 17, provides a much lower figure** (although it should be noted that the figures are not as

recent). This suggests a lower wage economy exists in North Hertfordshire. Interestingly North Hertfordshire is not too far behind Hertfordshire, which suggests many of the higher paid jobs are outside the County as a whole.

66. Interestingly there is **not a huge amount of difference between male and female pay**, unlike Hertfordshire which displays similar characteristics to the National average.

FIGURE 17: WEEKLY WORKPLACE PAY (2012)



Source: ONS Annual Survey of Hours and Earnings

Commuting figures

67. Figures for commuting across Hertfordshire show **a high level of out-commuting,** this is particularly true for North Hertfordshire. Proximity to London and quality of life mean that Hertfordshire districts are popular for residents to commute to the capital.

68. North Hertfordshire is also proximate to the major centres of Cambridge and Luton, which are also major centres of employment, meaning increased levels of out-commuting.

TABLE 1: COMMUTING FIGURES FOR HERTFORDSHIRE (2011)

	Net In-Commuting	*% In-commuting*	*% Out-commuting*	*Net*
Broxbourne	-7351	32	58	**-26**
Dacorum	-9,769	38	39	**-1**
East Hertfordshire	-14,024	34	49	**-15**
Hertsmere	-3,080	55	59	**-4**
North Hertfordshire	-12,548	30	49	**-19**
St. Albans	-10,090	36	51	**-15**
Stevenage	2,161	48	42	**5**
Three Rivers	-9,996	42	66	**-25**

Watford	3,911	69	50	**19**
Welwyn Hatfield	15,521	62	43	**18**
Hertfordshire	-37,092	23	30	**-7**

Source: Census 2011

3. KEY COMPONENTS OF THE ECONOMY

Key facts and figures:

69. The North Hertfordshire economy includes a number of industries that contribute significantly to the overall GVA, although not necessarily employing a huge amount of people.

70. Information detailing key components of the economy is recorded in Table 2 below. The average size of businesses in the district is small (7), recognising the high level of enterprise as alluded to in **Figure 14.**

TABLE 2: KEY FACTS AND FIGS

GVA (Gross Value Added) (£ms)	2736
GVA per capita (£000s):	21.0
Labour Productivity (£000s):	46.1
No. Companies:	6,640
No. Employees:	48,500
Self Employed	10,900
Avg. Company Size	7

Source: Nomis and East of England Forecasting Model (2014 run)

Split of Sectors and recent economic performance

71. **Figure 18** provides a breakdown of the total number of enterprises, split between the different sectors. The highest numbers of enterprises are concentrated in **construction, information and communication and professional, scientific and technical**, as all account for at least 10% of the total number of enterprises.

72. The **highest figure is in professional scientific and technical which accounts for 19% of all enterprises (1,260),** however when this is translated into jobs (Figure 19) this sector only equates to 3,100 jobs denoting a small average business size (2.5 employees/business).

73. Conversely **manufacturing only accounts for 425 enterprises all enterprises (6%) but accounts for 6700 jobs, which suggest much larger average size of business** (15.8 employees / business).

74. Clearly the difference between sectors is important

FIGURE 18: NUMBERS OF ENTERPRISES IN SPECIFIC SECTORS

UK Business Counts - Local units		
ONS Crown Copyright Reserved [from Nomis on 16 July 2015]		
area type	local authorities: district / unitary	
area name	North Hertfordshire	
employment sizeband	Total	
legal status	Total	
Industry	**2014**	%
1 : Agriculture, forestry & fishing (A)	190	3%
2 : Mining, quarrying & utilities (B,D and E)	25	0%
3 : Manufacturing (C)	425	6%
4 : Construction (F)	660	10%
5 : Motor trades (Part G)	220	3%
6 : Wholesale (Part G)	320	5%
7 : Retail (Part G)	575	9%
8 : Transport & storage (inc postal) (H)	165	2%
9 : Accommodation & food services (I)	395	6%
10 : Information & communication (J)	645	10%
11 : Financial & insurance (K)	130	2%
12 : Property (L)	270	4%
13 : Professional, scientific & technical (M)	1,260	19%
14 : Business administration & support service	455	7%
15 : Public administration & defence (O)	35	1%
16 : Education (P)	175	3%
17 : Health (Q)	290	4%
18 : Arts, entertainment, recreation & other sei	415	6%
Column Total	**6,640**	
Figures may differ by small amounts from those published in ONS outputs due to the application of a different rounding methodology.		

Source: Nomis

75. **Figure 19** illustrates the total number of jobs in each sector and Table 1 splits the figures into more detail noting the change in recent times. However, it is clear that in North Hertfordshire **the economy is heavily based in manufacturing and retail** with a quarter of jobs based in these industries.

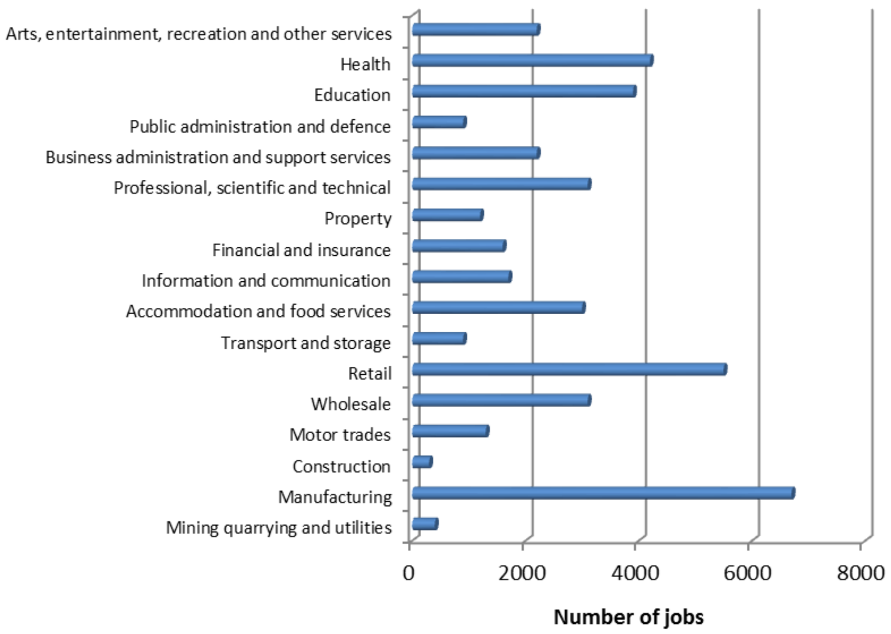
76. Almost half the employment in North Hertfordshire (45%) is concentrated in the following four broad industrial sectors: manufacturing (15%), retail (12%), education (9%) and health (9%). While the former two categories show a higher concentration compared to the national average, the latter two categories are slightly lower.

77. **North Hertfordshire has a strong representation from the private sector**, indicated by the below average levels of employment concentrated in the public sector. The public sector is less represented compared to the national average; public administration (2% v 5% nationally) education (9% v 10% nationally) and health (9% v 13% nationally).

78. Compared to the national benchmark there is a **higher concentration of employment in manufacturing, construction, retail, motor trades, wholesale, property and arts, entertainment, recreation** and other services (those columns with a location quotient of above 1).

79. There is only 5% of employment in the business administration sector, compared to 8% nationally

FIGURE 19 – BROAD SECTOR SPLIT AND JOBS NUMBERS



Source: North Hertfordshire Employment Land Review

TABLE 3: SPLIT OF JOBS BY BROAD SECTOR AND IN RELATION TO RECENT CHANGE

	2011			Change			
	number		Location Quotient *	2003-2008		2008-2011	
		%			%		%
Mining quarrying and utilities	400	1%	0.8	0	2%	-100	-27%
Manufacturing	6700	15%	1.7	-1100	-14%	400	7%
Construction	3000	7%	1.5	400	14%	-300	-10%
Motor trades	1300	3%	1.7	400	29%	0	-3%
Wholesale	3100	7%	1.6	-700	-20%	200	7%

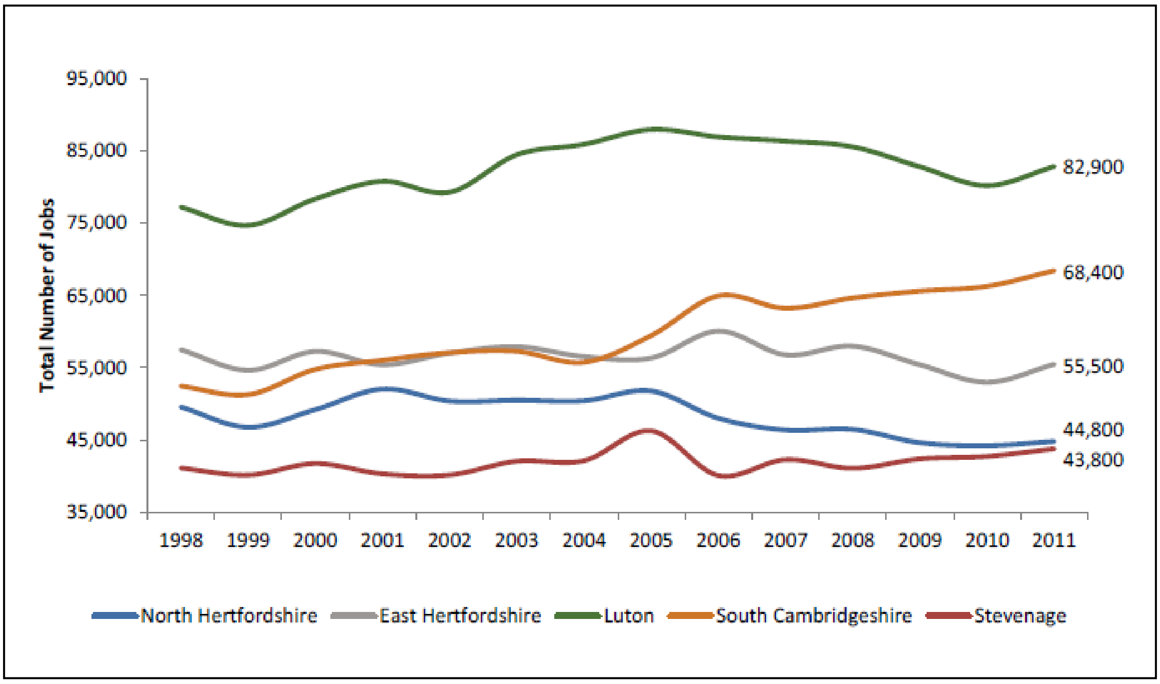
Retail	5500	12%	1.2	-1200	-11%	100	2%
Transport and storage	900	2%	0.4	0	2%	-300	-2.2%
Accommodation and food services	3000	7%	1.0	-100	-4%	0	0%
Information and communication	1700	4%	0.9	0	2%	-300	-1.3%
Financial and insurance	1600	4%	0.9	-600	-43%	800	100%
Property	1200	3%	1.7	-400	-31%	300	32%
Professional, scientific and technical	3100	7%	0.9	-300	-3%	-800	-21%
Business administration and support services	2200	5%	0.6	-200	-51%	-1100	-33%
Public administration and defence	900	2%	0.4	0	4%	100	19%
Education	3900	9%	0.9	700	19%	-600	-14%
Health	4200	9%	0.7	500	14%	-200	-4%
Arts, entertainment, recreation and other services	2200	5%	1.1	-2100	-47%	100	6%
Total	**44,800**	**100%**		**-4100**	**-8%**	**-1700**	**-4%**

Source: North Herts ELR (2013)
*location quotient is a comparison to the national average of 1

80. As at 2011, North Hertfordshire contained a total of 44,800 jobs, slightly more than the neighbouring district of Stevenage. Nevertheless, employment growth has been below that experienced by comparator areas. **During the period 1998-2011 the number of jobs in the district contracted by 10%**, compared to an 8% expansion at the regional and national levels. Looking at the period before the 2008 recession, North Hertfordshire registered a 6% decline in number of jobs (-3,100), while other comparator districts increased, apart from Stevenage.

81. This could in part be explained by national figures attributed to waste and remediation which that would appear to have mistakenly been added to job figures in the late 90s and removed in mid 2000s, but the reality is that there has been a decrease in the overall jobs in recent years regardless of this potential error.

FIGURE 20: TOTAL JOBS OVER TIME



Source: North Hertfordshire ELR (2013)

Leading industry contributors to North Hertfordshire GVA

1. Manufacturing:	£359,552
2. Construction:	£327,990
3. Financial & Insurance:	£244,178
4. Information & Communication:	£203,222
5. Professional & Scientific:	£156,763

82. The broad split of these categories is detailed below:

TABLE 4: SPLIT OF TOP SECTORS IN TERMS OF VALUE:

Top Manufacturing by GVA	*Top Construction by GVA*	*Top Financial & Insurance by GVA*	*Top Information Services by GVA*	*Top Professional & Scientific by GVA*
1. Food Products (10): £50,645	1. Buildings (41): £230,716	1. Insurance & Pensions (65): £214,860	1. Information Services (63): £175,625	1. Legal & Accounting (69): £37,670
2. Computer, Electronic (26): £49,696	2. Specialised (43): £90,879	2. Financial Services (64): £20,680	2. Publishing (58): £9,615	2. Architectural & Engineering (71): £36,427
3. Rubber & Plastic (22): £38,424	3. Civil Engineering (42): £6,395		3. Computer Programming (62): £7,143	3. Other Professional (74): £29,327

4. Pharmaceutical (21): £37,913				4. Head Offices/Man' Cons'nts (70): £25,513
5. Metal Fabrication (25): £26,509				

Source: East of England Forecasting Model, 2013

Declining Sectors

83. Over the ten years between 2001 and 2010 a number of sectors have shrunk in terms of their contribution to the North Hertfordshire economy as illustrated by Table 4. **Professional services and construction have reduced by the greatest amount**.

TABLE 5: SECTORS SHOWING SIGNIFICANT REDUCTIONS IN GVA

Sector	*Reduction in GVA*
Professional services	-£51m
Construction	-33m
Business services	-22m
Land transport	-16m
Publishing and broadcasting	-14m
Real estate	-13m
Pharma	-12m
Education	-12m
Computer related activity	-4m

Source: East of England Forecasting Model, 2013

Growth Sectors

84. During the same period 2001-2010 **the fastest growing sectors in North Hertfordshire were health and care and chemicals**. The growth in chemicals can be linked to success of Industries such as Johnson Matthey, which are a key employer in the Royston area. The growth in health and care could be attributed to the aging population.

TABLE 6: SECTORS SHOWING SIGNIFICANT GROWTH IN GVA

Sector	*Increase in GVA*
Health and care	+60m
Chemicals	+58m

Source: East of England Forecasting Model, 2013

Knowledge- based economies

85. Knowledge-based industries are those sectors of the economy where value added is derived from the intensity and accumulation of knowledge, often fostered through innovation and increasing use of technology. Firms within this sector tend to grow faster and have greater future potential than other sectors

and so are considered an important indicator of an economy's competitiveness and future growth prospects.

86. Although the information on industrial structure (Figure 1) suggests that the levels of knowledge based sectors are relatively low in comparison to Hertfordshire, there are concentrations of high-end manufacturing in a number of our employment areas, in the form of **precision engineers and advanced manufacturing**. There is also a scattering of **life science and pharmaceutical** industries in Letchworth, Hitchin, and Royston in particular, where there are a number of biomedical companies and manufacturers linked to the **Cambridge life science cluster**. This is in addition to Johnson Matthey which is a leading speciality chemicals company.

87. Industries associated with **IT solutions** are also spread across our towns and are quite numerous.

4. ECONOMIC COMPARISON WITH NEIGHBOURING AREAS AND THE UK:

88. The table below illustrates how North Hertfordshire scores in comparison with neighbouring Hertfordshire authorities, the East of England using the national median for particular elements of the economy. Each is explained in turn below.

TABLE 7: COMPARISON OF KEY ECONOMIC COMPONENTS.

Areas	*Economic: scale (GB=100) 2011*	*Productivity: score (GB=100) 2009*	*Economic change (S/T): score (GB=100) 2011*	*Industrial structure: score (GB=100) 2011*	*Bus & enterprise: score (GB=100) 2011*	*Skills and quals(res): score (GB=100) January - December 2011*	*Labour market: score (GB=100) December 2012*
Broxbourne	58.72	100.36	423.25	83.06	101.78	96.9	109.34
Daccorum	96.13	110.29	84.88	102.01	109.41	101.61	104.67
East Hertfordshire	90.24	102.12	257.37	107.52	108.82	109.12	115.7
Hertsmere	71.87	117.64	381.29	95.53	118.8	104.79	107.64
North Hertfordshire	68.85	91.1	71.1	91.4	102.98	106.6	101.98
St. Albans	104.29	100.49	106.91	103.85	116.43	109.46	109.19
Stevenage	72.53	112.8	133.57	106.85	100.55	97.3	117.96
Three Rivers	57.26	131.6	435.88	107.64	112.48	106.26	94.77
Watford	107.4	108.43	53.68	199.49	111.91	100.34	119.24
Welwyn Hatfield	122.76	114.34	65.74	99.46	107.86	106.2	104.95
Hertfordshire	**109.15**	**108.19**	**170.65**	**113.14**	**108.68**	**104.35**	**108.31**
East of England	**103.11**	**97.67**	**133.53**	**92.8**	**98.8**	**99.98**	**105.52**
National Average	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: ONS

Economic Scale

89. Economic scale examines the absolute size of the economy and is derived from an area's share of Great Britain’s total GVA and employment base.

90. It is clear that in terms of scale, North Hertfordshire’s economy is smaller than many of the Hertfordshire authorities as well as the East of England and the UK Average. This is largely explained by the high levels of out-commuting that occurs. As a result the overall number of jobs relative to residents is smaller.

Productivity

91. Productivity measures the relative performance of the economy in an area, by combining Gross Value Added (GVA) per job with workplace earnings.

92. Again, North Hertfordshire's productivity is below many of the Hertfordshire authorities, the East of England and the national average. The lower skilled work means that workplace earnings are not particularly high.

Economic change

93. Economic change is assessed by an area's change in total employment, giving an indication of the growth/decline of the local economy.

94. North Hertfordshire scores poorly, based on recent changes in the North Hertfordshire economy. It is well documented that we have lost jobs in the last 10 years and the overall number of jobs has decreased.

Industrial structure

95. This criterion provides a measure of knowledge based sectors in the economy based on European Commission and OECD[3] definitions.

96. North Hertfordshire again scores below the national average and below most of the Hertfordshire authorities. Although we have a highly skilled workforce, the levels of skilled employment are relatively low.

Business and enterprise

97. The score is based on new business formation rate, the business survival rate and the growth in business stock over the last 5 years.

98. In comparison with the East of England and the UK, North Hertfordshire scores quite positively, however in comparison with other Hertfordshire authorities, the score is relatively low.

Skills and Qualifications

99. The assessment uses a composite measure based on each of the four NVQ levels, with greater weighting attached to the higher levels.

100. North Hertfordshire scores third best in Hertfordshire for skills levels and is above both East of England and national figures. It is clear that although North Hertfordshire has high skill levels in the resident population, the skilled employees often work outside of the district.

Labour Market

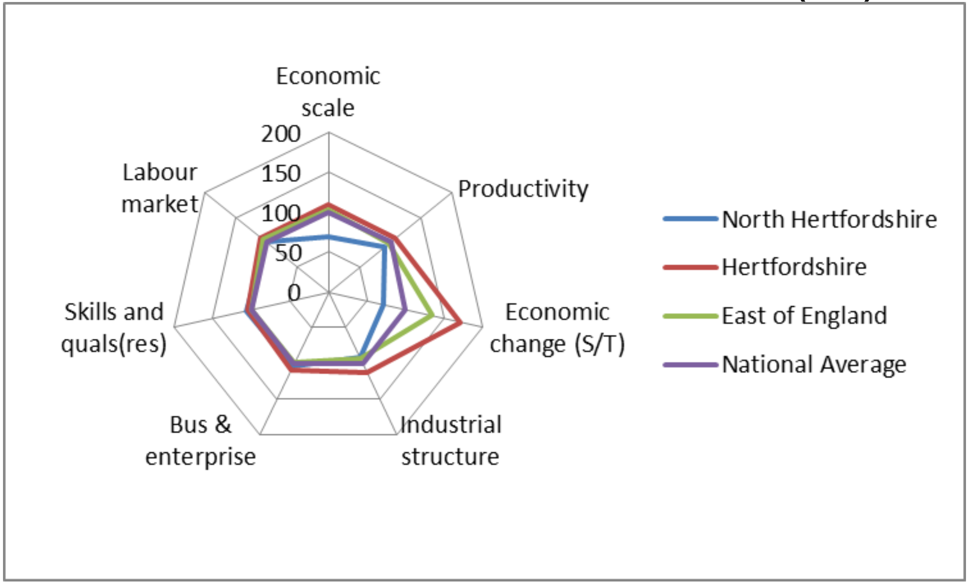
101. This criterion uses the overall employment rate as a measure of labour market performance.

102. The figure for North Hertfordshire is above the UK average, but below the East of England and most other the Hertfordshire authorities. This could be explained by the higher than average age profile.

[3] organisation for economic cooperation and development

103. These components are summarised in **Figure 21** below. The biggest differences would appear to be with regards to economic change, economic scale and industrial structure, which North Hertfordshire is below Hertfordshire, East of England and the National average. Economic change in particular is significant, largely due to the recent decline in jobs as illustrated in previous Tables and f Figures.

FIGURE 21: SUMMARY OF COMPONENTS OF THE ECONOMY (2011)



Source: ONS

5. CONSULTATION

Draft Strategy Consultation

104. Consultation on the draft economic development strategy took place between 18 February and 30 March 2015. The consultation document asked a series of questions around the vision, the priorities and barriers to growth. It also provided a method of identifying businesses and stakeholders who wished to be part of the action plan development process. The specifics of the responses received are detailed in Appendix 1.

105. In summary there was strong support for the document and the priorities within it. From the list of possible priorities identified in question 2; the creation of business incubation space, increased business engagement and environmental improvements to existing employment areas scored the highest. Additionally a number of different priorities were also suggested, including:
    - Showcasing of products;
    - Upskilling of residents;
    - Business rates relief

106. In terms of barriers to economic growth the consultation again generated a long list, which included:
    - Infrastructure;
    - Skills shortage;
    - High house prices; and
    - Lack of high-end offices

107. Additional comments were also provided from a number of respondents around the need for more detailed evidence, more detailed links to the LEPs work and a need to consider the East Coast mainline project.

108. A number of the respondents identified that they would like to be part of the action plan development process and included their contact details.

Stakeholder Workshop

109. On the 16 July 2015, a workshop was held at North Hertfordshire College to discuss the strategy and proposed action plan in more detail. The intention was to supplement the responses received to the draft consultation, but also start to identify potential priorities and projects that could be taken forward into the action plan.

110. A wide range of organisations and interests groups took part totalling 25 individuals. The group included those who had responded to the strategy as well as additional key stakeholders. The attendance list is located in Appendix 2.

111. Attendees were split into 3 facilitated groups where 2 separate workshops took place. The key outcomes of discussions are included in Appendix 3. This gives some clear indications about where the business community and key

stakeholders think we should be focussing on as there are clear similarities between the outcomes of each of the group discussions.

112. Group discussions in the first workshop on constraints and opportunities largely mirrored what was raised during the strategy consultation, identifying issues such as:

- Infrastructure constraints
- High out-commuting
- Lack of appropriate premises
- Poor broadband coverage
- No local brand

113. However, in Workshop 2 there seemed to be a focus around specific areas and most groups focussed on the following priorities, namely:

- Identity
- Premises
- Infrastructure
- Skills
- Business support

114. When these priorities were developed into possible projects there were also some key similarities between the group discussions around:

- The need to develop more of an identify for the business community
- The need to plug skills gap, upskill the local population and retain skilled workers
- The need to improve existing business premises and associated access
- The need for incubation space possibly around manufacturing
- Simplification of business support that exists
- Improvement of infrastructure and connectivity

115. Based on these priorities and projects (among a number of others) and in addition to those raised through the strategy consultation, it has allowed the Council develop the final strategy and the action plan that sits alongside.

116. Clearly the Council has had to consider what it believes to be deliverable within the timescales identified and budgets available, but most projects identified in the group discussions have been taken forward in some way.

117. As is evident in the final strategy the structure of the strategic priorities section is based around those identified in paragraph 105 above. In essence the workshop was a very useful tool to help write the final version of the strategy.

Business Surveys:

118. Both the Hertfordshire LEP and Hertfordshire Chamber of Commerce have undertaken business surveys in recent years. Regeneris also undertook a survey as part of the North Hertfordshire Employment Land Review (2013) and so it was

felt that another survey to inform the economic strategy would be over-consultation of our businesses and key stakeholders. Using the results of the most recent surveys provides a lot of the information we need in addition to the baseline information gathered for the Hertfordshire and GCGP Growth Strategies.

119. **The Hertfordshire Chamber of Commerce Survey**[4] is based upon telephone interviews with 91 businesses across Hertfordshire. Key messages include:
- 57% of businesses expecting to be increasing turnover the next year, with only 2% expecting decline;
- 36% expect to increase staff numbers, 59% suggesting they will be static and 5% suggesting they will decline;
- 59% of businesses were more hopeful of the economic outlook, with 17% unsure and 24% not hopeful.
- Although 46% of business considered that the banks had been passive in supporting their business, only 44% suggested they would consider funding from other sources.
- With regard to the consideration of adequate business support from central and local government 29% said yes, 37% said no and 34% were unsure.
- 84% of businesses considered Hertfordshire a good place to start a business, however 52% were unsure whether there was adequate support for entrepreneurs and 27% suggesting there wasn't sufficient support available.
- When asked the question of whether local councils were supportive enough of local business 46% said they were unsure, 37% said no and 17% said yes.
- The infrastructure in Hertfordshire is viewed positively with over half of respondents considering road and rail links and access to airports as "good".

120. Despite the rather harsh economic conditions, this report reveals that respondents have a relatively positive outlook for the coming 12 months. A clear majority believe that their business turnover will go up whilst only 10% believed that their profitability would decline. There are constraints in play though, with a clear majority seeing a static headcount and there appears to be little room for price increases

121. **Hertfordshire LEP Survey** was based on their Draft Growth Plan. 62 responses were received from both public and private sector. Key messages included:
- Concern that Hertfordshire's economy, whilst still strong, is slipping relative to its neighbours
- Support for the concept of smart, but ambitious, growth
- Support for the decision to focus on opportunities linked to London
- Broad agreement that nurturing science-based enterprise and innovation was rightly identified as a priority for Hertfordshire
- Agreement that Hertfordshire's towns need re-investment and may also need to (re-)define their economic purpose(s)
- Digital connectivity should be supported alongside – not in place of – other infrastructure investment.

[4] Available from: http://www.rayneressex.com/publications/march-2013-survey-results-business-environment-hertfordshire

122. The NHDC **Employment Land Review Survey** provides some key headlines:
- Around two-thirds of respondents (21 firms) occupy industrial space, while seven are housed in office accommodation and the remainder in warehouse units. Businesses occupy a wide variety of business space in terms of size, with the largest portion of respondents occupying a space of 201-500 sq. m.
- All but five respondents are satisfied with their current accommodation. Those who are unsatisfied cited the following reasons: inability to find science park accommodation with warehousing and truck delivery, need for more space, and property owners placing similar business tenants in close proximity with one another.
- Five firms are considering moving premises within the next three years, preferring high-tech or industrial space, which may or may not be located within Hertfordshire.
- The three most important features of business accommodation of the firms surveyed include plentiful and affordable parking, low cost, and good access to the motorway.

Town Centre / BID surveys

123. The town centre managers of the four towns undertake surveys, which provide a useful insight into the town centre environment
- These surveys show that the national economy seem to be the key defining factor on business success.
- That rent levels / commercial mix and offer / events and attractions are amongst the most important future issues for town centre.

Barriers to investment

124. The Council commissioned a Rural Business Advisor[5] in 2013 as part of the Eastern Plateau Rural Development Project and they identified the following as the main issues that businesses encounter in North Hertfordshire:

- Grant funding & Finance - This will always occur where business advice is offered, and people starting out in business will always ask what help is available. Unfortunately the answer relating to grants, in the East of England, is usually 'none'. There is a lack of understanding of Government initiatives such as Enterprise Finance Guarantee.
- Start-up business support - even businesses already established often fail to grasp the basics of running a business.
- Planning - businesses regularly find planning issues to be complicated and time consuming. However, this is a specialist area and outside the remit of a generalised business support service.
- Marketing - developing new markets is often the main issue for established businesses. This area is, however, usually catered for well by the private sector.

[5] jointly with East Hertfordshire

6. SUMMARY OF KEY MESSAGES

Summary of Evidence Base

125. It is clear that the North Hertfordshire economy is made up of a number of sectors. In terms of GVA, manufacturing makes the biggest contribution but it also employs the largest number people as well. To this extent then **it should be viewed as an important sector going forward**, even if forecasts for land requirements are due to decrease. It will still continue to form a large part of the economy and generate additional job growth. There is potential for innovation in this sector around advanced engineering but also better working practices and more collaborative working.

126. Additionally, relative to the UK, more people are employed in sectors such as **construction, property, wholesale and motor trades** so these must also be viewed positively and key sources of employment.

127. In the relative recent past (1998-2011) North Hertfordshire experienced a -10% decline in employment (4,800 job losses) compared to 8% employment growth at the regional and national levels. Seeking to reverse this trend should be an important focus. **Job growth should support housing growth in the local plan.**

128. North Herts has a large proportion of micro and small businesses in comparison to the UK and East of England, but also Hertfordshire. Business survival rates are also good in North Hertfordshire, **suggesting an entrepreneurial workforce and culture.** Supporting this provides an opportunity to increase job numbers but also potential for growth.

129. Proportionally more North Hertfordshire residents have the highest level of skills than the rest of the UK, East of England and the rest of Hertfordshire, denoting a very highly skilled resident population. Those who commute out also earn considerably more than those that commute in. There is potential for a project to **allow skilled workers who commute out, work in North Hertfordshire**, however, we would need to provide the conditions, support and space to facilitate this.

130. Relative to the UK, the East of England and Hertfordshire, North Hertfordshire has a **higher enterprise rate, a lower claimant count and a higher employment rate**. This would generally denote a strong economy, however the total number of jobs has decreased over the last 10 years and so these strengths must not be viewed in isolation.

131. Three of the four North Hertfordshire towns are located in the Hertfordshire LEP A1 Growth Corridor area; additionally Royston looks more to Cambridge. To fit with LEP priorities and potentially access European funding **joint work with other authorities / organisations may be necessary to glean the required skills and knowledge required to access finance**. Hertfordshire LEP are focusing support on medium – large sized businesses, therefore there **may be a gap around micro and small scale business support,** again to aid an entrepreneurial culture.

132. Whilst the evidence base can take us so far in terms of identifying potential projects and priority areas, the economic development agenda in North

Hertfordshire is for businesses, to deliver outcomes that will benefit them, therefore information from the consultation needs to be considered too.

Strategy Consultation

133. Consultation responses to the draft strategy and the subsequent workshop have **confirmed the constraints and opportunities that were previously identified in the draft strategy document**. They have also added additional constraints around lack of identity and brand, but also identified that one of our key assets being the small average size of local business base, making the area resilient to economic change.

134. The consultation has also identified a clear focus around certain subjects and issues moving forward, which has informed the final version of the strategy and the action plan.

135. The group work on priorities and projects identified 5 specific areas to concentrate on which were

- **identity;**
- **Premises;**
- **Infrastructure;**
- **Skills; and**
- **Business support.**

7. SWOT ANALYSIS

136. From the evidence above the following SWOT analysis provides a useful further summary of North Hertfordshire and the potential avenues and opportunities for the Economic Development Strategy to exploit, incorporating consultation responses as well as what the evidence tells us.

Strengths	*Weaknesses*
Location in between London and Cambridge Highly skilled residents Attractive market towns Green, rural environment Good quality of life Resilient economy (large composition of smaller enterprises) Pockets of high-end manufacturing/life sciences BIDs operating in 3 of 4 towns Entrepreneurial culture High economic activity rate	Lack of good quality light industrial / office space in a business park environment Recent underperformance in terms of employment growth Poor image and lack of identity for North Hertfordshire and towns High levels of out-commuting Poor broadband coverage in rural areas and parts of the towns (Hitchin employment area) Lack of business support following demise of Business Link Poor business network coverage, particularly the rural area Unwillingness to take risks (employers and employees)
Opportunities	*Constraints*
More ambition in terms of levels of future growth the district. This would address issues around poor historic employment growth Future growth might be supported by business rates retention. North Hertfordshire's location in between Cambridge and London. The area could benefit from certain sectors such as life sciences in Cambridge Opportunities to attract and support more business start ups. High level of skills and the possibility of better work/life balance. Development of an incubator	Competition from other locations such as Northamptonshire and Cambridgeshire LEPs proactively targeting firms Alconbury enterprise zone (South Cambs) which will provide a significant site with benefits Planning processes considered to be a barrier Pressure from housing development on employment land reducing choice and supply of land. Congestion on A1M

Future housing and employment development Joint working with neighbouring authorities Redevelopment of vacant employment land to encourage investment Cultural sectors in town centres Airport expansion Students as a source of employment LEP European funding streams Business incubator network in Hertfordshire Best practice from other authorities Presence of International businesses within North Hertfordshire and adjacent Johnson Matthey, GSK, Astrazenica	Broadband download speeds in certain areas Employability skills Lack of appropriate employment space/units

8. CONCLUSIONS

137. Evidence in this document provides the rational for the final economic development strategy and the associated action plan.

138. There has been a clear focus around certain issues, arising from both the evidence and the consultation, which illustrates that what the facts and figures are telling us are matched by the requests and preferences of the business community.

139. The five priority areas identified through the workshop process have been taken forward in the main document and concentrated into four Strategic Priorities, which are:

- Increase investment and business engagement
- Improve the business environment
- Champion learning and skills
- Support business

140. These priorities provide the focus for the strategy and provide the broad details of the types of projects that are likely to come forward

141. The Action Plan identifies the specifics of the projects, the majority of which were identified at the workshop in July. All projects fit within the broad priorities above, although some are cross-cutting in nature and tick a number of boxes rather than just one.

Appendix 1: Draft Strategy Feedback

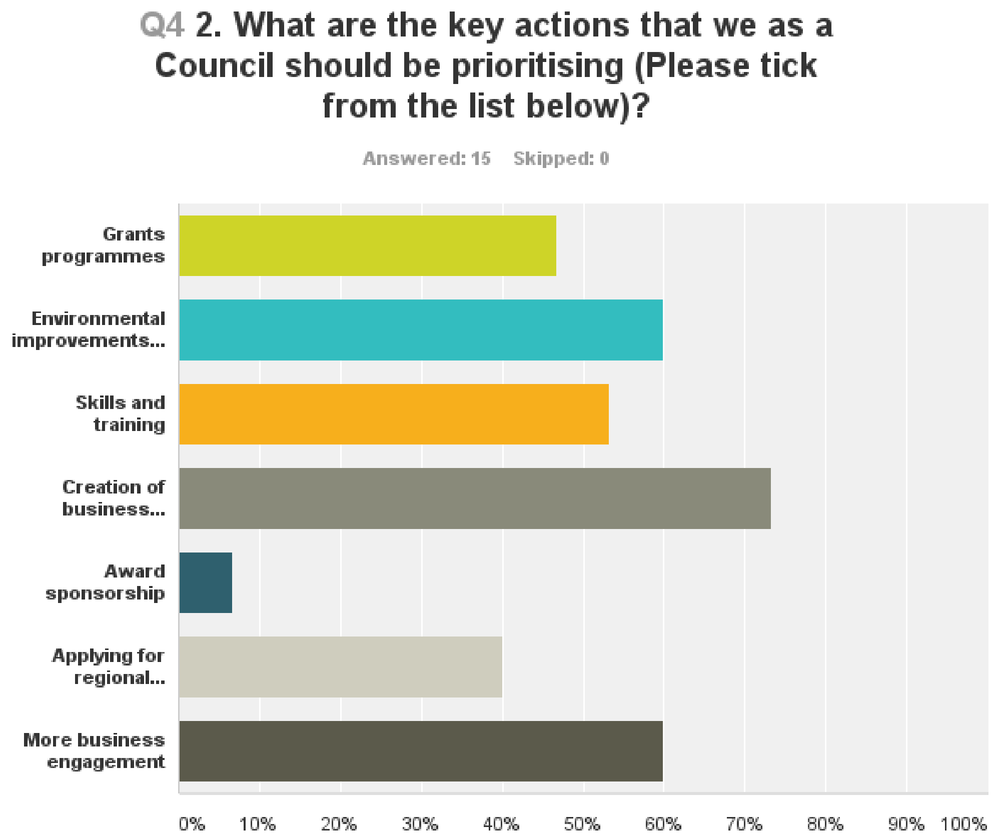
Economic Development Strategy Responses Summary

Total	Hitchin	Letchworth	Baldock	Royston	Rural	Other
18	1	6	1	4	1	6

Q1. All respondents agree with the priorities and vision.

- Highly skilled, rich economies – do more to keep skills base to reduce commuting
- Could be more focused on types of businesses (science and technology)
- Strategy is good for greater engagement with businesses and local agency alignment

Q2:



Additional responses included (some overlap with Q3):

- Showcasing of products (specifically online products)
- Public transport and cycle commuting improvements
- Affordable good quality office space (Royston)
- Investment and road and communication infrastructure
- Use of vacant units in town centres by small businesses
- Upskilling of residents
- limit skills export to assist local economic growth via talent retention
- Business rates relief

Q3: Barriers preventing business growth (although includes opportunities too)

- Don’t just concentrate on “internationally important businesses”
- Gaps in high speed broadband
- Housing and workplaces for entrepreneurial economy
- Skills shortage
- Appropriate space for companies to grow
- Opportunity to showcase products and skills and the benefits to the economy of an inter-dependency and local supply chain model
- No incubation facilities (Royston)
- High house prices
- Infrastructure and connectivity
- Make more of education
- More concentration on small support services – high growth / high productivity
- Confusion about what business support is available
- Lots of support for start ups, however little support for micro and small scale
- Lack of events from Chamber / FSB in North Hertfordshire (I.e. north of London linked areas)
- Incubators in the form of community hubs (see Melbourn)
- Employability skills of youth
- Lack of High Spec accommodation
- Lack of suitable premises (Baldock)
- Skills shortage locally
- New access road for Hitchin employment area
- Social enterprises
- Limited networks, cross community or business
- Public sector using local businesses

General Comments:
The Heritage Foundation believes that the Strategy should be supported by a more detailed piece of evidence that identifies major issues and opportunities for existing and future employment in the district. (More detail in rep… Council should set out its commitment, link with LEP work…etc)
HTAG - more needs to be done to understand implications of LEP growth Strategies.
HTAG - maintain close contact with the East-West Rail Consortium.
Need to be sustainable – future energy and communication needs (Letchworth sustainability Forum?)

Appendix 2: Workshop attendance list

Productive North Herts Workshop 16th July 2015

Attendance List

Name	Company	Group
Abrar Jawaid	Hertfordshire Growth Hub	Yellow
Adam Wake	ARW Contracts	Green
Adrian Gurney	HTAG	Blue
Alan Todd	GCGP LEP	Yellow
David Ames	Letchworth Heritage Foundation	Green
David Hill	NHDC	Yellow
David Levett	NHDC - Executive Member Strategic Planning and Enterprise	Blue
Davey Smalley	Linear Research	Blue
Deepak Sangha	NHDC – Shadow Member Strategic Planning and Enterprise	Green
Esther Horner	North Herts College	Yellow
Geraint Burnell	Royston First	Green
Ian Fullstone	NHDC	Blue
James Peachy	Love Letchworth	Yellow
Keith Hoskins	Hitchin BID	Blue
Louise Symes	NHDC	Green (F)
Matt Hamnett	North Herts College	Blue
Michael Veasey	Eastern Plateau	Yellow (F)
Pam Charman	FSB	Green
Paul Pullin	HEDOG	Blue (F)
Paul Witcombe	Hertfordshire LEP	Green
Peter Cabon	Wenta	Green
Steve Jarvis	NHDC – Shadow Member Strategic Planning and Enterprise	Yellow
Scott Copsley	University of Hertfordshire	Blue
Matthew Foulis	Letchworth Hertitage Foundation	Blue
John Davies	Hitchin Society	Green

(F) = facilitator

Appendix 3: Workshop Notes

North Hertfordshire Economic Development Workshop 16th July 2015

Notes of Group Discussions

Blue Group: Facilitator - Paul Pullin

Workshop 1

Constraints / Challenges	Opportunities
Space and employment land stock: -Current trends suggest demand is outstripping supply. -Need for both small and large units.	Need for investment from outside the area.
Workforce and recruitment skills.	Differences between Letchworth and Hitchin.
Unwillingness to take risks – directors retiring.	Heritage Foundation owns sites - advantage for the life cycle of a business.
Funding and finance as a barrier to investment.	Incubation and grow on space.
Skills – aspirations of the workforce.	Access to major employment areas.
	Infrastructure.
	Residential and commercial development balance.
	Villages, mixed use.
	Investment - Not specific zoning, but variety.
	Students from University of Hertfordshire are talented and committed and do want to work .
	Businesses linked to skills.
	Knowledge transfer partnership – does it work?
	Match opportunities in business with training.
	LEP underspend.
	Sunday opening.

Workshop 2

Priorities	Projects
Space – employment land stock	-Inspire people with exemplar buildings possibilities of incubation, business units and networking. -Put the case forward for incubation to the LEP. -understand what's on offer in North Herts. -Funding eg Letchworth Foundation model linked to college. -East Herts example of understanding industrial estates. -Networking and business engagement is key – keep dialogue open and maintain knowledge of premises. - Low rent, easy in easy out.
Skills and support– is it high skills and / or lower end that needed? - Provide stronger base for	-Skills related projects. -Young entrepreneurs - green enterprises. -Unique selling point of North Herts is small

local working conditions - Funding and finance	businesses. -Eastern Plateau RDPE – £1.8 million available.
Infrastructure	
Delivery on the ground of projects	-Use strategy to make the business case for funding. -Using LEP to help understand in more detail.

Yellow Group: Facilitator - Michael Veasey

Workshop 1

Constraints / Challenges	**Opportunities**
Finance.	Incubators with Co-working space provides support and services that small companies would not normally be able to afford examples in Stevenage, Melbourn, Hemel.
Skills needed for new and existing employers and employees as well as a lack of technical skills.	Incubators with manufacturing capability - Look at best practice from elsewhere as this creates collaborative working and based on the concentration of manufacturing uses in the area could be a good opportunity.
Businesses need to trade beyond boundaries, many don't know how.	Simplified offer of business support, much confusion currently.
Lack of knowledge of what grants and finance are available.	Businesses sharing resources? Collaborating rather than competing - skills , purchasing – economies of scale.
Broadband, especially rural, but also urban (Hitchin).	Location – Cambridge, London, Luton airport, Stansted airport.
A1(M)!	Airport expansion for growth of business but also jobs.
Lack of high spec office space in all towns.	Quality of life – a nice place to live and work. Good schools too – attractive to employees with children.
Town Centre parking costs.	Major global businesses located locally - GSK, Johnson Matthey, Altro, AstraZeneca.
No local brand.	

Workshop 2

Priorities	**Projects**
Infrastructure and development.	-A1 (M) improvements – lobbying function should continue. -Right jobs in combination with high demand for housing.
Skills.	-Improving networks to improve access and sources of supply. -Attracting skilled workers through marketing of local area. -Potential for use of business leaders to run events at schools to meet localised demand for skills.
Incubation.	-Potential incubation / co working space with manufacturing element – Wenta??
Support (including specifically start-up support).	-Networks to improve access and knowledge of what is available. -Raising awareness of business support. -Better signposting for start-ups. -Single checklist for starting a business. -Service needs to be impartial so nothing is being "sold". -Signposting / service to provide the right advice to the particular circumstances of the business at

	that time i.e. flexible and not one size fits all. -North Herts based investor angels group

Green Group: Facilitator - Louise Symes

Workshop 1

Constraints / Challenges	Opportunities
Need to understand what is it we want to achieve? Do we want to encourage people to live and work in North Herts, or are we happy that people that live in North Herts commute elsewhere? Large amount of skills commute elsewhere.	Location – good road and rail access, with inward and outward business to and from neighbouring areas.
Poor at marketing ourselves – the business sector needs an identity.	We don't have many large employers, but there are lots of smaller, well skilled employers. - About joining business sectors up and promoting the best of the area (town or district). - Build on existing companies in the area – encourage secondary companies .
No central business hub in North Herts for local businesses. - There appears to be a lack of understanding of the amount of support available for small businesses.	- Improve/encourage communication links between businesses - through central hub and internet portal. - Build local links with finance sector is there a way for banks to be more accessible and provide support to local businesses.
Lack of training for highly skilled businesses.	- Promote or encourage local business links with education institutions to provide necessary skills.
Need more flexible space for local businesses to expand.	

Workshop 2

Priorities	Projects
Sectors.	Need to understand more about the issues and what we have in place already. - Use existing studies from the LEP and BRE. Find gaps and fill them. - This will identify needs by mapping the business sector and to help create an identity
Access.	Seek funding to Improve access to industrial areas – eg. Hitchin
Skills.	Understand local business to identify specialist requirements. - Link with education institutions. - Colleges to react in a timely fashion.
Infrastructure.	- Local transport issues resolved to support local areas. - Build on strengths we have to offer e.g.

	infrastructure and premises.
Funding.	Identify various sources of funding and make available to local business sector
Communication and support.	Communication links to be improved. How to get people to work locally: - Need growth hub as a central source to link into for local information. - Local business to business links in terms of support.
Premises.	Understand what factors are impacting on space being underutilised – is it access, age of existing stock, etc.?