

# Hertfordshire's Economic Development Strategy 2009-2021

## A Summary

This document is a summary of the Hertfordshire Economic Development Strategy 2009-2021 produced by the Hertfordshire Works Partnership. It was adopted by the Hertfordshire Works Board in June 2010, following a formal consultation period.

The full version of the strategy is available on the Hertfordshire Forward (Hertfordshire Works) website ([www.hertslink.org/hertfordshireforward](http://www.hertslink.org/hertfordshireforward)).

### **Introduction:**

*Hertfordshire – the place of choice, innovation, opportunity and inclusion* has been produced by Hertfordshire Works, Hertfordshire's new economic development partnership. The partnership comprises representatives from the public, private and third sectors, working collaboratively to support and grow the economy of Hertfordshire. The Partnership's Board is chaired by Robert Gordon, Leader of Hertfordshire County Council.

In July 2009, Hertfordshire Works members participated in a strategy development workshop. The issues discussed, which are listed below, have subsequently informed the themes and direction of the strategy.

Hertfordshire possesses distinct geographical, cultural and historical advantages when it comes to its economy. These advantages, combined with a pleasant environment, provide Hertfordshire's residents and workers with a unique quality of life. However, while the majority of Hertfordshire's workforce is highly skilled, there remain significant pockets of people with low aspirations and skill levels. Overstretched infrastructure, congestion and a lack of affordable housing are weaknesses.

The strategy sets out our five economic objectives:

1. Creating a vibrant, low carbon economy
2. Stimulating enterprise, innovation and inward investment
3. Developing a well skilled workforce
4. Providing quality locations and infrastructure
5. Creating vibrant towns and vibrant communities.

The strategy is a formal statement of intent, which sets out the aims, aspirations, and measures by which the partnership will be judged. It is informed by a detailed analysis of Hertfordshire's economic profile.

The strategy first sets out Hertfordshire economic vision, followed by some background on Hertfordshire's economy. It then takes each of the five economic objectives above individually, setting out the priority areas needed for achieving them. It defines what success looks like. The document then concludes by considering implementation, monitoring and reviewing of the strategy.

## **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. It reflects the overarching ambition for economic development contained within the National Strategy for Sustainable Development, "Securing the Future". To ensure compliance with the principles of sustainable development, this strategy has undergone a sustainability appraisal and rural proofing.

The vision for Hertfordshire looks to:

- Strengthen Hertfordshire's economic advantage, providing a robust platform for recovery and promotion of strong sustainable growth
- Recognise the importance of high quality training to the success of the Hertfordshire economy
- Acknowledge that there are pockets of persistent disadvantage and inequality across the county
- Recognise the importance of a strong economy while also managing growth in the county in a way that does not undermine the county's quality of life.

### **To do this we will:**

- Create and sustain a strong economic partnership that keeps its finger on the pulse of the economy, identifies opportunities and makes targeted interventions and investments
- Actively manage growth in Hertfordshire and be clear what type of growth we want for the economy.
- Lobby regionally, nationally & abroad for what is right for Hertfordshire
- Work with neighbouring areas to ensure economic issues and needs are addressed in the wider context
- Promote an image that Hertfordshire is open for the right type of business and develop stronger links with business to hear and understand their needs and concerns

### **Current Issues:**

- A 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 has both a growing population and an ageing population – the county therefore faces a challenge of providing a range of accommodation to support a balanced labour market.

**Future Challenges:**

- Economic growth must be appropriate in order to mitigate and improve the problems of transport infrastructure and over-reliance on cars.
- Infrastructure must be considered in its broadest terms, including physical, social and community infrastructure.
- Lifelong learning will become increasingly important together with increasing the range of job opportunities available.

## **Economic Objective 1: Creating a Vibrant, Low-Carbon 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 over the last 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.

The Regional Economic Strategy (RES) aims to reduce CO2 emissions to 60% below 1990 levels by 2031. The European Regional Development Fund Programme aims to promote employment and economic growth through the knowledge economy and investment in human resources. The ERDF programme is worth about £83 million and will support low carbon economic growth.

Priorities for achieving the creation of a vibrant, low carbon economy:

**Priority 1: Economic balance** – To be resilient local economies need to be balanced. They need to be balanced between old and new economies, between firms serving global and local markets, between large and small enterprises and between the manufacturing and service sectors.

**Priority 2: Building on our strengths: A cluster approach** –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. Industries with clear potential for cluster development are: (a) Life sciences (Pharma/Med-tech/Bio-tech), (b) high-tech engineering/software development, (c) digital creativity and media (d) tourism, culture, sport and leisure.

**Priority 3: A low carbon economy** – Through pursuing a low carbon path, we will be able to reap the economic as well as environmental rewards by building competitive advantage in emerging technologies and services. We will do this through supporting and actively promoting sustainable low carbon growth in Hertfordshire, by encouraging businesses to work to low carbon standards and by ensuring the county's skill base is prepared for this major shift.

## **What will success look like?**

Success indicators will be worked up into SMART targets (specific, measurable, achievable, relevant and timely).

There are a number of indicators to success including

- Increased proportion of knowledge based employees
- Higher proportion of knowledge based employees than England
- Small businesses more export oriented
- Increase in Herts share of England's firm/employment in the 5-249 bracket
- No reduction in Hertfordshire's share of England's larger firms
- New business registration rate to be maintained at 27% above the GB level
- No reduction in number of small firms present
- Increase in employment growth among small firms
- Manufacturing employment maintained at above 1.4% of GB
- Increase in Herts share of England's life science companies, increase in defence/aerospace employment.
- Value of tourism to have increased by 5% by 2012
- Ratio of GVA to industrial and commercial CO2 emissions to be maintained above that of England as a whole.

## **Economic Objective 2: Stimulating Enterprise, Innovation and Inward Investment**

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, including social enterprises across the whole community.

We have identified a number of key priorities that we need to implement in order to address the issues that Hertfordshire and its businesses are likely to face over the coming years.

- Priority 1:** Maintain and improve new business formation and SME growth and resilience by developing the business support, skills and premises offer
- Priority 2:** Develop and strengthen the priority clusters and sectors
- Priority 3:** Increase the social benefit of business by fostering social enterprise and Corporate Social Responsibility (CSR)
- Priority 4:** Improve the innovation capacity and performance of the county's economy
- Priority 5:** Increase inward investment and care and retention/aftercare performance

### **What will success look like?**

Success indicators will be worked up into SMART targets .

We will measure success based on:

Increase in:

- Registered business ratio in relation to the national position (resulting from increases in start-ups and survival rates)
- The county's share of companies and employees in the priority clusters
- The number of local businesses procuring public service contracts, with consequent reductions in carbon emissions
- The number and survival rate of social enterprises and community based organisations
- Collaborative working between businesses, HEIs and other research organisations
- The level of FDI and domestic inward investment and in the level of aftercare to FDIs and domestic business

Improvement in:

- Perception of Hertfordshire as a centre for R&D and commercialisation of research
- Business perceptions of Hertfordshire

### **Economic Objective 3: Developing a Well-Skilled Workforce**

The skills and abilities of Hertfordshire's 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. At the same time, 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.

Whilst the majority of Hertfordshire's population are well qualified, nearly 30% do not have a level 2 qualification, making it difficult for them to participate in the county's predominantly knowledge based economy.

Priorities and subsequent actions will need to reflect and recognise that high quality training is important to the success of the Hertfordshire economy.

The following Priorities have been established:

- Priority 1:** Developing skills that better meet businesses current and future needs
- Priority 2:** Developing higher and further education and schools to support the knowledge economy
- Priority 3:** Increasing employment opportunities and economic participation for disadvantaged communities
- Priority 4:** Supporting wider career choices (including apprenticeships)
- Priority 5:** Encouraging and promoting skills for innovation and entrepreneurship
- Priority 6:** To attract and retain graduates

#### **What will success look like?**

Success indicators will be worked up into SMART targets.

We will measure success on:

- An increase in the number of completed apprenticeships
- An increase in the proportion of males and females qualified to Level 2 and Level 4 (LAA Target NI 163 and 165)
- Reduction in the number of working age population on out of work benefits.
- Reduce the number of young people not in education, employment or training.
- Reduction in the number of LSOAs on the Index of Multiple Deprivation that are more deprived than the national average.
- An increase in the number of graduates who view that Hertfordshire as a place to use their skills with retention rates above the UK average
- An improvement in the position of all Hertfordshire districts on the Indices of Multiple Deprivation



- Increased proportion of people with disabilities (mental health and learning disabilities) who are in paid work.

## **Economic Objective 4: Providing Quality Locations and Infrastructure**

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 and to recently-developed business parks such as Hatfield. Town centres, particularly Watford are key employment locations for financial and business services.

Inward investors 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. Firms large and small that are already located in Hertfordshire need space to grow and change as their business develops.

New infrastructure projects will need to recognise the low carbon agenda and there will be new opportunities for local companies emerging from these projects.

At the time of writing, the Coalition Government has indicated that it will dismantle the regional planning framework and move to locally generated targets. How this change will impact on Hertfordshire is unclear but whatever the mechanism for determining the location and levels of future growth, the existing infrastructure deficit remains.

Given the job numbers needed in Hertfordshire by 2021, the need for the active management and control of growth, and the need to provide a range of infrastructure to meet existing shortfalls and accommodate future growth, our priorities will be:

- Priority 1:** To work with local planning authorities and EEDA, to identify and bring forward a small number of strategic employment sites, in high profile prestigious locations and served by sustainable transport options.
- Priority 2:** Quality infrastructure to support growth
- Priority 3:** A transport vision for Hertfordshire
- Priority 4:** To create innovation and incubation centres for new entrepreneurs at strategic locations across the county particularly based on growth sectors, clusters and new industries
- Priority 5:** To promote the improvement and regeneration of existing employment areas in order to maximise the number of jobs created and to embody low carbon development principles in construction and the use of low carbon forms of travel.

### **What will success look like?**

Success indicators will be worked up into SMART targets.

- The identification and delivery of an appropriate number of strategic employment sites for high quality development.
- The number of high quality/high value jobs created on these sites
- The safeguarding and regeneration of existing employment areas

- The delivery of sustainable growth which safeguards the character and quality of settlements in the county
- The provision of major infrastructure schemes necessary to overcome existing deficits and support growth
- Delivery of high priority infrastructure schemes to support sustainable low carbon development in the county.

## **Economic Objective 5: Creating Vibrant Towns, Vibrant Communities**

Attractive towns and countryside close to London, easy access to major airports and motorways, main railway lines to the north, good schools and public services, and a range of leisure opportunities, all contribute to the county's quality of life. Encouraging sustainable economic growth needs to be balanced against maintaining this quality of life.

Hertfordshire's rich cultural heritage is one of its major attractions, contributing both to its economic health and quality of life for residents and visitors. Local culture and heritage are reflected in markets, festivals and other street events which add vibrancy to the life of our towns. But alongside vibrant towns go vibrant communities – communities which value their distinctiveness and which work together well; communities where everyone feels valued and has the opportunity to participate fully in community life. By offering opportunities for volunteering and through a variety of support activities, the voluntary and community sector has a major role to play in contributing to the creation of vibrant communities.

The 2012 Olympics will provide a range of economic benefits including construction contracts for local firms, opportunities for volunteering and local employment. The games will be supported by the delivery of a 'cultural olympiad' giving local communities opportunities to improve their personal skills. The Hertfordshire Ready for Winners Partnership is currently identifying the potential economic and regeneration legacy benefits.

To maintain the diverse character of Hertfordshire, its towns and other settlements, attractive countryside, leisure, culture and tourism offer and to build strong and vibrant communities, our priorities will be:

- Priority 1:** Support the vitality and vibrancy of our towns, neighbourhoods and local shopping areas and encourage innovative schemes that lead to additional trade and turnover
- Priority 2:** Build on opportunities to increase the economic and social benefits of Hertfordshire's cultural, leisure and tourism attractions
- Priority 3:** Maximise the tourism and legacy opportunities provided by the 2012 Olympics to support the economy of Hertfordshire
- Priority 4:** Encourage local communities to come together through a range of activities which build community cohesion and add life and vitality to Hertfordshire's towns and settlements
- Priority 5:** Support the regeneration of Hertfordshire's towns with particular emphasis on Hatfield, Hemel Hempstead, Stevenage and Watford
- Priority 6:** Support the regeneration of Waltham Cross linked to the Olympics WWCC.

## **What will success look like?**

Success indicators will be worked up into SMART targets

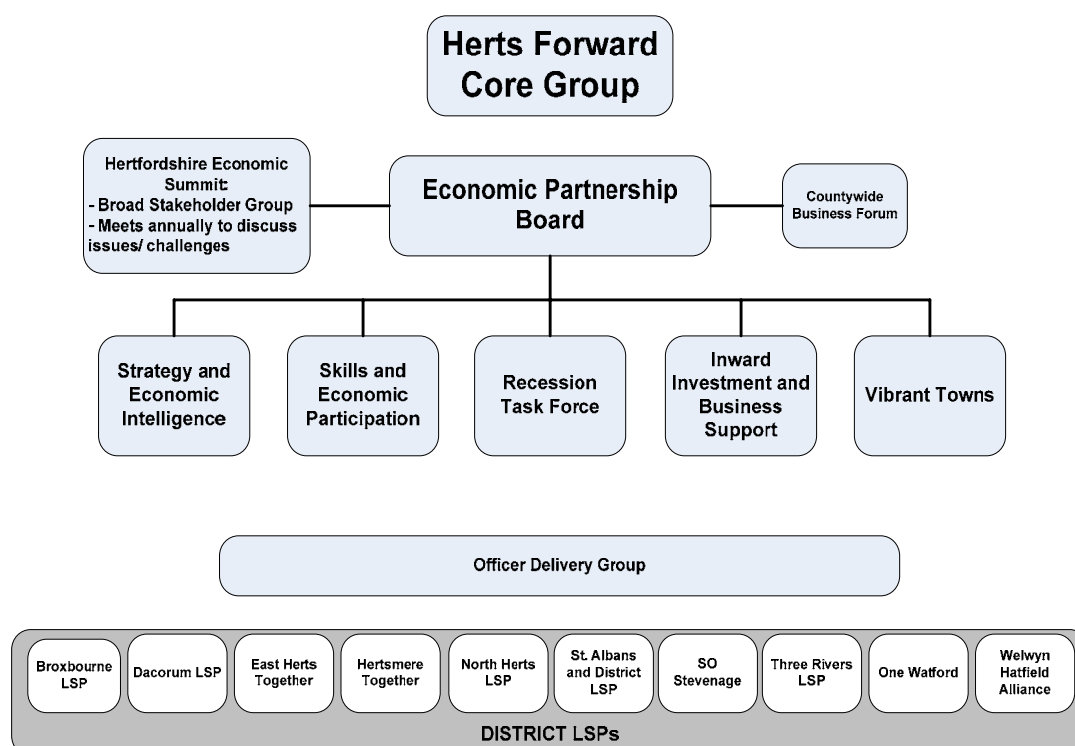
- The continued health of Hertfordshire's town, neighbourhood and local shopping centres to encourage residents to shop locally thereby supporting local businesses and reducing the need to travel
- The successful implementation of the 6 PRG-funded Vibrant Towns projects and the Shop Herts (shop local) campaign
- Reductions in the number of vacant units, a better mix of uses and increases in turnover in Hertfordshire's town and local shopping centres
- The implementation of initiatives to improve the retail and leisure offer of town centres such as Business Improvement Districts (BiDs) and Purple Flag accreditation
- A better retail and tourism offer delivered by well-trained staff
- Successful town centre regeneration schemes delivering better shopping, improved access and new community facilities
- More community events offering opportunities for different groups to come together and celebrate their culture and diversity
- The increase in the value of culture and tourism to the Hertfordshire economy
- The creation of a successful legacy from the 2012 games including the regeneration of Waltham Cross town centre through the Waltham Cross Renaissance programme
- A strong and vibrant voluntary sector and supported by increased levels of volunteering

## Implementation

Implementation of this Economic Strategy is the Partnership's shared responsibility. To be successful, the strategy will need to harness the support and commitment of a wide range of organisations.

The Hertfordshire Works Partnership consists of a number of public, private and third sector organisations working collaboratively together to support and grow the economy of Hertfordshire and jointly commission economic intelligence and other research to better understand economic performance of the county.

### **The Hertfordshire Works Partnership Diagram:**



There are 5 key factors underpinning the delivery and success of this strategy – **Leadership, partnership working, resources, aligning agendas and grasping opportunities**

The Private sector, the Public sector and the Third sector all have a role to play in delivering this strategy.

## Monitoring and Review

The effectiveness of Hertfordshire Work's actions will be judged in part by reference to Hertfordshire's economic performance. It is therefore necessary to set out targets based on objective measures and to monitor progress against these targets. As the Strategy's time horizon stretches to 2021, targets should reflect this, but some will necessarily be more short term and temporary. In all cases, it is preferable if targets are SMART (Specific, Measurable, Attainable, Relevant and Time-bound).

The Herts Works Board on the 30 June considered draft Action Plans based on the objectives and priorities of the Strategy, these will seek to monitor progress against a series of actions. The Board recognised that the context and economic climate for the Action Plans has been changing rapidly over recent months with reductions in funding programmes and planned changes to delivery structures. The Board agreed to receive updated Action Plans in the Autumn of 2010, when the economic context may have clarified.

In addition, the Strategy will also be refreshed after 12 months, when the economic context/climate may have stabilised.