

*PART A

Report to: Cabinet
Date of meeting: 1st December 2014
Report of: Economic Development Manager

Title: Economic Development Strategy Refresh (2015-2020), Draft for Consultation, launching January 2015

1.0 **SUMMARY**

1.1 One of the Council's key priorities is 'to provide the strategic lead for Watford's sustainable economic growth' and a dynamic Economic Development Strategy, owned not just by the Council, but by the town and all its stakeholders, is key to defining both the issues involved and actions required to deliver against this priority.

1.2 Informed by a comprehensive new evidence base (the Watford Economic Growth and Delivery Assessment), including revised economic projections for the Borough to 2031, there is a need to take stock of where Watford is today and introduce a number of new policies and measures to ensure Watford remains on a trajectory for sustainable economic growth.

1.3 The emerging strategy focuses on five core areas:

Priority 1 – the Sustainable growth of Watford and its Economy

Priority 2 – Transport and Connectivity

Priority 3 – Inward Investment and Business Retention

Priority 4 – Innovation and Enterprise

Priority 5 – Employability and Skills

1.4 The revised economic projections for the borough also point to a step change in the level of commercial and employment growth, and subsequent commercial floorspace growth, the Borough is expected to cater for to 2031. The refreshed Economic Development Strategy will consider and advise on a range of, but not mutually exclusive, options for the Council and its stakeholders to consider to service this projected increase in demand. These include:

- 1) Accommodating more of the Borough's growth requirements within the Major Development Areas
- 2) Resisting further loss of existing employment space to other competing uses such as residential
- 3) Allocating new employment areas, however, given Watford's constrained urban boundary, options for such sites are limited
- 4) Intensification of existing employment sites, such as Watford Business Park
- 5) Assuming, and planning for, some of these needs to be met elsewhere i.e. outside the boundary of Watford.

- 1.5 The Draft strategy has now been prepared and Council Officers will begin a formal consultation with key stakeholders, including residents, in January 2015.
- 1.6 The Strategy will then be refined based on comments received and following clear and transparent dialogue with respective parties to ensure their endorsement and support is secured.
- 1.7 The draft consultation is being brought to Cabinet so that it can be considered alongside the Local Plan Part 2 Consultation and the Housing Strategy.
- 1.8 Cabinet is asked to endorse the draft plan as the basis for consultation. Following a formal consultation process and any required editorial changes, the Strategy will be brought back to Cabinet in March for sign off and adoption.

2.0 **RECOMMENDATIONS**

- 2.1 That members agree that the draft Economic Development Strategy 2015-2020 progress to consultation in January 2015.
- 2.2 That delegated authority be given to the Economic Development Manager to make any necessary editorial changes/corrections prior to final review and adoption by Cabinet.

Contact Officer:

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Report approved by: Jane Custance, Head of Regeneration and Development.

3.0 **DETAILED PROPOSAL**

- 3.1 Despite wider economic challenges nationally, Watford has fared reasonably well throughout the 2008-2013 global financial crisis, making significant progress towards its development targets as defined in the Councils Adopted Core Strategy, which outlined the towns spatial vision for growth and setting minimum targets of 6,500 houses and 7,000 additional jobs between 2006 and 2031.
- 3.2 Watford is now over 8 years into its 25 year planning strategy and as stated above, while the town has made significant progress towards its overall targets, it is important to monitor impact and ensure the towns overall growth rate remains on a sustainable trajectory.
- 3.3 A comprehensive evidence base has been commissioned, assessing the Borough's future economic development needs objectively in line with the National Planning Policy Framework (NPPF) and supporting Planning Practice Guidance (PPG). This report, prepared by Nathaniel Litchfield & Partners, has been entitled the Watford Economic Growth and Delivery Assessment (EGDA) and was completed in November 2014.
- 3.4 The EGDA analysis has shown that while the Council has and is continuing to deliver significantly towards its overall housing targets, employment growth has been less consistent.
- 3.5 The analysis has also shown that the increased pressures and land values for residential development, as opposed to commercial development, have resulted in a net erosion of employment space in Watford, directly affecting the town's ability to deliver against its future job targets.
- 3.6 The EGDA has also tested a range of economic scenarios for the town, leading to the development of a number of economic projections for the Borough.
- 3.7 In light of more positive macro-economic projections regionally and nationally, the scenario testing has shown that Watford has the potential to deliver significantly more jobs than were originally envisaged through the Local Plan Core Strategy, which were forecast at a time when economic confidence nationally was much lower.
- 3.8 It has now been concluded that the Borough has the potential/market demand to deliver almost double the number of jobs as stated in the Local Plan Core Strategy (close to 14,000 rather than the 7,000 as originally envisaged). This, however, places additional pressures on the limited amount of developable land available within the constrained borough boundary.
- 3.9 The 2011 Census data has also shown a significant step change in the commuting flows to and from Watford and the wider regional economic role which Watford plays, providing significant levels of employment for residents of beyond Watford's boundary. Whilst being an attractive destination for businesses and employees, Watford also has a duty to support its own residents employment needs, but a declining self employment rate between 2001 and 2011 suggests this is proving increasingly challenging. The new Economic Development Strategy includes measures, initiatives and policy interventions to address this.

3.10 The new evidence base was commissioned in conjunction with both the Economic Development and Planning Policy sections to ensure a consistent approach to evidence collection and the outputs of the work have already been used to inform the wider Local Plan Part 2 approach, including Development Management policies as well as the re-classification of some sites for employment use through the Site Allocations work.

3.11 As stated previously, the revised economic projections for the borough also point to a step change in the level of commercial and employment growth, and subsequent commercial floorspace growth, the Borough is expected to cater for to 2031. The refreshed Economic Development Strategy has considered and advises a range of, but not mutually exclusive, options for the Council and its stakeholders to consider to service this projected increase in demand. These include:

- 1) Accommodating more of the Borough's growth requirements within the Major Development Areas
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3.12 The emerging strategy focuses on five core areas:

Priority 1 – the Sustainable growth of Watford and its Economy

- Striking the balance between the competing pressures for residential and commercial development and optimising the limited number of development sites in the town to deliver better economic sustainability and balance the overall direction of growth
- Reinforcing the foundations for long term sustainable growth through the delivery of new 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 deliver a step change in both economic, social and environmental benefits

Priority 2 – Transport and Connectivity

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

Priority 3 – Inward Investment and Business Retention

- 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

Priority 4 – Innovation and Enterprise

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

Priority 5 – Employability and Skills

- 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 effects for the overall sustainability of the local economy

3.13 It is proposed that the Draft Economic Development Strategy will move forward to consultation in January 2015. Key stakeholders to be consulted include:

- The Hertfordshire Local Enterprise Partnership (LEP)
- Watford and West Hertfordshire Chamber of Commerce
- West Herts College
- Job Centre Plus
- Watford Business Growth Forum
- The Watford Enterprise Agency (Wenta)
- Local businesses
- Local residents
- Developers, landowners and commercial agents active in the town
- Neighbouring local authorities under the Duty to Cooperate

3.14 Consultation in January will also allow comments on both Local Plan Part 2 and the Draft Economic Development Strategy 2015-2020 to be considered concurrently, ensuring that both the suite of economic development and planning policies complement one another in the aim of securing the long term sustainable economic of Watford.

3.15 Cabinet is therefore requested to endorse the Draft Economic Development Strategy 2015-2020 as the basis for consultation. Following a formal consultation process and any required editorial changes, the finalised Strategy will be brought back to Cabinet in March for final review and Adoption.

4.0 IMPLICATIONS

4.1 Financial

4.1.1 The strategy may have an impact on the Council's finances, especially following the localisation of business rates. However, the impact of the strategy is not known at this stage.

4.2 Legal Issues (Monitoring Officer)

4.2.1 The Head of Democracy and Governance comments that there are no legal implications in the report

4.3 Equalities

4.3.1 A full equalities impact assessment will undertaken on production of a final draft strategy, however the Economic Development Strategy is focussed on supporting all individuals within the community.

4.4 Potential Risks

Potential Risk	Likelihood	Impact	Overall score
Inability to secure support from key stakeholders within the town	2	3	6
Changes in government policy/evidence collection methodology may lead to a need to review existing evidence base	2	3	6

4.5 Staffing

4.5.1 Staffing is in place to manage the consultation.

4.6 Accommodation

4.6.1 No accommodation impacts.

4.7 Community Safety

4.7.1 Policies in the Economic Development Strategy are designed to improve the level of economic opportunities available to local residents, as well as overall community cohesion community safety – no specific impact.

4.8 Sustainability

4.8.1 The Economic Development Strategy is intended to ensure the long term sustainable economic growth and development of Watford.

Appendices

A. Draft Economic Development Strategy

Background Papers

The Watford Economic Growth and Delivery Assessment, prepared by Nathaniel Litchfield and Partners, November 2014

File Reference

- *LP00. Local Plan Part 2.*