

Watford Borough Council Economic Development Strategy

2015-2020



Executive Summary

Watford's history is deeply rooted in its advantageous location, the strength of its local economy and its relationship with London. Historically, Watford has always been a strong location for business and industry, with an economic historic going back as far as the 1800s. Today, the town remains a successful commercial hub and is a desirable place in which to live, work and enjoy leisure time.

The town has, however, had its challenges over the decades. The demise of print and traditional manufacturing in the 60s, 70s and 80s required a rejuvenation of the town's local economy. Whilst transport connectivity and proximity to London have been the town's key catalyst to grow as an office, business and retailing centre, the town is still working to tackle the legacy of its industrial past through the reuse of brownfield sites and ensuring we deliver sufficient infrastructure to support future growth. Our proximity to the nation's capital, and its continual growth as a major world city, offers both challenges and opportunities for Watford. By planning positively for change, we can ensure growth happens in a way that is coordinated and works for our existing residents and businesses, but also for our residents and employers of the future.

Our successes over the past 10 years and the major developments now underway, or commencing in 2015, demonstrate that we are serious about taking Watford forward into the 21st Century and ensuring Watford works for everyone. It hasn't been an easy ride over the past years throughout what was probably the worst recession to affect our national economy in 60 years, but through hard work and the commitment of our partners and stakeholders, Watford has fared exceptionally well through the recession and is now in a very strong place commercially as the economy really picks up speed.

At 8.4 square miles we are a very small Borough, but we punch above our weight! With over 95,000 residents and more than 3,500 businesses employing in excess of 57,000 people, our Borough's opportunities will inevitably be constrained simply by the lack of available land. It is therefore critically important that we work with our neighbouring authorities and other key stakeholders to look at opportunities to accommodate some of Watford's projected economic success beyond our boundaries.

A strong local economy relies on a range of critical factors, most notably good transport links, good commercial space and the supply of a capable local workforce able to create successful businesses for the future. Watford's attractiveness, both as a place to do business and as a place to live means we are increasingly having to make difficult choices about how we should use the limited amount of land available. Housing and Employment are equally important. Whilst this strategy seeks to tackle challenges across a wide spectrum of issues, a particular focus has been given to how we reinvigorate Watford's employment market. The specific challenges in terms of delivering housing, and in particular, affordable housing provision, are discussed in the Watford Housing Strategy 2015-2020. www.watford.gov.uk

It's a great time to be a Watfordian and people are now beginning to see evidence of the town's accelerating progress. We have worked extensively to involve as many people as possible in developing our new Economic Strategy: residents, business, investors and wider stakeholders. We would like to thank everyone whose views and comments received have helped us shape our plans.

We very much value our relations with partner organisations, and we look forward to working with them to turn this Economic Development Strategy into action.

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Setting The Scene

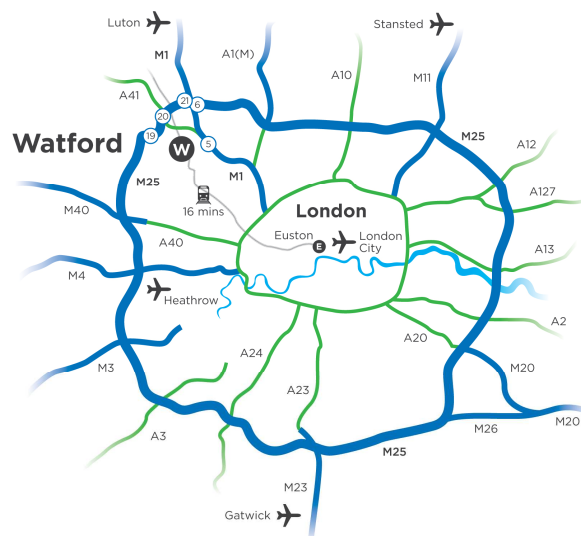
Context of this Document

This document sets out the Economic Development Strategy for Watford. The over-riding objective of the Strategy is to maintain, develop and grow the town's economic development activity, to deliver a prosperous economy for Watford and to ensure that as a town we create sufficient opportunities for local people to maximise their economic prosperity and potential. The strategy draws on evidence incorporated from a range of sources both within the Council and provided by the town's key private and 3rd Sector stakeholders, however it is primarily informed by its companion document, the Watford Economic Growth and Delivery Assessment.

Watford's Local Plan Core Strategy is the principal spatial plan for the Borough and it sets out the vision and framework by which the town will grow and develop to 2031 and articulates how Watford Borough Council will lead and realise the vision. The Economic Development Strategy is one of the enabling strategies to deliver the Core Strategy and both align with the Council's Corporate Plan Strategic Priority 2 'to provide the Strategic lead for Watford's sustainable economic growth.'

Watford in Context

Location & Transport



Watford is the largest town in Hertfordshire and the only non-metropolitan borough completely contained within the M25. The town benefits from excellent transport links, with the London Underground and Overground, West Coast Mainline, M1 and M25 all linking the borough with the rest of Hertfordshire, Greater London and the Midlands, as well as providing easy access to Heathrow, Luton and Stansted airports. It is a commercial and retail hub at the centre of a sub-region serving approximately 500,000 people within a 20 minute travel time, and 5,000,000 within 45 minute travel time.

Population

The Census 2011 shows that Watford has a comparatively young population when compared with the Eastern and national averages. This reflects the borough's attractiveness for young professionals both already living and employed in the town itself as well as those working in London. Watford is attractive to first time house buyers working in London who are unable to afford London property prices.

	<i>Watford</i>	<i>East of England</i>	<i>England</i>
0-4 years old	7.50%	6.20%	6.30%
5-14 years old	11.90%	11.50%	11.40%
15-24 years old	12.20%	12.20%	13.10%
25-44 years old	33.80%	26.50%	27.50%
45-59 years old	17.90%	19.80%	19.40%
60+ years old	16.80%	23.90%	22.30%

Source: Nomis

Business Demography and Enterprise

Historically, Watford has always been a strong location for business and industry, with an economic history going back as far as the 1800s. Today, the town remains a successful commercial hub and is a desirable place in which to live, work and enjoy leisure time.

The town is currently home to around 3500 businesses with a good mix of company size and sector, with many international HQs and a higher than average start-up success rate, and a range of businesses in between. There is representation from financial and professional services sectors, pharmaceutical, health sciences, creative media, manufacturing and retail and leisure industries, amongst many others.

Watford has a slightly lower proportion of small firms employing between 0 and 9 workers than in Hertfordshire and the UK. However, it does accommodate a somewhat higher proportion of large firms employing at least 100 workers when compared to the Hertfordshire, Eastern and National averages. This demonstrates the town's ability to attract major employers seeking a lower cost alternative to London.

The Borough supports high levels of business start-up rates, with 93 new VAT registered businesses per 10,000 working age inhabitants in 2010, which is much higher than county, regional and national averages. These indicators suggest good levels of entrepreneurship. However, Watford performs less well in terms of business survival rates, with 43% of new start ups surviving at least five years which is lower than county, regional and national averages.

Housing

The Office for National Statistics predicts significant population growth in Watford between 2014 and 2020. Growth will be particularly pronounced among children and young people and those in the 40s and 50s age groups. Watford remains an attractive destination for in-migration from other boroughs because of employment opportunities at all levels, cultural and leisure facilities, and its role as a transport hub. While 20% of the Borough is classified as 'Green Belt' this is largely made up of the towns parks and open spaces, including Cassiobury Park. The housing sites which generally become available are relatively small, so the potential for large scale development within the borough boundary is extremely

limited. The draft Strategic Housing Market Assessment estimates that the requirement for annual affordable housing supply is three times greater than current actual supply.

Watford Town Centre

Watford's town centre has attracted visitors to enjoy its broad retail offer and vibrant night time economy for decades, and recent initiatives such as the public realm enhancements, New Watford Market and comprehensive events programme have enabled the High Street to fare comparatively well during a challenging period for town centres across the UK. The forthcoming £150m redevelopment of Charter Place, due for completion in 2017, also demonstrates the town centre's continued attractiveness to the market as one of the premier retailing destinations nationally.

Commuting Patterns

Watford is characterised as being a net-importer of labour, with a net inflow of around 4,000 workers or approximately 9% of the workforce. Increasingly however, Watford has become a larger exporter of labour as the number of in-commuting workers has remained relatively static whilst the number of residents working elsewhere has increased by 18%. Between 2001 and 2011, the volume of residents travelling to London for work increased by some 25%, with a high share of these persons employed in such central London Boroughs as Westminster, Camden and Islington. The number of in-commuting workers originating from London also increased by 13% over this time, highlighting the growing economic and spatial connectivity with the capital.

Earnings

Resident wages in Watford (£598 per week) are higher than the East of England (£539) and national (£520) averages in 2014. However, wage levels for workplace jobs within Watford (£530) are 11% lower than resident wages. This suggests that residents are commuting to higher paid jobs outside the Borough, particularly in Central London.

Employment

Watford recorded 56,800 workforce jobs in 2014, representing an increase of 16.1% from its 1991 level. This growth in workforce jobs was higher than in the UK average of 14.6%. Between 2001 and 2005, Watford experienced a loss of 9,250 jobs, with large sector losses recorded in health, telecoms and finance. While the Borough has seen continual employment growth since this period of job losses, the level of employment still remains below that attained during the early 2000s when workforce jobs peaked at 61,370. The Borough at present is steadily increasing the level of workforce jobs by approximately 550 per annum. As discussed later in this document, this will increase significantly through the delivery of the Major Development Projects.

Revised economic forecasts for the sub-region also suggest a significant step change in the level of commercial growth expected in Watford, however the Borough's ability to cater or accommodate this projected growth will be heavily constrained by the lack of developable land and, in the medium to longer term, a potential shortage of local labour.

Unemployment

Claimant unemployment rose by 146% in Watford over 2008 - 2010, reflecting the onset of the recession. This relatively high level of claimant unemployment remained this way through 2010-2012, before falling quite sharply in 2013. By May 2015, claimant

unemployment reached a new six-year low of 1.5%. Unemployment levels in Watford have historically been comparable to the regional average, but lower than the national average.

The Labour Market

The economic activity rate in Watford at 88.9% is higher than both the regional and national averages. In itself, this suggests that limited capacity exists to expand local labour supply from current residents. The remaining 11.1% of the working age resident population are classed as economically inactive, comprising students, temporary and long-term sick, retired and those looking after family/home.

Commercial Space

Employment space across the borough has been eroded over the last 9 years¹, with several factors accelerating the loss of employment space, particularly in disparate areas unprotected by policy which tend to support local employment. A recent study referred to an “acute shortage of available employment land” within the town.² There is also recognition of the challenge to address national housing pressures, particularly in such a spatially constrained borough where demands for housing and employment land effectively compete. However, recognition of these challenges presents Watford with an opportunity to intervene, in order to protect local employment and introduce measures to deliver the sustainable growth of its employment base and workforce.

Knowledge Based Industries

Knowledge based industries are those sectors where value-added is derived from the accumulation of knowledge, often fostered through innovative actions and the increasing use of technology. While Watford is well represented in knowledge-based activities compared with the region and nationally, it is less well represented compared with other areas in the sub-region. This may reflect the fact that Watford is home to a greater share of larger employers (many of which operate in knowledge-based industries) compared with other authorities in the sub-region that are characterised as having a greater SME business base.

Creative Industries

The creative economy in Watford is considered to be relatively underdeveloped given the proximity of the local economy to London, and the commercial and lifestyle benefits this offers. The Watford Cultural Plan indicates that whilst the future development of creative industries in Watford will be starting at a lower baseline, there is “considerable scope to bring the sector up to and beyond the national and South East average.” The development of Warner Bros Studios, Leavesden (which falls on the boundary with Three Rivers District) in 2012 could act as a catalyst for the growth of creative businesses in Watford.

Using the latest Inter Departmental Business Register (IDBR) data, it is estimated that approximately 280 businesses within Watford are operating within creative industries, which support around 1,680 creative jobs in the local economy. The highest shares of jobs in these creative sectors are found in IT & computer services (49%), publishing (24%), music & performing arts (8%), advertising & marketing (6%), and media (6%).

¹ Watford Economic Growth and Delivery Assessment September 2014

² Watford Economic Growth and Delivery Assessment September 2014

The Natural & Historic Environment

Watford has a wealth of natural and built heritage. The Council manages over 300 hectares of public open spaces. Six of the town's parks have been awarded prestigious Green Flags, in recognition of their quality, whilst Cassiobury Park was voted 4th most popular park nationally in 2014. Green infrastructure provides easy access to the surrounding countryside, with recent investments in strategic cycle and walking routes such as the Grand Union Canal, Ebury Way and Abbey Way. While making Watford a more attractive place to live and visit, these green assets also support the town's leisure offer and help encourage inward investment.

The town has over 300 nationally and locally listed buildings. These include buildings designed by architects of global importance, such as Sir George Gilbert Scott, Erno Goldfinger, Richard Seifert and Alison & Peter Smithson. The Grade I Listed, Holy Rood Catholic Church, was designed by John Francis Bentley, who was the architect for Westminster Cathedral, while the oldest building in the town is St Mary's Church, which is also Grade 1 Listed. The Council places strong emphasis on using heritage assets as drivers for place-sensitive development and has ten conservation areas. The Watford Conservation Areas Management Plan was short listed this year for the Royal Town Planning Institute Award for Excellence in Planning for Built Heritage.

Watford's Major Development Projects

The major development projects outlined in the 2010 Economic Development Strategy are coming to fruition. In excess of £1.5bn of investment is happening, with both public and private funding to bring forward new employment and housing spaces for the residents of Watford. The Metropolitan Line Extension to Watford is a key transport infrastructure project which catalyses other developments through the green credentials it brings, increased sustainability and positive impact on commercial viability of nearby sites. Significant scale regeneration is happening within the Town Centre, Watford Health Campus, Watford Business Park and at Ascot Road, and is planned for Watford Junction. Major infrastructure regeneration is key to unlocking local growth and there is strong support for Watford's growth plans at both a regional and national level – The Metropolitan Line Extension to Watford is listed in the UK Government's 2014 National Infrastructure Plan and Watford is key to delivery within Hertfordshire Local Enterprise Partnership's (LEP) M1/M25 Growth Area, leveraging maximum investment from its economically significant rail and strategic road networks.

Why does Watford need to promote economic development & regeneration?

Historically, Watford has always been a strong location for business and industry.

However, the town has significant challenges if it wants to retain and improve its reputation as an attractive place for business.

The demise of print and traditional manufacturing has left brownfield sites in need of regeneration.

Some infrastructure is obsolete or under pressure and needs investment and upgrading.

The town's desire for innovation and reinvigoration did however lead to the development of a small number of somewhat unsympathetic 60's and 70's architecture which has a heavy reliance on the use of concrete. This resulted in the loss of some of the town's heritage assets and the construction of some buildings and infrastructure which is now in need of upgrading and in some cases, total redevelopment.

Strong leadership and governance along with a genuine commitment to partnership working is now allowing Watford to strive forward in a way not seen for many years. The combined effect of ongoing and committed major public infrastructure investment alongside major private sector investment means Watford has gathered significant investment momentum

This success has already been recognised by key stakeholders, including Hertfordshire LEP:

'The process of reinvestment in Watford is ongoing but it is a major success story'

The Journey so far.....

Much has already been achieved in delivering urban regeneration and economic development in Watford over the past decade. These successes include:

Delivered

- ✓ More than 3,400 homes delivered since 2006
- ✓ More than 4,680 jobs delivered since 2006
- ✓ 3 new primary schools secured
- ✓ Redevelopment of West Herts College, £75m, completed 2009
- ✓ Redevelopment of Central and Woodside Leisure Centres - £18.9m, completed 2009
- ✓ Colosseum Redevelopment - £6.6m, completed 2009
- ✓ New Watford Market - £3m, completed 2014
- ✓ Town Centre Public realm enhancements, £4.3m investment in the High Street Parade, completed 2014

- ✓ Watford Community Housing Trust established in 2007. This gave Watford access to funding not available to the Council and by 2012 the Trust had fulfilled its transfer promise, spending £66m to bring all the stock up to the statutory Decent Homes Standard as well as a £9m Better Communities Fund created at transfer which it has spent on wider community benefits - e.g. Community Hubs, estate improvements, leisure equipment, employment and training - across the Borough.
- ✓ Allotment Improvement Programme - £810k, completed 2015

Underway

- Watford Health Campus, a major mixed use development with our partners Kier valued at £270m, commenced May 2015
- Watford Business Park, a long term phased regeneration of Watford Business Park, commenced in 2015

Committed

- £284.4m extension and diversion of the Metropolitan Line to Watford junction creating two new tube stations, Cassio Bridge and Watford - Vicarage Road, commencing 2015
- Charter Place, £110m investment in the town's primary shopping precinct, with a further £40m investment by retailers and leisure operators, commencing 2015
- Cassiobury Park Improvement Programme, £6.6m, commencing 2015
- Free Town Centre and Community Centre Wifi access, implementing Autumn 2015

Watford's Major Development Projects:

Smart Growth – the Role of Watford Major Infrastructure and Regeneration Schemes

Major infrastructure regeneration is often the key to delivering sustainable development, which is why the Metropolitan Line Extension Link was a critical enabling project in unlocking Watford's future economic potential. The town strives to achieve 'smart growth,' meaning that the major development projects are linked and complement each other, so that the cumulative benefits are far greater than those of each individual project. The projects represent a step change in the town's development, delivering significant new economic, social and environmental benefits to Watford's residents, ranging from improved access to transport and employment opportunities for deprived communities, to expanding the retail and leisure offer in the town centre, to creating new employment spaces and therefore new jobs for local people. As a programme, the major development projects deliver a mixed composition of new employment and residential spaces, as well as servicing accommodation, including education, leisure and health facilities that are suited to the wider long-term needs of the town.

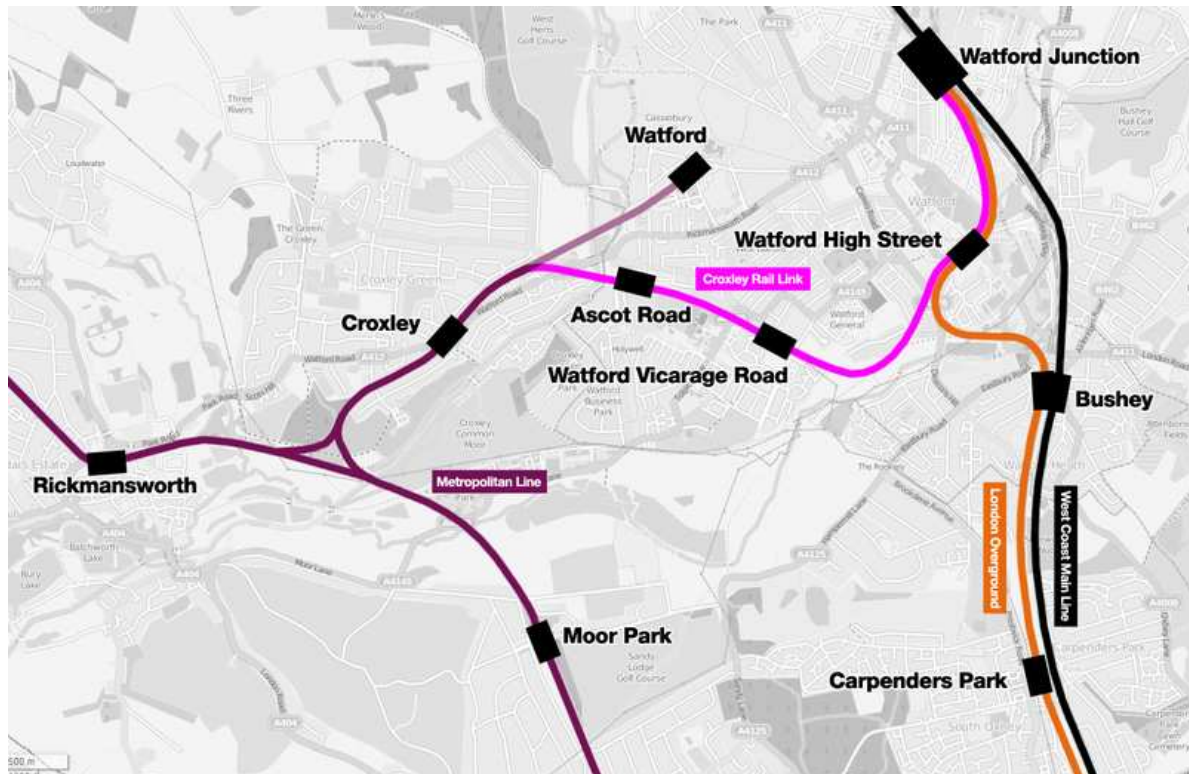
Herts LEP Strategic Economic Plan outlines their commitment to working with the Council to achieve maximum economic impacts linked to the major development projects happening across Watford. These are recognised as significant infrastructure and brownfield regeneration schemes that will bring forward new spaces for much needed residential and commercial developments. The towns 'smart growth' approach will underpin the developments and ensure sustainability in the growth of Watford's local economy over time.

The Croxley Rail Link/ Metropolitan Line Extension to Watford

The Metropolitan Line Extension is a £284.4m investment to extend the Watford Branch of the Metropolitan Tube Line to Watford Junction via Watford High Street. Two new stations are being created, at Ascot Road – Cassiobridge Station – which will serve Ascot Road and Watford and Croxley Business Parks, and at Vicarage Road, serving Watford Health Campus and the hospital, Watford Football Club, as well as the residential areas of West Watford. The extended line will come into Watford High Street Station, linking the town centre, and into Watford Junction, enhancing this regional transport hub. The town will have excellent tube connectivity with 4 stations in the Borough.

Hertfordshire LEP SEP's 'game changer 2' is investing in infrastructure, and The Metropolitan Line Extension is outlined as the highest priority. Due for completion in 2018, this is deemed a "transformational regeneration project" which will "stimulate investment in a range of complex brownfield sites across Watford."³ The Metropolitan Line Extension is a clear example of sound development and 'smart growth', as it is the thread that links Watford's major development projects together. It not only provides physical connectivity between them, it also positively impacts the surrounding land values and addresses sustainability and green travel issues that enable smart growth. It is a catalyst in unlocking the viability of other development schemes across the town, resulting in new employment and residential spaces being created and existing ones refreshed so that Watford can continue to attract and retain good quality employers and secure local jobs for the long term. The Metropolitan Line Extension is also a committed scheme in the Governments National Infrastructure Plan 2014, demonstrating the scheme's strategic importance both locally, regionally and nationally.

³ Hertfordshire LEP Strategic Economic Plan March 2014



Benefits of the Metropolitan Line Extension to Watford

- Approximately 2,700 net additional households will fall within an 800m catchment area of a station
- Improved East-West public transport connection for Watford and Croxley Green
- Will provide an important public transport link for patients and employees of the existing hospital and planned Watford Health Campus
- Supports economic development in Watford by providing first class transport links to business and retail centres
- Provides an Underground rail link to central London for all of Watford's residents and will supplement existing passenger services from Watford Junction and Watford High Street. On completion of the proposed rail link up to 12 trains an hour will link the town with London



Cassiobridge Station



Watford - Vicarage Road Station

Ascot Road

This 2 hectare site is adjacent to the new Cassiobridge Tube station, due to open in 2018, and was previously home to a Royal Mail depot. It is part of a broader 13 acre mixed-use development site which also encompasses a new Morrison's supermarket and Ascot Road Free School. The Metropolitan Line Extension connectivity transforms this site from one limited to industrial or warehousing use, to a site suitable for high-quality office space or a wider mixed use scheme. With a capital investment in excess of £100m, this offers excellent potential for a major HQ office building, being located directly next to a London tube station and at the gateway to the Watford and Croxley Business Parks. Whether occupied by a single business or multiple tenants, this scheme creates a significant capacity of new, contemporary employment space, which will attract employers to the town and has the potential to support significant job creation. The recent EGDA study referred to Ascot Road as "a good employment site," due to its proximity to Watford and Croxley Business Parks, transport connectivity and employment capacity. Whilst the freehold is owned by the Council, we are working with leaseholder, Orion Land and Leisure, to bring forward this exciting gateway development.

Watford Business Park

Watford Business Park, within Special Policy Area (SPA) 6 covering the Western Gateway, comprises around 26.3 hectares in the South-West of Watford, currently supporting over 100 businesses and employing in the region of 1,200 jobs. Whilst it is a major employment area, a significant proportion of the existing properties are over 50 years old, of poor specification and are deteriorating. The supporting road and communication infrastructure is also outdated.

WBC is the freeholder, and most buildings were sold off with long ground leases during the 1950s and 1960s with little service or estate management provision. The leases have between 42 and 111 years remaining and this fragmented leasehold structure has proved a significant barrier to new investment. Existing property and land uses are also disjointed, comprising a mix of car dealerships and trade counters alongside major employers such as Beko and Prism Power. Improved transport connectivity delivered by The Metropolitan Line Extension and the new Cassiobridge Station significantly elevates the strategic importance of this site, and boosts the case for redevelopment of the business park as a 21st Century employment destination. However, without a significant rationalisation of landholdings and uses there is a risk that this strategic site may fail to secure new businesses and the employment offer could deteriorate further.

WBC is working in partnership with Greenhill's Asset Management who successfully manage the adjacent Croxley Green Business Park on behalf of Threadneedle Investments, to deliver the Strategic Masterplan and Regeneration Initiative for the site into which Herts LEP invested £1.5m in December 2013. Initial work has identified potential for phased redevelopment, on a site by site, opportunistic basis over a 15 year period. Intensification of the sites will provide more employment capacity, as existing land use is currently inefficient at 1 job per 76sq.m. compared to 1 job per 22sq.m in Croxley Green Business Park⁴. Preliminary assessment suggests that development values of initial phases could be in excess of £100m and have the potential to create over 1,300 jobs. In early 2015, the Council, with the support of Hertfordshire LEP, began buying leases and assembling a range of development opportunities. The Council hopes to be on site with a new light industrial scheme by early 2016.

Watford Health Campus

The regeneration of this 29 hectare brownfield site surrounding Watford General Hospital and Watford Football Club has been a long term strategic objective for the town. The Watford Health Campus scheme brings together the public and private sector to transform this area over the next 15-20 years, creating new and improved access to the site via the construction of the new Link and Access road from Dalton Way and an attractive new community, delivering new jobs, homes, public and green open spaces and community facilities.

Watford Health Campus' location adjacent to Watford General Hospital presents a once in a lifetime opportunity for future development of the hospital site. The circa £270m project will bring forward 750 new homes, including 35% affordable, and significant new business and employment opportunities with new commercial and industrial spaces and capacity for up to 1,300 new jobs.



⁴ Watford Economic Growth and Delivery Assessment (EGDA) September 2014

Better access and modern infrastructure will reduce congestion and improve access to the site. The new Vicarage Road tube station created as part of the Metropolitan Line Extension will provide good transport links for hospital users, football fans, residents and businesses occupying the Health Campus, as well as for the wider community in West Watford. New cycle and pedestrian routes will also be created through the site, improving permeability of West Watford as a whole. Community green open spaces are planned, and shops and community facilities are designed to build a lively neighbourhood centre.

Hertfordshire LEP have contributed £6m Growing Places Funding towards the scheme, and £7m of Department of Health funding has helped secure delivery of the new road infrastructure linking the hospital to the wider region. While funding is yet to be secured, Watford is also likely to see a £350m-£400m redevelopment of the hospital's clinical facilities over the coming years, to deliver improved health services for residents across wider South West Herts.

Watford Junction Interchange Re-development

The redevelopment of the area surrounding Watford Junction presents an unprecedented opportunity for the town to deliver significant new housing and employment capacity, and is critical to meeting both employment and residential targets as defined in the adopted Core Strategy. The regeneration scheme will deliver a high-density mixed-use development as well as leverage a significantly enhanced transport interchange, 1,800 new homes, employment space to support around 2,300 new jobs, as well as retail and leisure spaces and community facilities. Again the Metropolitan Line Extension to Watford Junction has been a catalyst for redevelopment as it improves access to the site and increases the flow of passengers through Watford Junction transport interchange.

This is a complex scheme with a number of obstacles to overcome in making the development fully viable. New infrastructure is required in the form of an access road and a pedestrian bridge, multiple landowners bring land assembly challenges, remediation work is complex, and working across the West Coast Mainline creates physical construction challenges. Provision for a new school will also be required to support the growing local population. However, the benefit this redevelopment will bring to the town is unparalleled in both economic and social terms, because of the scale of new employment and housing capacity, and it also presents an opportunity to boost perceptions of visitors and investors of by transforming this key strategic gateway to the town.



When the Metropolitan Line Extension opens in 2018, the station is expected to cater for an additional 1.6m users per annum on top of the 6.9m users per annum currently. With Crossrail services earmarked for Watford Junction in 2026 as well as the potential to reintroduce Bakerloo Line services, the Council are working closely with London Underground Ltd and Network Rail, as well as neighbouring private sector landowners to ensure significant capacity improvements can be delivered.

The total development value of this scheme is likely to be in excess of £600m over a 15 year period. A phased approach will be undertaken, with the first phase deliverable as early as 2017/18. Achieving a strong transport and commercial centre at Watford Junction is essential in enabling the town to provide the employment and housing spaces needed to secure its economic future.

Town Centre

Watford town centre has always been a successful retail destination, anchored by what was the Harlequin centre, now Intu Watford, and was ranked 37 in the national retail index in 2008⁵. It plays a pivotal role in driving forward the local economy and providing our 95,000+ residents and 500,000 people living within 20 minutes of Watford with a thriving sub-regional centre which meets their needs in terms of retail, business, social, leisure and cultural activities. However, Watford's national retail rank slipped to 41 in 2009 and 45 in 2013⁶. The town centre was highlighted as a priority area for development in 2010 ED strategy, which noted the changing nature of retailing, the challenges being faced by High Street decline nationally, and strong competition from nearby retail centres. The priority set out to re-establish Watford as a successful and vibrant regional retail destination, with a thriving High Street alongside as one of the biggest indoor shopping centres in the UK.

⁵ Javelin Venuescore 2009

⁶ Javelin Venuescore 2013-14

The £150m+ redevelopment of Charter Place and expansion of Intu Watford, expected to be completed by Autumn 2017, will attract new major brands to the town, create over 1200 new jobs, and enable Watford to compete successfully for regional retail spend. Intu regional director Rebecca Ryman stated that the scheme will “transform the town” and considerably boost retail rankings, placing Watford “firmly in the top 20”. The redevelopment will also bring a multi-screen cinema and other improved leisure facilities into the town centre. This will build more diversity in recognition of the need to balance retail and leisure offerings, and provide linkage between daytime and night time economies which will encourage longer dwell time and enable families to enjoy a more rounded town centre experience.



Significant public realm works were completed in 2013/2014, with over £8m invested in the redevelopment of The Parade, creation of the Met Quarter restaurant area and the New Watford Market, as well as several smaller schemes. Further improvements are planned for other areas along the High Street. The Parade redevelopment included creation of new events spaces, and has resulted in a more European style café culture which has encouraged new restaurants and coffee shops to open, all bringing more vibrancy to the town and contributing to the positive link between the town's day and night time offers.

There is wide recognition of the positive impact of culture on local economies. The growing role of culture in Watford town centre, again identified in the 2010 strategy, has progressed significantly with the annual Imagine Watford Festival launching in 2011 and a year long Big Events Programme launched in June 2014. The cultural programme is being delivered in partnership with stakeholders across the town and will be carried forward by the Town Centre Partnership (formed September 2013 as discussed on Page 16).

Major Development Projects – Impact Summary

Project	Timeframe	Gross Development Value	Total Direct Jobs – excluding indirect and induced jobs	Long Term Impact (Direct GVA per annum)
Croxley Rail Link/ Metropolitan Line Extension to Watford	Opening 2018	£284.4m	NA	£300m+ per annum (wider economic benefit, CRL Business Case)
Watford Town Centre	Charter Place Complete Autumn 2017	£150m+	2,220	£23.9m GVA per annum
	New Watford Market, completed 2014	£2.6m		
	Public realm enhancements, completed 2014	£4.3m		
Ascot Road/ Cassiobridge Development Site	Completed 2017	£100m+	3,020	£130.8m GVA per annum
Watford Business Park	2015-2025	£100m+	1,110	£47.8m GVA per annum
Watford Health Campus	2015-2025	£270m	1,280	£41.4m GVA per annum
Watford Junction redevelopment	Phase 1 - 2017-2020 Future phases to 2030	£600m+	1,910	£86.2m GVA per annum

Watford Town Centre Partnership and proposed Business Improvement District

The Town Centre Partnership (TCP) is the catalyst to ensuring maximum benefit is derived from recent investments and securing the town centres sustainable future. In 2014 WBC recruited a Town Centre Manager and used £100k High Street Innovation Fund, awarded by government following the 2011 Mary Portas report, as a fund for the TCP to evidence early delivery and to support the TCP in its aspirations to develop into a Business Improvement District (BID) in 2016.

BID's are a proven business model, there are now over 200 BIDs operating across the country. There is recognition that a BID would bring a level of sustainability to future funding, over and above that provided by the council and other stakeholders, over the 5 year BID term. BIDs put the decision making about spend into the hands of those private sector businesses in the BID area (the levy payers), that will derive most benefit from future investments.

The Town Centre Partnership will go to BID ballot in October 2015 with a view to commencing the BID in April 2016.

The BID area is defined, and primarily focused on the town centre and civic quarter. If successful at ballot it is estimated that over the 5 year term of the BID an additional £3m will be invested in the town centre.

While the Town Centre Strategy 2013 explores the current challenges and opportunities facing the town centre in more detail, the BID Business Plan outlines activities that a future BID will deliver in order to secure long term sustainability for the town.

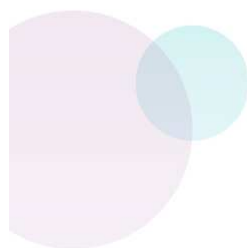
The three areas of delivery the Watford BID will focus on are:

- Enhancing the look and feel of the town
- Promotion, marketing and events
- Working together to secure the future of the town

Watford's town centre strategy and redevelopment is also supported by Hertfordshire LEP's Priority 3 're-invigorating our places', which suggests that successful town centres play a key part in delivering economic growth and sustainability.

Recent investments such as the public realm enhancements and market relocation have helped catalyse private sector investment in the town centre. The vacancy rate in Watford town centre has decreased significantly throughout 2014 and following recent dialogue with local agents, approximately 80% of the vacant units in Watford, including units which have been vacant for a number of years, are now under offer and progressing towards occupation. While some of these new High Street tenants are existing tenants displaced by the forthcoming Charter Place redevelopment, many are new entrants to Watford.

These investments and those proposed over the next two years are changing Watford's standing nationally and the way the town is being perceived. Watford is Hertfordshire's largest town centre and acts as a regional centre. In November 2014 Watford was named the third hottest town in the Hot 100 Retail Towns List compiled by CACI, with the projected 10 year consumer growth predicted to be 100%. Additional investment in events and marketing is further enhancing the towns reputation as place to invest in and to visit.



Watford's Economy – S.W.O.T Analysis

Strengths

- Location – excellent access to strategic road network and national rail connections
- Resilience of the local economy through recent recessionary times
- Diverse employment base – breadth of sectors operating in the town
- Breadth of size and scale of businesses – international HQ's and start-ups
- Large working age population
- Skilled local workforce
- High start-up survival rate
- High levels of in-commuting
- High demand for commercial / industrial premises
- Vibrant and safe Night Time Economy (NTE)
- Active local business community and strong partnership working
- Regional retail hub and strong and expanding town centre offer
- Stable political environment, with strong track record of delivery

Weaknesses

- Lack of developable land to support growth
- Declining containment rate – job creation growth rates slower than working age population growth rates
- Recent losses of employment land to alternative uses
- Shortage of high quality, fit-for purpose office space
- Constraint of existing commercial space – demand forecast to outpace supply
- Localised congestion at peak times
- Support for growth and start-up businesses is constrained
- Pockets of deprivation
- Some constraints in the local labour market

Opportunities

- Further exploit the towns locational USP
- Working with neighbouring authorities to identify any potential for growth needs to be met outside of the borough
- Maximise the economic impact of the major development projects
- Re-energise the local commercial property market by kick-starting commercial development
- Resist loss of future employment space and identify any new sites or those suitable for intensification
- More sustainable commuting and travel through transport infrastructure investments
- Town centre Business Improvement District (BID)
- Improve broadband connectivity and speeds
- Fresh approach to skills matching locally, working with West Herts College and Job Centre Plus
- Business support – extend incubation capacity to meet demand and more specific support for growth businesses
- Building on successes of existing business engagement agenda, including successful sector-led cluster groups

Threats

- Insufficient new employment space coming forward in development pipeline
- Further loss of existing employment land through competing residential land values
- Not being able to provide the right spaces and places to attract future employers and enable local businesses to grow
- External perceptions of the town and its overall offer
- The ability to provide sufficient affordable housing for low income workers
- Continued competition from other retail and employment centres
- Growth of local skills gap as Watford homes a growing skilled population that commutes out – cannot meet the needs of local employers from local labour market

Watford's Priorities

Priority 1) Sustainable Growth of Watford and its Economy

Key Issues:

- Striking the balance between competing pressures for residential and commercial development, and optimising the limited number of development sites in the town to better deliver sustainable economic growth
- Reinforcing the foundations for long term sustainable growth through delivery of new transport and social infrastructure, alleviating existing congestion and delivering new capacity to support growth
- Achieving 'smart growth' through delivery of the major development projects, which have the ability to bring a step change in both economic and social benefits

Watford's Functional Economic Market Area (FEMA)

Watford's Functional Economic Market Area (FEMA) is wide, reaching across Greater London and into Buckinghamshire and Bedfordshire, as well as across wider Hertfordshire. The borough remains a net-importer of labour - its location and reputation as an employment hub mean the town can attract and retain high quality employers that provide employment for populations across neighbouring districts and counties, accessing Watford via good transport links. Based on recent census data, the town supports employment for up to 2,000 residents from St Albans district, between 2,000 and 5,000 residents from each of Hertsmerne and Dacorum districts and over 5,000 from Three Rivers. Thousands of workers also commute both in and out of Watford from Greater London each day⁷. Whilst being an attractive destination for workers, Watford also has a duty to support its own residents' employment needs, but the decline in the self-containment rate between 2001-2011⁸ suggests this is proving increasingly challenging.

The Trajectory for Sustainable Growth

The limited availability of developable land is a primary challenge for Watford as the borough is so tightly restricted by its administrative boundaries. Bringing forward strategies to meet both housing and employment needs requires balanced and supporting approaches, and there is growing recognition that difficult choices will need to be made over the allocation of sites for both uses. Good progress has been made towards housing targets, with 3,300 of the planned 6,500 homes having been delivered by 2014 (period 2006-2031).

Whilst progress has also been made towards the employment target defined in the adopted Core Strategy (7,000 additional jobs to 2031), it's important to note that these targets were set at a point in time when national economic confidence was much lower.

In line with this thinking, and in light of a more positive economic outlook nationally, recent government policy has placed responsibility on local authorities to assess future economic development needs within the Borough objectively in line with the National Planning Policy Framework (NPPF) and supporting Planning Practice Guidance (PPG).

⁷ Watford Economic Growth and Delivery Assessment (EGDA) September 2014

⁸ Watford Economic Growth and Delivery Assessment (EGDA) September 2014

The recently completed Economic Growth and Delivery Assessment (EGDA) sets out a range of potential economic scenarios for future employment space requirements.

All scenarios tested under the EGDA, bar the past development rates scenario, anticipate a substantial additional requirement for employment floorspace, and in particular, office floorspace. The past development rates scenario is not considered a sustainable one to plan for as past development rates are likely to have been constrained by losses of space and supply side factors and would effectively represent an acceptance that the Borough's standing as a major M25 employment centre would be eroded. This approach would not be in line with national policy nor the Council's own aspirations to deliver sustainable economic growth.

These new projections are not intended to replace those set out in the Core Strategy, but to ensure this strategy takes into account the most recent evidence at time of writing. The projections do, however, highlight the Borough's need to protect, improve and indeed increase our stock of high quality commercial accommodation.

Delivering New Employment Space to 2031

In light of these revised economic projections, it's important to understand the Borough's likely ability or propensity to deliver against this opportunity. The EGDA goes on to state that "the borough's employment potential remains constrained by a number of factors." These can be summarised as:

- High land values restrict the viability of commercial development and favour residential schemes
- Total office space in Watford decreased by 6% between 2000 and 2012, whilst it increased by 15% across the East of England as a whole.
- Total industrial space in Watford decreased by 11% during the same period, whilst increasing by 4% across the wider region.
- Minimal new office space has come forward over the last decade
- Permitted Development Rights continue to threaten unprotected employment spaces
- The spatial constraints of the borough results in different uses replacing each other rather than bringing forward net new capacity
- Mismatch between jobs available (high proportion of service-related jobs) and highly qualified professional resident workforce, many of whom commute out of Watford for higher paid employment

It is important that these issues are understood and addressed if Watford is to ensure it is delivering sustainable local economic development, particularly the need for the Borough to increase the supply of new and improved employment space. This will require an adjustment to current policy approach, as discussed below.

Balancing Land Uses

The factors outlined earlier demonstrate the implications of a shortage of space on the town's employment potential. For Watford to maintain its position as a regional economic centre, delivering employment not only for its own residents but for a significant number of residents from neighbouring authorities, a fine balance needs to be struck between the competing land uses of residential and employment.

The borough also needs to strive to provide spaces for supporting services for the growing population, to meet demand for schools, local centres, green spaces and community facilities. Whilst Watford endeavours to optimise land utilisation within its boundaries, dialogue is also needed with neighbouring authorities under the Duty To Cooperate, to

consider how best to provide the sites to support demand from the population across the sub-region.

Central to both the challenge and opportunity in Watford are land values. Watford is a desirable location both to live and to work, so demand is high, yet space is constrained. This results in higher land values, which makes residential development more viable than office or industrial development in the short term. Whilst local commercial property agents suggest there is growing investor confidence in the town, there is still latent uncertainty which is restricting funding for new commercial developments. However, recent evidence suggests that demand is very high and supply tighter than headline figures indicate, so it is possible that within the near future this tight supply will push values to the level where new commercial development can occur⁹.

As things stand, the lack of new commercial development in the town over the last two decades has led to a stalling in the office market. Growing businesses are struggling to find the accommodation they need within the town as they expand, and natural churn is not happening because many businesses want to stay in Watford but have to remain in outdated premises due to the lack of alternative space. This has resulted in some Watford employers paying high rents for sub-standard properties. Many new leases were signed during the peak of the early 2000s, so there is likely to be a wave of lease breaks coming within the next few years. Proposed changes to the energy performance ratings of commercial buildings in 2017/18 also have the potential to further impede the attractiveness on Watford existing commercial stock. This trigger point will lead to employers re-evaluating their premises and location choices, and the town needs to be able to offer sufficient capacity of fit-for-purpose accommodation to secure this employment for the long-term.

In parallel, there has been an erosion of existing commercial space. As an historic industrial town, Watford's employment sites are dispersed across the borough. Some areas can be logically packaged and protected as employment spaces through policy, as was done through the Core Strategy and Local Plan, but 52% of 'B Class' jobs (office, commercial, industrial) are within employment space that is spread across small sites outside of the core employment areas¹⁰. This space typically provides employment for local residents, and is the most likely to be targeted for conversion to non-commercial uses.

Engagement with the property market through the recently formed Watford Developers' Forum provides a channel to communicate with developers and landowners around current evidence and local market trends, and will help build confidence in the town's potential. However at the same time, a level of intervention may be required to kick start the commercial market, in order to demonstrate the viability of commercial developments and act as a catalyst for private sector investment to create new commercial capacity in the town.

Accommodating Positive Growth

Watford's Major Development Projects created an ambitious yet achievable framework for development across the town. Following many years of under investment, these bring a unique opportunity for the town to re-establish itself as a regional economic hub, secure a sustainable future, and enable the creation of new commercial spaces. This increased supply should ease the pressure on land values, encouraging redevelopment of existing commercial spaces and further new development. These projects are the foundations for achieving both the employment and housing targets set out in the Core Strategy.

⁹ Watford Economic Growth and Delivery Assessment (EGDA) September 2014

¹⁰ Watford Economic Growth and Delivery Assessment (EGDA) September 2014

The trajectory for growth outlined in 2006 was robust. Yet both the local and national economy has changed significantly over the last 9 years. Local population growth has accelerated far faster than projected by the ONS; the growth in Watford's working age population has been significant and is forecast to increase further. It is prudent to take account of new evidence as it emerges and adapt evolving strategies accordingly. The 2014 Watford EGDA suggested that even taking into account all of the new employment capacity planned for through the Major Development Projects, Watford will still have a shortage in capacity of both commercial and industrial space¹¹.

Within the context of accommodating a positive floorspace requirement for both office and industrial uses over the plan period, the EGDA outlines a number of (but not mutually exclusive) options for the Council to consider, both as part of its ongoing site allocations work, through Local Plan Part 2, and wider policy formulation.

- Major Development Projects
Assess the allocation of employment space within the major development projects and identify any scope to increase capacity, or intensify development
- Resist loss of employment space in the future
There has been “significant loss of employment spaces over the last decade”¹², so sites should be reviewed and new policy protection introduced where appropriate. Also the Article 4 Direction on Clarendon Road could be extended to other employment areas.
- Allocate new employment sites
The Watford EGDA recognises that “as a tightly constrained and under-bounded borough, new development sites are limited”. However, all new potential for both employment and housing within the borough needs to be identified and assessed. Any new employment sites should seek to benefit from Watford's strong transport links and be located close to established employment areas where possible to capitalise upon critical mass and cluster effects as well as existing amenities and facilities.
- Intensification of existing sites
Better utilisation of the existing office and industrial stock could be achieved through gradual redevelopment of individual plots. In major employment areas policy could attempt to reduce encroachment of non ‘B-Class’ uses which tend to produce lower intensity of job creation.
- Assume (and plan for) needs to be met elsewhere (outside the Borough)
Duty to Cooperate arrangements could enable consideration of how needs could be displaced to adjoining local authority areas that fall within the borough's functional economic market area (FEMA).

Planning for the long-term sustainable future of the town requires vision beyond the major development projects. Refreshment and re-invigoration of the town needs to be an ongoing process if sustainability is to be achieved in Watford's growth and resilience secured in its economy. A continual process of monitoring and improvement will keep the towns offer fresh for visitors, residents and businesses and in doing this, the next wave of private sector led development projects will emerge. Sustainability runs through all of the priorities in this

¹¹ Watford Economic Growth and Delivery Assessment 2014

¹² Watford EGDA 2014

strategy, which are interlinked, and all contribute to delivering long term sustainable economic wellbeing for the borough.

Growth Beyond Watford Boundaries

As Watford continues to grow, its opportunities to accommodate growth in a sustainable way will become increasingly restricted through the lack of availability of sites for sustainable housing and employment development.

As a consequence, WBC will explore opportunities to deliver growth opportunities through ongoing dialogue with neighbouring authorities and other impacted authorities.

Priority 1 - Actions

- a) Final Adoption of the Council Local Plan Part 1 (Core Strategy) and Part 2 (Detailed Development Policies) establishing a clear strategic framework for the towns sustainable growth to 2031.**
 - -Improving Policy protection for existing employment sites
 - -identifying existing employment sites suitable for upgrading/intensification
 - -identifying, allocating and protecting the limited opportunities available for new employment sites
- b) Supporting the ongoing delivery of Watford's committed Major Development Projects, including the Metropolitan Line Extension to Watford.**
- c) Working with key partners and stakeholders to bring forward Watford's next wave of Major Development Projects, including Watford Junction, Lower High Street Retail Park and the wider area around the Dome Roundabout.**
- d) Accelerate and where appropriate, consider intensification of individual Major Development Project to help accommodate Watford's projected future need, both for commercial and residential uses.**
- e) Consider potential expansion of Watford's Article 4 Direction, protecting key employment areas and sites from conversion to residential uses via Permitted Development Rights (PDR).**
- f) Working with key stakeholders and neighbouring landowners to rationalise landholdings in Watford Business Park to enable new investment in and upgrading of outdated commercial stock.**
- g) Commission a detailed assessment of the viability of commercial development in Clarendon Road compared to other commercial areas, and also into wider blockages in the office and industrial markets across the Borough.**
- h) Continued sector engagement with local property market through the Watford Developers' Forum.**
- i) Support for the TCP and its proposed progression to a BID as the engine for future development of the town centre.**

- j) Working with key stakeholders and neighbouring local authorities to identify and deliver opportunities to accommodate Watford's projected economic and housing growth beyond Watford boundaries.**
- Support the delivery of strategic housing and employment sites beyond Watford's boundary.
 - To explore with key stakeholders and other impacted adjacent authorities' opportunities for joint capacity building to deliver physical regeneration opportunities.
 - Actively support ongoing joint evidence base commissioning e.g. South West Herts FEMA and SHMA Studies
 - To actively explore with key stakeholders and central government the need for a boundary review for Watford, better allowing the town to control its economic destiny.

Priority 2) Transport and Digital Connectivity

Key issues:

- Maximising Watford's location strengths and reinforcing the town's role as a regional transport hub for London and South West Hertfordshire
- Planning for and delivering improvements to transport infrastructure and services in order to continue to attract investment and secure high-quality long-term employment
- Supporting sustainable travel through local, regional and national transport connections, and delivering improved access to employment, leisure and community services

The Role of Transport in Local Economies

Watford's location and transport infrastructure continues to be one of its primary assets. Transport and connectivity has a direct impact on an area's economic competitiveness as it facilitates the free flow of goods, services and people. This strategy considers the impact of current schemes, but also points to the next wave of transport and infrastructure projects needed to sustain the borough over the longer term.

Transport investments unlock local economic growth in many ways:



Sustainable Transport Infrastructure to Support Future Growth

Watford was the first district in Hertfordshire to justify a specific Growth and Transport Plan (GTP), largely in recognition of the urban nature of the borough and growing evidence to suggest that where green and sustainable forms of transport are introduced, modal shift occurs and local people start to use them. The role of the town as a sub-regional transport

hub also requires that bespoke infrastructure planning is undertaken. The 2014 GTP considers the impact of the current major development projects, but also provides initial scope to support future investments, and links into Hertfordshire LEP's Strategic Economic Plan (SEP). It seeks to ease constraints and increase capacity on all transport modes, particularly on road and rail networks which are used by the majority of commuters. In a spatially constrained borough which is part of a highly congested region, improvements in transport infrastructure are a positive investment in the long-term sustainability of the local economy.

The 'smart growth' approach interlinks investments in transport infrastructure and development of employment spaces. Major employers expect to be located on strategic sites that are close to transport hubs. Where there is a cluster of company headquarters, as there is in Watford, the nature of their operations means that they draw skills from a wide catchment and visit other sites nationally, and internationally, therefore strategic transport connections are needed to support this. This impacts how sites are allocated, as the sites with the best access to good transport infrastructure will attract and retain good employers, whilst sites outside the immediate vicinity of a transport connection may be more suited to residential uses. This highlights that it is not simply about having the number of sites for employment, sites also need to be in the right location in terms of transport connectivity to achieve the full employment potential.

M1/M25 Growth Area

Hertfordshire LEP considers investing around transport hubs as the key to unlocking local economic growth, setting out three growth areas in its SEP, each linked to major road and rail arteries. Watford is at the heart of the LEP's M1/M25 growth area. Whilst transport links are deemed good, the region experiences heavy congestion, particularly on its road networks and on mainline rail routes into London Euston. Herts LEP refer to "the chronic congestion facing much of the county"¹³ partly as a result of Hertfordshire claiming "2% of the national population, 1.3% of the land and nearly 3% of all national vehicle miles"¹⁴. Significant population growth and the lack of investment over recent years have helped build the case for new infrastructure projects to support future economic growth within the region.

The Metropolitan Line Extension to Watford is the primary infrastructure investment for Hertfordshire LEP over coming years as it delivers the wide scale economic benefits discussed previously in this document. Whilst the Metropolitan Line is already a core part of Watford's existing transport infrastructure, the extension gives Watford's business and employment areas far greater accessibility to labour and services both locally, and from a wider catchment. The extended link will also open up transport interchanges, commuter routes and travel choices at a neighbourhood level, across the region, into London and nationally.

Improvements in congestion will be realised through increased travel choices for local communities – a journey from Croxley Green to Watford Junction will take 12 minutes – and residents will have greater transport access to employment, but also to health, education and leisure services. When completed in 2018 the link will deliver improved access to a wide range of economic opportunities across the borough.

Links with London

Being inside the M25 and with strong transport links, the town offers an excellent location for businesses requiring close proximity to London, but without the overheads a London location

¹³ Hertfordshire LEP Strategic Economic Plan March 2014

¹⁴ Hertfordshire LEP Strategic Economic Plan March 2014

commands. Hertfordshire LEP outlines its ambitions around 'Harnessing our relationships with London'¹⁵ and Watford is perfectly placed to do this. The existing transport network enables 47% of working Watford residents to commute into Greater London and around 27% of those employed in Watford commute in from London, enabling great cross fertilisation of skills and knowledge between the two centres. Watford benefits from a wide range of businesses re-locating outside of London as they grow, bringing a wealth of diverse employers into the town.

Good transport links encourage inward investment, but they also enable local skilled workers to commute out to other areas. A factor in the decline of Watford's self-containment rate is the increasing number of high-skilled workers commuting out of the borough for higher-paid work. But also over the same period the number of in-commuting workers originating from London has increased by 13%, highlighting the growing economic and spatial connectivity between Watford and the capital. The implications of this are discussed further in the Employability and Skills chapter.

Watford Junction

Watford Junction is the gateway for London commuting, and also for sub-regional and regional commuting. It is a key enabler to Watford's role as a regional employer. The station currently provides an interchange for West Coast Mainline and Virgin train services into London Euston and out across the Midlands towards the North West, connections to Gatwick airport and Clapham Junction, London Overground services and local train connections to St Albans and the Chilterns. From 2018 it will also connect with the London Underground Metropolitan Line through the Metropolitan Line Extension.

The strategic importance of Watford Junction is increasing, linked with the impact of the major development projects. It acts as the entrance to the town for workers, business and leisure visitors, and facilitates the flow of investment. It is the point at which many people form first impressions of Watford. A recent capacity study suggesting that the 6.9m people travelling through this interchange is forecast to increase organically, but also that the Metropolitan Line Extension will bring an additional 1.6m people per annum through the station by 2018. Emerging proposals on Bakerloo Line services running to Watford Junction and Crossrail Services running to Tring by 2026 will also drive the need for capacity and interchange improvements at Watford Junction.

There is already overcrowding at peak times so increased patronage will result in additional pressure on the existing facilities and services. Enhancements to the station itself are essential in supporting this forecast growth in capacity and to cater for the needs of the town and its commuters over coming decades. In line with a 'smart growth' approach, regeneration is linked to surrounding schemes, and transformation of this interchange in turn improves the viability of adjacent land, making the location increasingly attractive as an employment location. An improved interchange would also provide an opportunity to improve permeability through the site and into the existing Imperial Way/Colonial Way employment area, significantly improving its pedestrian and cycle access from the station itself.

As discussed in the previous chapter, regeneration of the wider site is critical in meeting Watford's employment and housing targets. Hertfordshire LEP has stated its commitment to working with Watford Borough Council to achieve maximum economic benefit from the developments related to Watford Junction.

¹⁵ Hertfordshire LEP Strategic Economic Plan March 2014

Improved Services

The government is consulting on the Rail Utilisation Strategy which considers a broad range of UK wide rail improvement programmes and rail services, including schemes like HS2 and Cross Rail. Some of these have the potential to impact on Watford Junction. Any impact from other schemes needs to deliver net additional capacity to support future economic growth, and not lead to displacement of existing services. Another consideration is the pressure to increase the movement of freight by rail in order to alleviate road congestion. If this were to compromise Watford's inter-city or commuter rail connections it, could potentially inhibit local growth.

Some of this current constraint is a legacy from the 2008 timetable changes which reduced the number of trains stopping at Watford Junction. There have recently been some positive increases with Southern Services delivering more capacity in 2014 and London Overground trains increasing the number of carriages. These measures attempt to maximise potential from existing infrastructure, but new infrastructure is required to support future need. This strategically important interchange must have sufficient services and capacity to support the growing local and regional economy.

Watford's Transport Investments

The Metropolitan Line Extension and comprehensive redevelopment of Watford Junction are the two most significant investments in transport infrastructure to support growth; however, there are several other schemes detailed in the 2014 GTP, at various stages of planning and feasibility, which will support growth in the local economy by improving accessibility and reducing congestion.

The next wave of transport schemes to support growth

M1 Junction 5 – Major Highway Maintenance

This scheme will improve signalling and provide additional capacity at this key motorway interchange. Improving connectivity here would help unlock economic growth in many of the ways discussed at the beginning of this chapter, and will also influence the town's ability to attract and retain international businesses due to improved access to the major airports.

Watford Junction: Colonial Way Link Road

A key element to unlocking the potential of the Watford Junction regeneration scheme is this link road. It would connect the A4008 at Stephenson Way (which links to the M1 J5) and the A412 St Albans Road, including crossing over the St Albans branch line.

Watford Health Campus Link Road

The new link and access road will open up the Health Campus site and create a bus-only link to Willow Lane. This will connect Wiggshall Road and Dalton Way, providing access to the M1. The primary purpose is to provide better strategic access to the Watford General Hospital, enabling it to service a wider population across the region, but it will also provide access to new homes and businesses and alleviate congestion around the local area.

Western Gateway: Tolpits Lane Link Road

Watford Business Park is currently only accessible from the North of the site. This scheme would open up access from the South, alleviating congestion at the current access points, including Rickmansworth Road, and improving current constraints on vehicular flows in and out of the park. It would help deliver productivity gains and cost reductions to businesses in Watford and Croxley business parks. This road is linked to delivery of the overall Watford Business Park regeneration project discussed in the last chapter and again demonstrates 'smart growth' with transport investments supporting sustainable redevelopment of employment spaces.

Abbey Line Upgrade

A feasibility study is being undertaken to assess various improvement options for the rail line connecting Watford and St Albans. These include rationalisation of stations including potential for a new station near to the Dome roundabout, conversion to light rail and connecting to Euston post 2026. The study also assesses conversion to guided bus and extending the line into St Albans city and Watford town centres.

Dome Roundabout

This busy interchange experiences heavy congestion at peak times, particularly on the A41 and A412. A number of improvement options are currently being considered.

Local road junction improvement schemes

There are a range of schemes proposed to improve capacities and flows of traffic around many of the town's major road arteries and junctions. These include several along both the A411 and A412, maintenance of the A41, improvements around Bushey Arches, and at road junctions between Eastbury Road / Brookdene Avenue, Vicarage Road / Wigenhall and the A41 / Hartspring Lane.

Improvements in transport help connect employers to the labour market, but also give local people better access to leisure opportunities so that spend is reinvested in the local amenities rather than in competing centres. Enhancements in local travel amenities such as bus services, cycle routes and pedestrian areas all contribute to improvements in access to amenities for local communities, and provide critical connectivity particularly in the parts of Watford where up to 40% of residents do not have access to a car¹⁶.

The Watford Urban Futures Transport Package, supported by Hertfordshire LEP provided funding for Watford Business Park pedestrian and cycle access enhancements, and for low cost travel alternatives to access key areas of growth and employment in Watford. The influence of local transport on inward investment should not be underestimated – employers are highly influenced by how easy it is for their staff to get to work because this affects their ability to attract the required levels of skills into their businesses. If journeys to work are too difficult, they will not be able to recruit and retain the staff they need to operate, and this will ultimately determine where they locate. Ensuring appropriate travel-to-work schemes are in place is a key component in retaining good local employment. These can be varied, but could include park and share schemes, or priority bus and business routes, as well as improved cycle and pedestrian access.

Better transport links encourage inward investment, support business retention and enable workers to access employment, all of which help contribute to the local economy and

¹⁶ 2011 ONS car ownership data

improve containment rates, which then in turn, reduce congestion. The linkage between these factors is what helps build local sustainability.

The Digital Agenda

The internet and wider digital connectivity agenda is fast becoming the essential infrastructure of the 21st Century. Digital connectivity is revolutionary in terms of how people live, work, play and interact – it is therefore crucial that Watford provides modern, accessible digital infrastructure to ensure the town remains a competitive place to do business and supports a dynamic and connected local workforce.

As well as supporting the towns economic agenda, enhance digital connectivity will also help support the wider social and environmental agenda, providing improved access to services for local residents and allowing better management of our transport network.

Emerging Actions

Strategic Transport Improvements

- a) The Metropolitan Line Extension to Watford - Working with key delivery partners including London Underground Ltd and Hertfordshire County Council to deliver this 'game-changing' infrastructure investment for Watford and SW Hertfordshire.**
 - Working with key partners to specify and monitor delivery programme, including coordinating deliver with adjoining Major Development Projects.
 - Specifying and monitoring service levels (timetabling) as well as considering and promoting outer running of commuter services to/from Amersham and re-extending the Bakerloo Line to Watford.
 - Working with partners to help coordinate the complex funding relationship and developer contributions and managing cash flow.
- a) Delivering the Watford Junction Vision.**
 - continuing to work with key partners, including Network Rail, HCC as Transport Authority and applicable Train Operating Companies, to monitor ongoing and increasing capacity challenges at Watford Junction.
 - Working with Network Rail and key adjoining landowners to bring forward proposals for a major mixed use regeneration scheme, leveraging significant investment into station interchange facilities.
- b) Lobbying for improved frequency in commuter and inter-city, as well as Virgin Fast services, stopping at Watford Junction, supporting Watford's role as a major regional commercial and retail centre, as well as providing alternative routes into North West London via the extended Metropolitan Line from 2018/19 onwards.**
- c) Engaging with and supporting proposals for Crossrail Services to/from Watford Junction from 2026.**
- d) Lobbying for and supporting proposals for capacity improvements to Junction 5 of the M1.**
- e) Lobbying for and supporting proposals to improve service frequency and quality of Abbey Flyer services to St Albans.**

Local Transport Improvements

- f) Ensuring the coordinated delivery of the towns major development projects to ensure minimal disruption to the local transport network during construction phases via the Watford Network Management Group.**
- g) Completion of Local Sustainable Transport Plan, delivering improved local transport choices including bus, cycle and pedestrian improvements and upgrades.**
- h) Working with key stakeholders including the Town Centre Partnership, to develop and implement the Parking Strategy for Watford Borough Council.**
- i) Undertake a joint feasibility study with HCC and Three Rivers District Council on proposals for an access road from Tolpits Lane directly into Watford Business Park/Western Gateway.**
- j) Maintain and Update the Council Infrastructure Delivery Plan.**

The Digital Agenda

- a) Work in partnership with InTechnology WiFi PLC to deliver the town centre concession for WiFi across the Town Centre and community centres.**
- b) Work with HCC, Evalu8 and Electric Blue to improve the network of electric and rapid electric charging points across the Borough.**
- c) Work with HCC on further roll out of the Intelligent Transport Systems Strategy and improvements to transport management across the Borough.**
- d) Work with Intu and CitiParks to improve the look and feel of town centre car parks.**
- e) Work with CitiParks, Town Centre Partnership and West Herts Chamber of Commerce to tailor the car park offer to better meet the needs of users, in particular the business community.**

Priority 3) Inward Investment and Business Retention

Key Issues:

- Making sure Watford has the right places and spaces to retain and attract Watford's current and future employers
- Improved promotion of the town as a place to do business
- Ensuring Watford has the right services and processes to embrace business investment in the town

Watford's ability to attract good employers and ensure they remain within the borough, providing long-term appropriately skilled employment for local people, will affect sustainability in the local economy. In order to do this, the right business accommodation needs to be available. Watford has been successful in securing a number of major employers from across a range of business sectors, and in nurturing and growing a strong SME base. However, recent evidence has suggested there has been a decline in both the quality and quantity of commercial and industrial space in Watford, in contrast to the wider regional trend¹⁷. This could affect the town's ability to compete to attract good employers in the future, despite its locational strengths. Once businesses are located in the borough, the right environment needs to be created to promote and support growth, in order that they remain in Watford and provide long-term employment.

Watford's Employment Spaces

Watford has seven main commercial and industrial employment areas: Clarendon Road / Station Road, Watford Business Park, Ascot Road, Colonial Way / Imperial Way, Greycaine Road / Odhams Industrial Estate, Sandown Road and Fishers / Wiggshall Road which will become part of the Watford Health Campus employment area. These areas account for around 48% of 'B Class' jobs (office, commercial, industrial) and 24% of total jobs in the borough. The remaining 52% of B Class jobs is spread across smaller disparate sites which span the borough. Recent evidence suggests that there continues to be high demand, but that there is insufficient supply of good quality spaces, as outlined in Priority 1. Outside of B Class jobs, retail is the dominant employment sector, supporting significant local and regional employment in the town centre and is forecast to bring forward substantial additional employment potential through the Charter Place redevelopment, with up to 1200 new jobs in the retail, leisure and food and drinks sectors.

Industrial Market

Watford is home to a diverse range of businesses involved in a wide spectrum of industrial activities, and several specialist manufacturers are based in the borough including DDD Ltd, Prism Power, Sigma Pharmaceuticals, Siemens and Teledyne TSS. Demand is high due to Watford's M1/M25 location, and the vacancy rate has remained comparatively low at around 7.5% for some time¹⁸. However, this persistently low rate has had the adverse effect of preventing the churn, intensification and upgrading of existing sites that would be expected to take place within a normal market environment. Therefore many of Watford's industrial sites are dated and poorly specified, with businesses remaining in properties longer than they might otherwise because of the lack of alternative accommodation. This does however evidence Watford's strengths as an employment location, as businesses are often prepared

¹⁷ Watford Economic Growth and Delivery Assessment (2014)

¹⁸ Watford Economic Growth and Delivery Assessment (2014)

to pay similar rents to neighbouring areas for what in reality is sub-standard premises, in order to remain in the town.

Local agents suggest that a continued lack of supply will severely impede Watford's future economic growth potential¹⁹. New industrial sites are sorely needed in order to decant existing businesses and allow redevelopment and reconfiguration of older sites to better meet future need. However, this requires new development land to come forward which is highly constrained. Whilst some new capacity will be delivered through the major development projects such as Watford Health Campus and Watford Business Park, without a significant step change in policy it will be difficult to protect against further loss of employment space. If losses continue the net result may be that no new capacity is created in the town despite the major development projects, and the gap between Watford's ability to create jobs and growth in its working age population continues to deepen, putting further pressure on commuting, congestion and local labour markets, and undermining the towns aspiration of retaining and indeed strengthening its role as a regional employment hub.

Office Market

Clarendon Road is Watford's prime office location. The office stock here is a mixture of relatively new high quality offices and older secondary space. Major employers KPMG, TJJ Europe and FIS Global are located on Clarendon Road, whilst other big employers including HSBC, Hilton Worldwide, Majestic Wine and Weatherspoons are located in employment areas across the town. Property agents suggest that the office market has improved recently and there is a growing investor confidence in the town.²⁰

However, a residual market uncertainty has resulted in minimal new office space being developed over recent years, and there is still a significant challenging in funding office developments, undermining the short term viability of bringing forward new schemes. Vacancy rates are around 15% (down from 24% in 2010), but more detailed analysis shows that this drops to only 4.1% when considering vacancy of high-quality space²¹. This constraint in the office market is resulting in similar problems to those in the industrial market, where many businesses find themselves locked into outdated premises due to lack of alternative space. Market feedback suggests that growth businesses struggle to find new premises to accommodate their expansion locally, and so are inclined to move outside of the borough. Again, the lack of new space coming forward is restricting the necessary churn in the market which would ordinarily allow upgrading or intensification of existing sites. There is growing evidence of a level of market failure in the local commercial property market, particularly with regard to office development.²².

High land values present both opportunities and challenges, but could lead to further erosion of Watford's existing office stock, particularly where older premises are below short term viability for organic commercial redevelopment and residential development is more feasible. If sites are bought at a value which only makes residential viability possible, commercial redevelopment will be significantly compromised. The Council introduced an Article 4 Direction on Clarendon Road in order to protect the office accommodation from switching to residential use, but these pressures are being felt across the borough, particularly if premises stand vacant for any period of time. The recent EGDA assessment suggested that it is possible that the tight supply may push rental values to a level where development is viable if sufficient land can be made available to accommodate growth. Headline rental

¹⁹ Watford Economic Growth and Delivery Assessment (2014)

²⁰ Watford EGDA 2014

²¹ Watford EGDA 2014

²² Watford EGDA 2014

values on Clarendon Road are currently £20-£22 per sqft²³ and market feedback suggests that values of £25+ per sqft would be the trigger point for organic commercial redevelopment. In parallel to this, market feedback also suggests that if a new block were to come forward on Clarendon Road this could break the market deadlock by providing genuine Grade A development, setting a new rental benchmark in Clarendon Road and unlocking significant latent demand.

Hertfordshire LEP is committed to working with WBC to achieve “maximum economic impacts”²⁴ linked to Watford’s major development projects. In order to do this, pre-existing issues in the commercial market need to be addressed, and then appropriate levels of employment space need to be delivered through these schemes. Even with protection of existing sites and delivery of new spaces through the major development projects, forecasts indicate that there will still be a shortage of capacity in the commercial market if jobs are to be created in line with working age population growth. Therefore, and as stated under Priority 1, dialogue is also needed with neighbouring districts to consider how new employment and residential space is provided for local people in the sub-region in the longer-term.

The wider context of this is the growing body of evidence suggesting that if adequate space cannot be provided in the Watford area, it is often the case that the businesses will tend to focus their search on other regional centres such as Milton Keynes, Slough, Maidenhead or Reading – this potentially represents not only lost economic opportunity to Watford, but to the wider sub-region. Securing Watford’s employment position is therefore strongly in the interests of the wider sub-region due to the large volume of residents from neighbouring districts that are employed in the Watford economy.²⁵

It is also worth noting that in practice the employment area in which Watford operates extends beyond its boundaries. Immediately beyond Watford’s boundary are a number of industrial estates, including several developments on Tolpits Lane and also on Otterspool Way. There are commercial office locations at Croxley Green Business Park and also at Leavesden, all of which are seen as Watford locations by many businesses – for this reason, it can often be the case that Watford’s wider role is underplayed. This reinforces Watford’s strategic role in the heart of this economic sub-region.

Promoting Watford

Watford’s historical strengths as an employment, retail and transport hub has created a reputation for the town as a good place for business to locate. There is an opportunity, however, to extend and enhance the marketing and promotion of Watford as a regional hub, but also profiling the town’s major development projects and wider quality of life offering.

Watford has always experienced strong success with companies seeking relocation from London, and this will continue as firms look for the cost efficiencies to be gained from a strong edge of London commercial and transport hub. However the towns appeal extends beyond this and Watford’s attributes enable it to continue to attract inward investment on a national and international basis, as well as through exploiting links with London.

²³ Watford EGDA 2014

²⁴ Hertfordshire LEP Strategic Economic Plan March 2014

²⁵ Watford EGDA 2014

Town Centre

Watford's town centre supports a significant level of employment particularly in the retail and leisure industries. Recent pressure on the retail sector and high streets nationally has led to the closure of businesses in many other town centres. But Watford has fared well. As a result of the investment discussed in the first chapter, this national trend has been reversed locally, with many new shops and food businesses opening on the High Street, and new brands are being attracted into the expanded Intu Watford. This is a very positive position for the town and is boosting local employment as well as create an even more vibrant town centre. New businesses need to be secured in the town and an environment created in which they can trade successfully. The creation of the Town Centre Partnership in 2013 and potential future Business Improvement District provides a vehicle to help achieve this, as it brings those businesses together to plan for future success collectively, and decide how to invest in the town centre to provide a sustainable long-term trading environment.

There are also a number of office sites within the town centre that provide employment. If the Town Centre Partnership is successful in securing a BID, these would be inside the proposed BID area. Any future BID Board will shape the future of the town centre and have an influence over how these premises are retained and marketed as employment spaces. There currently is a challenge with many vacant upper floors. Consideration is needed of how best to utilise these spaces which have the capacity to contribute towards either employment or residential targets, yet both present their own individual challenges. The spaces may require investment to make them fit-for-purpose for business which could lead to viability challenges, whilst residential uses is already proving problematic due to conflict with existing town centre uses, particularly the Night Time Economy. Together stakeholders and the TCP / BID Board will seek to establish right approach for the town centre and wider borough.

Business Retention

Once businesses are located in Watford, proactive business retention is needed to secure this employment for the long-term. Watford is considered a positive place for businesses to operate, indicated by an active local business community and engagement in local governance and partnership activities. Ensuring the town remains conducive to local business operations will help sustain a strong employment base. There are many measures that can be introduced that support business retention locally, for example.

- Engaging major employers: active engagement with existing major employers to identify any barriers and provide assistance where possible. Watford's Big Business Connect, established in 2013, provides a forum to engage and support the top 35 employers in the town.
- Planning for growth: identifying high growth local companies and planning for growth with them. The Business Growth Forum is a forum well suited to extending this activity within the town.
- Ease of engagement with the local authority: Hertfordshire's Better Business For All initiative encourages a more open and supportive approach by local authorities when assisting with regulatory matters, in order better meet the needs of businesses.
- Business Charter: Watford will create a business charter to outline commitments to support local businesses and create a framework for simple engagement with the council.

- Local supply chain: active promotion of the local supply chain helps stimulate demand and supply, and therefore growth of locally based businesses. WBC is in a strong position to lead by example in supporting local supply chain, and can influence how the requirement to support local supply chain is embedded in to contracts. With the scale of development in the town there is scope to seek commitments from the developers involved in these schemes, and also to consider how this could be further encouraged through planning policy.

Emerging actions

- a) **Better promote Watford's unique strengths and identity as a premier investment, retailing destination.**
 - Brand consolidation – engaging existing groups, organisations, investors and individual development schemes to promote a shared brand and identity for the town and its regeneration agenda
 - Create a Watford Investment Prospectus
 - Develop a Marketing Strategy for Watford, marketing Watford to key investors, corporates and agency bookers, with particular regard to the Major Development projects and benefits and opportunities they create over the next 5 years
- b) **Support partner organisations promoting the image of Watford and wider South West Hertfordshire on a national and international scale.**
- c) **Provide active support to encourage inward investment, helping potential investors with local support and advice to businesses moving to or recently established in Watford.**
- d) **Integrating new investors to existing sector development group, including PING & CING, and where relevant, facilitating introductions to relevant supply chain, B2B and 3rd sector opportunities.**
- e) **Working with key stakeholders to ensure the cohesive delivery of event, arts and heritage events in the town**
 - Creating a combined Business Events Calendar
- f) **Building confidence with both existing and potential new investors, ensuring they operate in a positive and proactive Planning and Regulatory environment e.g. Environmental Health & Licensing**
- g) **Create a Watford Business Charter outlining the Council's commitment to working with business and providing advice and signposting to relevant council services**
 - Create a Business Engagement/Communications Strategy
- h) **Watford Employer Task Force – formed from key players from the business, commercial property and education sector, along with key landowners, investors and promoters of Major Development schemes, actively promoting relocations options within the Borough for existing businesses.**

Priority 4) Innovation and Enterprise

Key issues:

- Supporting Watford's entrepreneurial and innovative local economy
- Ensuring the right spaces, advice and guidance are available for both start-up and growth businesses within the town
- Nurturing the local business environment and supporting initiatives that help our local employers improve their productivity and competitiveness

Start-ups and Entrepreneurialism

Watford is a place where we want businesses to thrive and grow. The town has a higher than average start-up success rate and an established culture of entrepreneurial activity, however rates of business survival over 5 years are slightly lower than across the wider region or nationally, pointing to a need to increase support for start-up and growth businesses.

Social enterprise Wenta (Watford Enterprise Agency), now the leading provider of business support across Herts, Beds and Bucks, has been successfully providing help and guidance to local businesses for over 30 years. They have made significant progress in improving business survival rates. In 2010, with support from WBC, they launched 'My Incubator' at their Watford site to provide physical space and mentoring for start-up businesses in those critical early stages of operation. My Incubator has proved a great success, so far helping 665 businesses start up, as well as running a range of training courses and advisory sessions. Clients who have received intensive support through the Incubator have a 96% survival rate after the first year. Also, MyIncubator Ventures was launched in 2015, delivering online business support to all Watford residents through a partnership between Wenta and WBC.

However, the current Wenta premises are dated and operating at near full capacity. There is a substantial level of need in the market, but scaling up services to meet this high demand in the existing location is challenging. Wenta's ability to grow, extend support to more entrepreneurs, and to provide contemporary office space for start-up businesses is restricted by the physical space they are operating in. WBC is working in partnership with Wenta to explore options to scale local start-up support services to meet increasing demand, and offer more fit-for purpose high-quality space.

Nurturing Growth Businesses

Watford has always enjoyed a level of economic resilience from its healthy spread of sectors and range of sizes of business, being home to a large number of major employers and HQ functions. Yet a specific focus on further developing knowledge-based activity, widely recognised as having significant growth potential, will help embed future sustainability within the town's economy. There is also scope to further harness the growing potential within the creative economy given the town's close proximity to London, and over half of the UK's top quality production space being within 20 minutes of Watford. Creative centres such as Elstree and Warner Bros Studios Leavesden create excellent local supply chain opportunities. Watford's Creative Industries Networking Group (CING) was started in 2012 and has proved highly successful as a forum which brings together local businesses to promote best practice and knowledge share between local specialist companies, helping improve their competitive positions in both national and international markets, and embedding these strong sectors in the local economy. Another successful local sector group is the Pharmaceutical Interest Networking Group (PING). WBC actively supports these

groups and with the support from key partners, is interested to see other growth sector forums come forward and evolve within the town.

Partnership Working to Enhance Competitiveness

Watford has an active business community which participates in local forums and governance structures across the town. Strong partnership working between the private, public and third sectors enables local stakeholders to create more competitive trading environments, removing barriers to trade and pioneering new initiatives to increase productivity for local firms. An example of this is the Town Centre Partnership which is seeking to secure a Business Improvement District (BID) to improve the competitiveness of Watford as a regional destination for retail and leisure. WBC sits on the board of the TCP and is actively supporting its progression towards a BID.

The value of working with private sector to bring new innovation is demonstrated through the wireless concession model being used to deliver WiFi to the town centre and community areas across the borough. What was once considered a potential area for capital investment, the WiFi project has created an opportunity to bring the town's digital future alive through private sector investment. It is expected that the partner company will deliver WiFi into community hubs during Summer/Autumn 2015 and across the town centre in November 2015. A Watford App will be launched along with the town centre WiFi bringing the best of social and community news to residents and visitors, and providing vast opportunities for town centre businesses to change the way they engage their customers.

Local business groups such as the Business Growth Forum and Big Business Connect are also committed to improving Watford's overall competitive business environment. The council continues to actively support these groups, along with Watford and West Herts Chamber of Commerce which is also an active member of the forums. The chamber offers a range of support services to help businesses operate and compete effectively in local, national and international markets. Networking is also a core chamber activity, bringing local businesses together to connect and build relationships that foster mutual growth. There is a range of networking groups operating within Watford, each with a slightly different offer, so something suited to all types of business. The Federation of Small Business is active locally, providing comprehensive support and engagement with national agendas. Networking groups like BNI and Business Buzz offer diverse ways for businesses to connect for mutual benefit. Regular participation in these groups helps provide the council with a mechanism for feedback from a wider range of local businesses, and also aligns with Herts LEP and their commitment to support business networking in their Strategic Economic Plan.

SME's are the growth engines of the UK economy and are expected to deliver much of the future employment growth. Small, growing businesses face specific challenges which need to be supported to enable them to compete within their markets and remain successful within the local economy. Signposting to this support is not always clear, so the council intends to explore ways to improve signposting and accessibility to partners that deliver relevant business support. The Hertfordshire Growth Hub is one such resource, and working with this team will enable Watford's growth businesses to access support around sales and marketing strategies, finance, funding and investment schemes and skills and apprenticeships, from a single point of access. The council are also exploring further ways in which procurement policy can promote use of smaller local businesses in supply-chain opportunities.

Emerging actions

- a) Support Wenta in development of Watford Business Technology Centre.**
- b) Working with key partners and stakeholders to encourage enterprise through support for small businesses, self employed, start-up and pre-start ups.**
- c) Ensure there are suitable premises for use by small businesses and land for the development of new premises, including innovation space.**
- d) Support businesses by addressing their skills and training challenges and support voluntary and community sectors to deliver quality services.**
- e) Develop knowledge based strategy, increasing the number of knowledge economy businesses in the town and the number of associated jobs.**
- f) Engage the relevant economic delivery bodies to develop the knowledge based economy.**
- g) Embed support for the promotion and development of innovation skills.**
- h) Work closely with Hertfordshire's' growth programmes – The Growth Hub, University of Herts, LEP, Green Triangle, UKTI, Growth Accelerator.**
- i) Develop business engagement programme to establish working relationships and collaboration with primary and small businesses that will be tomorrows major employers.**
- j) Continuing to identify key issues impacting business and working collaboratively to find solutions.**

Priority 5) Employability and Skills

Key issues:

- Working with local employers to deliver the right labour pool to support private sector job growth
- Ensuring local residents have the appropriate skills to access the new jobs being created
- Addressing gaps in the local skills market that have knock on effect on the overall sustainability of the local economy

Context

Watford has a larger than average working-age population and a skilled local workforce. These strengths have contributed to the town's economic resilience over recent years and have enhanced the town's appeal to businesses.

Despite this, national trends around skills' gaps are being felt at a regional and local level, with Hertfordshire LEP reporting in September 2014 that 79% of Hertfordshire businesses experience skills' gaps amongst their employees. There is growing evidence from Watford employers, across many sectors, suggesting challenges in sourcing the right staff, particularly to fill lower skilled posts. Higher skilled posts are also proving difficult to fill due to economic and spatial relationships with the capital and the pull effect of a major world city.

Job growth is forecast to increase significantly in Watford and the wider sub-region as the UK economy continues to stabilise, but also due to close proximity to London and the ripple effects of economic growth within the capital. Affordability issues in both the London housing and commercial markets are already increasing the town's attractiveness as a business location as well as a place to live. This presents both opportunities and challenges which need to be harnessed to secure future economic sustainability and enable local people to benefit from Watford's growth.

As working age population continues to grow, the links with London become more evident, with the volume of residents travelling to London for work increasing by 25% from 2001 to 2011. Higher skilled workers are commuting out, as workplace wages are 14% lower than resident wages. Better connecting the skills of local people to Watford's jobs could bring many benefits; improving employers' ability to access relevant skills, but also reducing commuting and congestion pressures, improving work-life balance for residents, and retaining more spend in the local economy.

Watford Skills Board

One of Watford's many strengths is partnership working between the public, private and third sector. In May 2015 stakeholders from business, education, community, Herts LEP and the council met and formed a Local Skills Board, to improve the way existing businesses and future employers can find the skills they need, and to ensure local people are well placed to access future job opportunities as the town grows. The board is being led by West Herts College.

Watford's labour market operates across its wider FEMA (Functional Economic market Area) and the town performs a key role in providing employment for residents from neighbouring districts. There is a commuting inflow of nearly 30,000 workers, with over a quarter of these coming from London, 20% from Three Rivers, 11% from Dacorum and 9% from Hertsmere. The Board will consider skills across this wider FEMA area, also aligned with the LEP's

M1/M25 Growth Area. The group will seek to engage Hertfordshire County Council (HCC), Job Centre Plus (JCP) and Herts LEP as co-authors of the Hertfordshire Skills Strategy), to better support the local need around skills.

An accurate evidence base is needed to inform decision making, providing both quantitative and qualitative data. Clarity is needed about the 'skills gap' today, and how it is likely to evolve over coming years. The Board is seeking to avoid duplication and to maximise things that are working well, so any new initiatives will respond to particular areas of need. There are 5 emerging 'Themes' for the board:

- 1) Inspiring Young People
 - Watford Inspirers programme - local business leaders inspiring the next generation of workers
 - Working with both colleges and schools
- 2) Local Business Corporate Social Responsibility
 - Engagement of local businesses in development of skills
 - Business support for and involvement in community based activities
- 3) Labour Market
 - Entering /re-entering the jobs market - young people, job seekers, 50+
 - Up-skilling within the workplace
- 4) Local Business Engagement
 - Workforce planning, particularly with SMEs and growth businesses
 - Longer term planning with developers and major employers for future job creation, particularly linked to the major development projects
- 5) Skills Development
 - Future proofing Watford's labour market
 - Responding to businesses, tailoring activity to meet future needs

Unemployment

Watford's unemployment has historically been lower than national averages and currently stands at around 1.5%. Many job seekers from outside the borough register in Watford, again indicating the town's role in providing employment for residents beyond its' statutory boundary. Alongside Job Seekers Allowance claimants, Employment Support Allowance claimants and the economically inactive are seen as a group with potential to provide additional labour market capacity, particularly in some of the harder to fill roles, if given the right support.

Skills Provision

Watford's education provision is recognised as very good, with 23 primary schools and 8 secondary schools (many of which are rated Outstanding by Ofsted) and West Herts College and Watford UTC offer a variety of academic and vocational education options up to the age of 18. There is already good engagement between local employers and education providers, however, there is opportunity to do even more to enable the town to embrace the growth opportunities coming.

A particular challenge employers experience, evidenced locally and nationally, is the 'work-readiness' of particularly young candidates, affecting their ability to engage effectively in professional workplaces. This is something the Local Skills Board is interested to help address through the Themes set out above, as is workforce development, because there is a suggestion that local employers are also reluctant to invest in training because of the risk of losing trained staff to London based competitors.

Policy Approach

WBC is seeking closer coordination between related council agendas and to identify policy areas that can be improved to better support local skills development. These include Housing Policy and availability of affordable housing for lower skilled workers, as well as Procurement and Planning Policy which can be better tailored to encourage the use of local skills in construction supply chain. This also extends to helping support provision of high quality education spaces also needed to support local growth, including significant new primary and secondary school capacity to meet the needs of the towns rapidly growing population.

Emerging Actions

- a) Support the Local Skills Board in development of a Skills Strategy.**
- b) Support the LEP in delivery around its Herts Skills Strategy.**
- c) Ensure the new jobs created through the Major Development Projects are made available to local, suitably qualified people**
- d) Improve access to training to enable individuals to obtain the necessary skills for sustainable employment.**
- e) Identify need within local communities and facilitate access to skills development to meet the gaps in the local labour market.**
- f) Increase the number of people in apprenticeships and work experience placements.**
- g) Support for local skills providers to address demand.**
 - o Increase overall levels of educational attainment
 - o Increase the number of highly skilled workers
- h) Local housing provision to support local employment agenda.**
- i) Local procurement supported through the Social Value Act and within development projects.**
- j) Support adequate school provision with HCC.**

Governance – delivering the commitments of this Strategy

The role of Watford Borough Council

In line with the Council's Corporate Plan, we will provide the strategic lead for Watford's sustainable economic growth. WBC will proactively coordinate dialogue and activity with partners, growing the council's reputation as a leading regenerator.

To do this WBC will:

- ✓ Provide strong community leadership
- ✓ Use public sector assets, influence and expertise to encourage sustainable development and deliver the Council's development agenda, as outlined in the Local Plan Core Strategy
- ✓ Where possible, provide financial and/or in kind resources within the context of limited resources
- ✓ Ensure all communities have access to opportunities arising from investment and regeneration
- ✓ Ensure a positive planning environment
- ✓ Proactively engaging all relevant public sector and 3rd sector partners
- ✓ Being ambitious to help deliver and even stronger future for Watford
- ✓ Help foster an engaged and informed political landscape
- ✓ Helping secure long term sustainable economic growth within the wider sub-region by influencing growth a decision making beyond our statutory boundaries

The Watford Regeneration Board

Watford's ambitious economic development and regeneration agenda is built on the foundations of strong partnership working and integrated delivery arrangements with our individual scheme partners.

The Metropolitan Line extension, in particular, is a fundamental enabler of the regeneration of Watford over the next 5 years.

Coordinated delivery of the Metropolitan Line extension alongside the numerous adjoining major development sites is therefore fundamental in ensuring the stated regeneration and economic outcomes of this strategy are delivered.

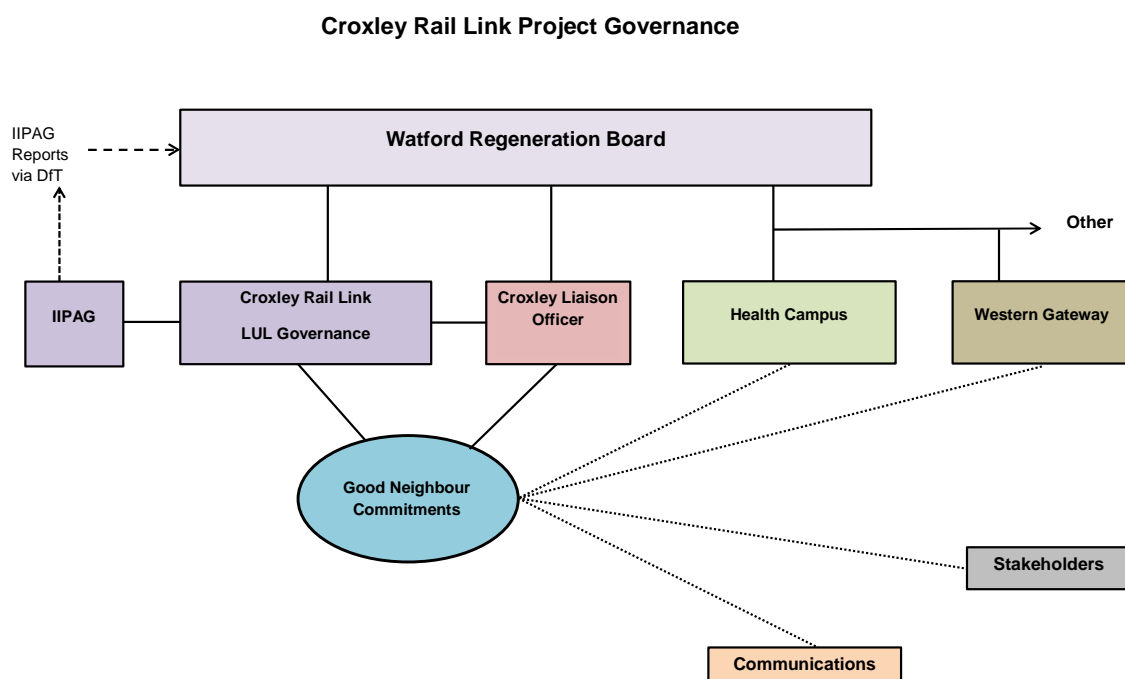
The Watford Regeneration Board has been established to provide coordinated governance and delivery arrangements across all the major planned investments. The WRB will provide an overseeing role, ensuring that the stated outcomes for regeneration and economic development are delivered on time and in a coordinated manner.

Key members of the WRB include:

- WBC (Chair, as local planning authority and lead on local economic development and regeneration)
- Hertfordshire County Council (HCC)
- Department for Transport (DfT)
- London Underground Ltd.
- Transport for London (TfL)
- Hertfordshire Local Enterprise Partnership (Herts LEP)

- Individual Major Scheme Promoters, including:
 - -Western Gateway, including Watford Business Park, Cassiobridge development site and Croxley Green Business Park
 - -Watford Health Campus
 - -Charter Place
 - -Watford Junction

The governance arrangements below reflect the integrated approach being adopted:



For the Croxley Rail Link/Metropolitan Line Extension, the WRB will specifically be responsible for:

- Specifying and monitoring the schemes delivery
- Acting as the primary interface between the individual Major Development Areas
- Co-ordinating complex funding arrangements
- Specifying and monitoring service provision/train timetabling, including consideration of promoting services to Amersham and extending the Bakerloo Line to Watford Junction
- Receiving progress and exception reports
- Undertaking a branded campaign, promoting a positive image of Watford whilst keeping local communities and local businesses informed on development progress

In having a locus on these dynamics, the WRB shall maintain a continuous overview of potential funding pressures, residual risks and integrated delivery programme for all the individual Major Development projects, including the Croxley Rail Link/Metropolitan Line extension to Watford.

Monitoring & Review

The sustainable economic growth of Watford requires a long term plan. The council's Local Plan Core Strategy and this enabling Economic Development Strategy are intended to drive forward economic development and regeneration activity for the period 2015-202. We will also, working closely with our partners, look beyond that period to ensure momentum is retained and built on further. We will monitor activity on an ongoing basis against the strategic priorities and objectives and carry out a review annually through the Council's Annual Monitoring Report (AMR).

These reviews will also examine the local, sub-regional, regional, national and international environments to make sure the strategic priorities remain valid.

In Watford, we and our partners recognise that regeneration and economic development is a long term game. The Watford economic 'story' is already hundreds of years old, but the next 5 years in particular will be game-changing for the town and its long term future.

We in Watford, also recognise that confidence and certainty are key conditions for harnessing investment. Our key message to our local communities, our committed investors and our future investors is that Watford is more confident than ever. The purpose of this strategy is to help foster investor confidence, clearly showing where we want to go and how we are going to get there.

Definitions / Glossary

- **What is a recession?**

A recession is where an economy that had previously been growing slows down. The level of production declines, unemployment rises and consumer spending dries up. In the worst case scenarios, as happened in the 1930s and the 1980s so few people are spending money that businesses sack staff to cut costs. In January 2009, England formally entered into a recession, which subjectively started with a credit crisis in late 2007, and a lack of available money to businesses and consumers through credit facilities. The current policy by the Bank of England & government is that the country is in recession when three continuous months see no economic growth.

- **What is Inflation?**

Inflation is a sustained rise in prices across an economic area, it is literally the cost of living. In Britain it is calculated by monthly measuring the percentage rise in price of a weighted sample or basket of goods and services that a typical household buys compared to the year before. What causes inflation? In classical terms it is caused by demand exceeding supply, in other words, too much money is chasing too few goods and services, so they begin to command higher prices. What can be done about inflation? No one can get rid of inflation permanently. It will always rise and fall with the economic cycle, but government policies to manage this will also affect inflation. Increasing interest rates, interest rates and cutting back on public spending to take the heat out of the boom will also damp down inflation to an extent. However in the long term, sound economic policies may reduce a country's average rate of inflation. Creating conditions for investment, long term growth and currency stability, so that the economy cannot overheat easily and so confidence in the currency remains high, are the best way to achieve the goal of low average inflation.

- **What is GDP?**

Gross Domestic Product (GDP) is a measure of the total economic activity occurring in the UK. It can be measured in three ways: Production, which measures the Gross Domestic Product as the sum of all value added by all activities which produce goods and services (See Gross Value Added). Income, which measures the Gross Domestic Product as the total of incomes earned from the production of goods and services. Expenditure, which measures the Gross Domestic Product as the total expenditure made either in consuming finished goods and services or adding wealth, less the cost of imports. A common equation for GDP is ($GDP = \text{Consumption} + \text{Investment} + \text{Exports} - \text{Imports}$).

- **What is GVA?**

Gross Value Added (GVA) is the difference between output and immediate consumption for any given sector / industry. That is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production.

- **What is RPI?**

Retail Price Index is an important domestic indicator of inflation in the UK. It measures the average change from month to month in the prices of goods and services purchased in the UK. In addition there are two commonly used RPI aggregates; RPIx all items excluding mortgage interest payments; and RPIy all items except mortgage interest payments and indirect taxes.

- **What is a Social Enterprise?**

The official definition of a social enterprise is "a business or service with primarily social objectives whose surpluses are principally reinvested for that purpose in the community, rather than being driven by the need to maximise profit for stakeholders and owners." The characteristics of a social enterprise are; they trade i.e. sell goods and/or services and any profit or surplus made as a result of their trading activities is either ploughed back into the business or distributed to the community they serve. They have a clear social purpose, this may include job creation, or the provision of local facilities e.g. a nursery, community shop or social care for the elderly. Thirdly they are owned and managed by the communities they serve.

- **Knowledge based industry**

High Technology industries (such as software engineering, pharmaceuticals, or professional offices based) and knowledge based services (for example telecommunications, information

technology, finance, insurance and business services) which are important to economic development through increased GVA.

- **Intermediate Labour Market Schemes (ILMs)**

A combination of training and employment which aims to move people off income support and into employment.

- **Local Development Framework (LDF)**

The Local Development Framework is a non-statutory term used to describe a folder of documents, which includes all the local planning authorities local development documents (comprised of development plan documents, which will form part of the statutory development plan, and supplementary planning documents, area action plans). The local development framework will also comprise the statement of community involvement, the local development scheme and the annual monitoring report.

- **Local Transport Plan (LTP)**

The LTP sets out the main proposals for achieving an integrated transport system, to make it easier for people to travel between locations with public transport and to tackle the adverse impacts of traffic growth. The plans will normally encourage greater use of public transport, walking or cycling by making these more attractive.

- **Local Strategic Partnership (LSP)**

The LSP is a partnership between different parts of the public sector with the private business, community and voluntary sectors in order to deliver services more effectively. They are expected to prepare and implement a community strategy and in areas that receive neighbourhood renewal funding, it is a condition of the funding that a partnership is developed.

- **Mixed use area**

Provision of a mix of complimentary uses, such as residential, community and leisure uses, on a site or within a particular area.

- **Multiple deprivation**

The Index of Multiple Deprivation (IMD) measures deprivation for every Super Output Area (SOA) and local authority area in England. It combines indicators across seven domains into a single deprivation score and rank. The analysis helps to highlight the most deprived areas in the towns and cities. The domains are; income deprivation, employment deprivation, health deprivation, education skills and training deprivation, barriers to housing and services, living environment deprivation, and crime.

- **Outcomes**

The wider effects or impact on an area of a scheme or project. Outcomes should be measured against defined baselines and linked directly to the strategic objectives of the strategy, plan or bid. Sometimes used interchangeably with impact. In economic development terms an outcome is usually the result of an initiative. E.g. 'as a result of an initiative the crime rate dropped by 15%'

- **Performance management framework**

A framework of strategies, plans, policies and indicators, both national and local that enables the performance of the council and its partners to be effectively and efficiently monitored in an open and transparent manner.

- **Regional Spatial Strategy (RSS)**

A strategy for how the region should look in 15-20 years time and possibly longer. It identifies the scale and distribution of new housing in the region, indicates areas for regeneration, expansion or sub regional planning and specifies priorities for the environment, transport, infrastructure, economic development, agriculture, minerals and waste treatment and disposal.

- **Stakeholders**

Every person and organisation that has a stake in a project, that is, who feels that they are committed to, can contribute to, or will gain from the project.

- **Worklessness**

An expanded definition of unemployment that also includes those who are economically inactive. The economically inactive are people of working age who are not working, are not in full time education or training and are not actively seeking work. Many are outside the labour market voluntarily because of family responsibilities or early retirement for example. There is evidence that many people want a job and would work if they had the right opportunity, incentive or path back into employment. Therefore when thinking about target groups for local initiatives it is important to consider different groups of the 'workless' as well as the 'unemployed.'

- **Community Infrastructure Levy**

Community Infrastructure Levy is a charge which local authorities will be empowered to charge on most types of new development. This charge will be spent on local and sub regional infrastructure to support the development of the area.

- **Managed Office Space**

Managed Office Space is essentially a hybrid of serviced office space and conventional office space fully managed by outside companies. It goes beyond the standard serviced office contract and is usually on a large scale for large companies, often the entire office block, business centre or complex. It is assumed most companies looking for managed offices are occupiers looking for available space from 3,000 up to 150,000 sq ft or more, also it is generally assumed that companies require flexible terms from six month up to five years plus.

- **Business Incubator**

An organisation designed to accelerate the growth and success of entrepreneurial companies, with services that includes physical space, capital, coaching, common services and networking.