

Eastleigh Borough Prosperity Strategy 2005-2010

Amended following consultation

December 2005

Introduction

Prosperity – Objectives and Priorities

- Encourage high value added business investment
- Support entrepreneurs and new businesses
- Assist businesses in responding to change and new opportunities
- Improve skills and remove barriers to accessing employment

Prosperity Performance

- Economic Indicators

Management Issues

- Implementation and Capacity to Deliver
- Monitoring
- Evaluation
- Commitments

Introduction

Why have a Prosperity Strategy?

Eastleigh Borough has been successful in the past and intends to be so in the future. This means that new business needs to be attracted here to replace old industries; local people need to be given the opportunity to train and to take up new jobs; and everyone in the community should be able to benefit from the growth of the local economy.

However, new businesses, along with the many companies that have already invested in Eastleigh, need land, buildings and facilities in order to trade successfully and stay competitive. Therefore, investment in the Chickenhall Lane Link Road, the provision of employment sites and the development of the Town Centre are important to help create the conditions for business success.

The Council seeks to support and develop its local businesses through training, facilitating local networks, providing specialist advice and information and the leasing of business accommodation. The Council delivers these services in partnership with many agencies and organisations and their contribution is very much valued.

The Prosperity Strategy sets out the Council's priorities and actions to grow the local economy, to develop its local businesses and support its local workforce.

Councillor Chris Thomas,
Portfolio Holder, Business and Skills

Vision

A prosperous local economy will be achieved through working with partners to promote business growth and skills development.

What is prosperity?

Prosperity is about creating wealth through success. Prosperity in the Eastleigh Borough depends on employment and the productivity of those employed. Improving productivity is the most crucial factor in securing long term growth in living standards.

In order to increase productivity the stakeholders have to:

- **Invest** in our businesses and the local area
- Make our businesses more **competitive**
- Help our business be more **innovative**
- And improve the **skills** of the local workforce

What are the current issues?

To establish the objectives for economic development activity, the views of local businesses and business support organisations' were gathered as to what is important about a successful economy, what most needs improving in Eastleigh and

what the Council can do to help. Economic trends over the previous five years were also researched, future trends that may affect the conditions and capacity for growth examined and the local opportunities and threats to be faced discussed. In summary the following issues were identified:

<p><i>Issues – businesses</i></p> <ul style="list-style-type: none"> • Enhance and promote Eastleigh’s image • Improve the town centre offer and local environment • Encourage business investment in Eastleigh • Develop facilities and events to attract people to Eastleigh • Improve safety and security issues • Improve roads, reduce congestion, resolve parking issues • Develop the local workforce • Promote local services 	<p><i>Issues – opportunities and threats</i></p> <ul style="list-style-type: none"> • Maximise the opportunity for planned growth and investment identified in the South East Plan and the Regional Transport Plan • Plan and promote development and investment in the Town Centre and the employment sites to the north of the Airport • Ensure the continued success of the Airport is supported and accommodated • Develop the potential of the marine and knowledge based sectors
<p><i>Issues – past trends</i></p> <ul style="list-style-type: none"> • Reduce number of VAT de-registrations • Close the earnings / house price gap • Stop the decrease in knowledge sector employment • Address issues raised by increase in part time jobs • Increase qualification attainment levels 	<p><i>Issues – future trends</i></p> <ul style="list-style-type: none"> • Address ageing population effects • Re-balance inequalities between and within local communities – Social Inclusion • Explore opportunities created by environmental technology and services

By aligning these issues with the need to increase productivity four objectives for the Prosperity Strategy were established.

The Prosperity Strategy Objectives are:

Encourage new investment in the Borough

Support entrepreneurs and new businesses

Support existing business to grow and develop

Improve skills and remove barriers to employment

PROSPERITY OBJECTIVES AND PRIORITIES

OBJECTIVE 1: ENCOURAGING HIGH VALUE ADDED BUSINESS INVESTMENT

Economic Profile 2004

A healthy economy is likely to have a high proportion of employment in high technology manufacturing and in knowledge intensive market services. (The sectors are defined by the OECD. High tech manufacturing includes manufacturing of pharmaceuticals, computers, telecommunications equipment and aerospace. Knowledge intensive services are computing, telecommunications, financial services, research and other business service.

Eastleigh has a high proportion of high technology manufacturing, with 20% of manufacturing employment in high-tech sectors, compared to only 8.5% in GB and 14% in the South East. However, Eastleigh falls behind in knowledge intensive services with only 18% of total service employment in knowledge intensive sectors, significantly behind the national, regional and county averages.

This means that over all, only 17% of Eastleigh's total employment is in knowledge based sectors, significantly less than 20% in GB, 24% in the South East and 23% in Hampshire.

Policy Background

SEEDA Regional Economic Strategy identifies Effective Infrastructure as its Priority 13 – secure a sustainable transport network, recognising that an effective transport system is one of the fundamental requirements for the continuing competitiveness of the region. It has defined four strategic transport actions:

- Establish a regional transport compact
- Ensure the regional transport system supports national and international priorities
- Improve cross regional movements
- Secure economic development and regeneration.

It specifically mentions the role of Southampton port and the need to improve the Southampton to West Midlands rail route.

The RES highlights the challenge of congestion and that demand management to deal with congestion is an essential element of urban renaissance.

In Priority 15 – reclaim and re-use brownfield land to support sustainable, cohesive communities, the RES seeks to optimise the use of existing urban assets. Southern Hampshire is designated as a priority area for regeneration, and through initiatives such as urban capacity studies should identify, assemble and facilitate development on small and fragmented land for development in urban areas.

Urban renaissance will be achieved by making towns and cities work, and under Priority 9, it supports the promotion of sustainable forms of urban development. It

also supports higher density development and the inclusion of arts, culture and heritage will be actively promoted.

Inward investment within the RES focuses on the region's ability to attract foreign direct investment. Eastleigh's potential may not reach the international markets, but the RES does recognise that local agencies should place emphasis on attracting investment into priority regeneration areas. It will also be important to continue to develop relationships and understanding with strategic companies already located here to capture the benefits of their growth.

The spatial options for the South East Plan and the Enterprise Gateway concept also present opportunities to maximize the investment potential of Eastleigh.

The ESRC is researching how competition affects productivity, but suggests that the entry or the threat of entry of new firms to the market increases efficiency and innovation efforts, that low productivity plants are replaced by high productivity plants (loss of old industries for new) and entry of new firms may push firms to re-organise and use technologies as seen in the new entrant to the market.

To encourage new entrants to Eastleigh then first, the reasons for choosing a new business location needs to be understood. The factors affecting investment decisions are shown below:

Most important factors	Other Factors
Workforce – skills, labour pool and access	Quality of life
Premises – available buildings and costs	Business culture and image
Transport / Accessibility – general, public transport, proximity to HQ / others	Local investment offer
Costs – financial incentives	Marketing and enquiry handling
Environment – crime/safety;	Responding to problems

Source: Britain's best cities 2003-2004, OMIS

FRESA in its second objective – Building globally competitive high growth sectors - identifies the theme of raising employers' engagement in sector networks to increase competitiveness.

SEEDA identifies thirteen sectors across the region, each playing a significant role in at least one of the of the following

- Sectors driven by new and emerging technologies
- Major employers and economic drivers
- Manufacturing sectors with high value added growth potential

In Eastleigh there are key sectors that exist and need to be supported and those that could be further developed with the potential to add value to the local economy. Those already here include:

- Freight and logistics

- Leisure and Tourism
- Marine Technologies
- Advanced engineering

Those with potential for development include:

- Aerospace and defence
- Environmental Technologies
- Media and Creative Industries
- Information and Communication Technologies

Encourage High Value Added Business Investment

Aim:

To increase employment in a broad range of business sectors and to increase the percentage share in knowledge based sectors

Priorities:

- New sites for employment
- Attract new businesses
- New transport infrastructure

OBJECTIVE 2: SUPPORT THE DEVELOPMENT OF ENTREPRENEURS AND NEW BUSINESSES

Economic Profile 2004

One way to measure the vitality of the local economy is looking at the number of businesses and business start-ups in relation to the size of the population. Eastleigh has 31.4 VAT registered companies per 1,000 of the population, lower than both the county and regional densities. In terms of new businesses, there have been 1,160 new businesses registering for VAT between 2000 and 2002. This equates to 3.3 new businesses per 1,000 of the population, similar to the county rate but slightly below the regional rate of 3.6.

Once de-registrations have been taken into account there has been a net growth of 90 new businesses (around 2.5% of the total stock of businesses). This growth rate is below both the county rate (4%) and the regional rate (3%). The highest growth in business numbers was in the Retail & Wholesale sector, with around 50 new businesses. Conversely, there was a decline of around 50 businesses in the manufacturing sector.

Past trends have indicated that over the period 1998 to 2003 annual de-registrations has increased by 89%.

Policy Background

SEEDAs first priority is Enterprise – to accelerate business start up and improve the survival rates of young companies. The RES identifies the need to support entrepreneurs, encouraging them during all the development stages of their business idea. Five key actions are proposed to achieve this type and level of support.

- Raise awareness and build an enterprise culture
- Increase start up, growth and survival rates of a broad range of businesses
- Increase the capacity of the regions knowledge base to generate new businesses using new technologies and new ideas
- Ensure the supply of suitable flexible and affordable accommodation
- Enhance the availability of business finance

The FRESA in its third objective identifies the theme of increasing the rate of small business start-ups and growth through provision of enterprise training, development and business support.

Support Entrepreneurs and New Businesses

Aim:

To increase the number of entrepreneurs starting and succeeding in business in Eastleigh

Priorities:

- Start-up grants
- Start-up accommodation
- Tailored business support
- Entrepreneurs network

OBJECTIVE 3: SUPPORT EXISTING BUSINESSES TO GROW AND DEVELOP

Economic Profile 2004

The borough has strong representation in the manufacturing sector with 18% of employees working in 9% of the local businesses. However this sector has seen a 2000 job loss in full time employment since 1998. Between 2000 and 2002 manufacturing also saw the loss of 50 businesses, based on VAT deregistration figures.

In addition, recent closures have included Pirelli and Ocular Sciences and with announcements that Manor Bakeries and Alstom will close at the end of 2005 there has been a combined loss of over 1500 jobs.

Policy Background

The FRESA in its seventh objective highlights the need to build partner capacity to respond to and anticipate labour market change. In the related theme it states the response to significant redundancies.

The SEEDA RES under Priority 16 acknowledges the growth potential that environmental technologies and services have for South East businesses. It believes that the DTI Joint Environmental Market Unit's list of 530 businesses in the region is an under estimation and a range of initiatives are under way to support and further develop this sector. There is an Environmental Technology Sector Group and an Environmental Technologies Enterprise Hub in Reading that acts as a focus for addressing the needs of high growth businesses in this sector.

FRESA identifies in its first strategic objective that the need to improve productivity and innovation is a challenge for the labour market to support economic growth. One of the themes it recognises is the need to improve productivity through effective use of new technologies.

The ESRC identifies that investment in R&D is essential for developing and adopting new technologies and raising productivity. The local science base is of high quality but there is a difficulty in translating scientific achievement into productivity. It is noted that there has been slow growth in business funding for R&D within manufacturing industries. Productivity growth and acceleration of growth is evident in IT producing and using businesses rather than in non IT intensive industries.

SEEDA under its Priority 1 gives a central role to Enterprise Hubs to act as a focus for exploiting the knowledge base by encouraging new technology businesses.

Support existing businesses to grow and develop

Aim:

To secure the long term future and competitiveness of local business in Eastleigh

Priorities:

- Sector and business groups
- Support in restructuring
- Promote ICT and Broadband
- Exploit new technologies

OBJECTIVE 4: IMPROVE WORKFORCE SKILLS AND REMOVE BARRIERS TO ACCESSING EMPLOYMENT

Economic Profile 2004

In addition to a vibrant business community, a healthy economy needs an active and skilled workforce. Economic activity rates measure the total workforce of an area i.e. those people either working or seeking work, as a proportion of the population. People who are economically inactive include those who are retired, permanently sick or disabled, looking after a home and/or family or in full-time education, and who are not in employment in addition to those activities (e.g. a student with a part time job).

According to the 2001 Census, Eastleigh has one of the highest economic activity rates in Hampshire, with 74% of 16-74 year olds participating in the labour market. This compares to 72% in Hampshire and 66% in England & Wales.

Compared to both the national and county averages, Eastleigh has more people in administrative & secretarial occupations and in skilled trades occupations, but fewer managers and professionals and fewer process operatives and elementary (unskilled) occupations.

This is reflected in the qualification levels in the Borough. Eastleigh has slightly fewer people with no qualifications than Hampshire, but also has fewer people with high level qualifications than Hampshire. High-level qualifications are important if Eastleigh is to build its knowledge-based employment sector.

Overall out of the working age population of 16-74 year olds 42.7% have low-level skills (NVQ 0-1), 30.9% have intermediary-level skills (NVQ level 2- 3) and 18.6% have high-level skills (NVQ level 4-5).

Hard to reach groups is a term used to group five sectors of the community, lone parents, people over 50 years of age, people with physical or mental disabilities, ethnic minorities, and people lacking qualifications.

Policy Background

SEEDA's Regional Economic Strategy's second objective is Successful People acknowledges that skills underpin the success of businesses, communities, individuals and the wider economy. Skills development is vital to improving productivity, high-level management skills in accelerating business formation and growth, and IT user and technology skills in facilitating knowledge transfer.

Priority 4 – skills for prosperity identifies five key actions:

- Ensure skills support for sector and cluster development
- Promote management and entrepreneurial development
- Enhance the role of Universities

- Promote workplace learning
- Encourage work – life balance

The Integrated Regional Framework recognises the principle of the national Skills Strategy, in that the education and training providers need to respond to and help increase the capacity of individuals to participate in the workplace and improve their productivity and future employability. It states that if the skills gap is to be closed and productivity increased that action is required to make sure more low-skilled workers receive training.

The FRESA in its fourth objective – Equalising opportunities for local jobs and skills – identifies the theme of assisting socially excluded groups to improve their access to employment or learning and skills.

The SEEDA RES Priority 5 – Participation in Prosperity recognises that the regions overall employment rate disguises the pockets where groups are excluded from work. Its first key action is to maximise employability and involvement for all, especially groups facing exclusion, discrimination and labour market disadvantage.

The Employment theme of the Eastleigh Community Plan identifies improving skills as its first aim, recognising that an improved skills base will increase opportunities for local residents, attract new business and raise competitiveness of local business as well as the local economy.

The Plan proposes actions to deliver an improved skills base including researching local needs and seeking funding to enhance workforce training and support services. In addition new opportunities to learn and train should be created and more local businesses should be encouraged to invest in the development of their workforce. For those not accessing mainstream services, such as colleges and community and adult learning, local access points through UK Online and Learn Direct centres should be used, maximising the use of the internet and other information technology to support people's individual learning.

Under the Life Long Learning theme the Community Plan goes on to identify the further aim that residents reach their full potential and contribute to the Borough's economic development.

The Council's emerging Social Inclusion Strategy identifies that there is evidence that one of the most important factors reducing disadvantage is to create opportunities for people to work. Since not everyone can do the same work or is able to follow traditional work patterns, then broadening the base of employment is important. It is also about making jobs accessible to people who may not be able to work without assistance. The Strategy identifies five actions:

1. Consider the impact on social inclusion of any decision affecting employment opportunities and access to those opportunities and give weight to those considerations in making a decision.
2. Form partnerships to promote new learning opportunities targeted at specific target groups who have difficulty in accessing traditional learning environments.

3. Assist in the establishment of more and better child-care opportunities, including private and voluntary sector provision, to increase opportunities for work.
4. Provide and properly resource a benefits service that meets the needs of working claimants and addresses the Government's objective of reducing barriers to work.
5. Promote the take-up of Housing and Council Tax benefits to ensure that eligible claimants are able to make successful claims.

These may change following consultation on the Social Inclusion Strategy.

Improve workforce skills and remove barriers to accessing employment

Aim:

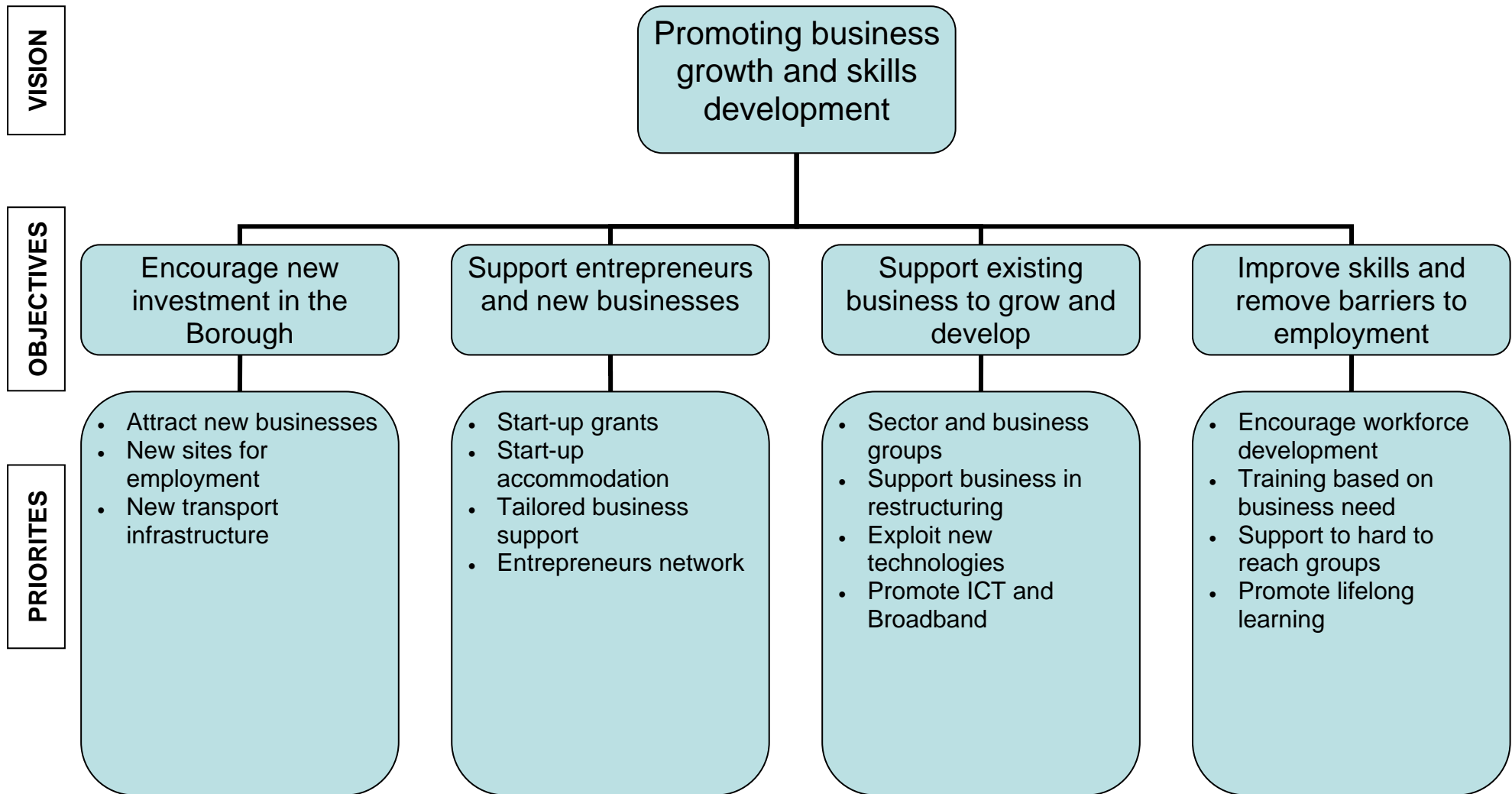
To increase the percentage of the local workforce qualified to at least NVQ Level 2 and to ensure every resident is given equal access to learning and employment

Priorities:

- Encourage workforce development
- Training based on business need
- Support to hard to reach groups
- Promote lifelong learning

The Prosperity Priorities are:

Priority	Important
Encouraging workforce development	89%
Attract new business	87%
New sites for employment	86%
Training based on business need	82%
Sector and business groups	80%
Support with restructuring	79%
New transport infrastructure	79%
Start-up grant	79%
Support hard to reach groups	79%
Start-up accommodation	77%
Exploit new technologies	76%
Promoting ICT and broadband	75%
Tailored business support	75%
Promoting lifelong learning	72%
Entrepreneurs network	65%



Key Indicators

The following tables show the relative performance of key indicators for Eastleigh against Hampshire and the South East. These indicators will be monitored annually through the Eastleigh Economic Profile and will be used to assess the impact of the Strategy's objectives and priorities.

KEY

	Performance better than both County and Region		Performance worse than either County or region
	Performance worse than both County and Region		Performance on a par with County and Region

Category & Indicator <small>(number in bracket is a reference to the Audit Commission Economic Regeneration Performance Indicator)</small>	Baseline Performance as at January 2004		
	Eastleigh Borough % (number)	Hampshire County	South East Region
Employment (ECR 1) The proportion of people of working age in employment	74% (83,628)	72%	70%
Unemployment (ECR 2) Proportion of working age population who are registered unemployed	1%	1.1%	1.6%
Proportion of unemployed people claiming Job Seekers Allowance benefit who have been seeking work for 12 months or more	7.4% (50)	8%	12.5%
Local Jobs (ECR 3) Percentage of workforce in knowledge based sectors	17%	23%	24%
Earnings (ECR4) Weekly earnings for employees	£473	£495	£505
Workforce Skills (ECR 5) Source: Labour force Survey 2003 Percentage of working age population unqualified or qualified up to and including NVQ Level 2	52.4% (38,000)	54.9%	56.1%
Percentage of working age population with no or other qualifications	15.2% (11,000)	15.6%	18.8%
Percentage of working age population qualified to NVQ level 1	15.5% (11,000)	15.6%	15.2%
Percentage of working age population qualified to NVQ level 2 / trade apprenticeship (5 good GCSEs)	27.1% (16,000)	23.7%	22.1%

Category & Indicator (number in bracket is a reference to the Audit Commission Economic Regeneration Performance Indicator)	Baseline Performance as at January 2004		
	Eastleigh Borough % (number)	Hampshire County	South East Region
Percentage of working age population qualified to NVQ level 3 (A Level)	16.0% (12,000)	15.1%	15.4%
Percentage of working age population qualified to NVQ level 4/5 (Degree level)	31.5% (23,000)	30.0%	28.5%
Economic Active (ECR 6)			
Percentage of working age population who are economically active	87.4%	83.7%	82.1%
Business Growth (ECR 7)			
The total number of VAT registered businesses per 1,000 population	34.1%	33.5%	34.8%
The percentage net growth in number of VAT registered businesses in the area over the period 2000 –2002	2.5%	4%	3%
House Price (ECR 8)			
Average property price	£185,570	£207,680	£209,417
House Affordability (ECR 8)			
Average property price / average workforce earnings ratio	7.99	8.05	7.97
Business Location			
Percentage of business satisfied (happy/very happy) with their business location	84%	No data available	
Household Poverty (ECR11)			
The percentage of the working age population who claim key benefits (see individual breakdown below)	7.9% (5,870)	8.3%	10.2%
Working Families Tax Credit	2% (1,465)	2%	1.9%
Claimant Count	0.8% (575)	0.9%	1.4%
Income Support	5.1% (3,830)	5.4%	6.9%

Management Issues

Implementation & Capacity to Deliver

The implementation of the Eastleigh Prosperity Strategy will be led by the Council's Economic Development Unit, however as detailed throughout the Strategy the issue of prosperity is the responsibility of all Council units and services. They must ensure that the contribution they make is positive and that policies and services do not conflict and create lack of prosperity.

The Economic Development Unit has specialist staff delivering a range of activities including business support, economic research, economic development and community based services. It also benefits from sources of external funding including the European Social Fund and income from its services. Opportunities to seek further funding will be sought to delivery specific programmes that meet the objectives of the Strategy.

Through the Unit a five year Implementation Plan of projects will be produced, detailing timescales, delivery methods such as service level agreements, partnership arrangements, joint delivery, budgets and lead offices. This will be subject to annual review and evaluation through the reporting route identified later.

In addition to the Council there are a number of key external organisations delivering services under the prosperity agenda. These include IBP Training and Employment Ltd, South Hampshire Enterprise Agency, Business Link Wessex, a full list of partners is given in Appendix 7. It is important that these organisations are included in the Implementation Plan and that their capacity to deliver services on behalf of the Council is considered and acknowledged.

Monitoring

Success measures and indicators are given at the end of each Economic Development Prosperity Objective. A full list of indicators that will be monitored to assess the economic performance of Eastleigh is listed in Appendix 8. These are based on the Audit Commission Economic Regeneration Performance Indicators, the Eastleigh Community Plan and the EBC Corporate Plan.

Achievement of the success measures and movement against the indicators will be published in an Annual Economic Profile together with a summary of the key indicators.

An Annual Business Survey, carried out by the Economic Development Unit, will also contribute intelligence as to the business the needs and issues that the Prosperity Strategy should address and what projects and initiatives should be developed.

Evaluation

The Prosperity Strategy has been developed to give a strategic direction based on an assessment of current policy and known economic factors. It cannot and should not remain static. It needs to be flexible and responsive to changes and the evaluation process will allow for that, including changing policy context such as the impact of the emerging Local Development Framework, the South East Plan and other Council Strategies, as well as developments in national, regional and neighbouring economies.

The process for evaluation will be continual and will examine all areas of delivery. Projects will be evaluated, together with training courses, customer satisfaction and business opinion through the Annual Business Survey.

A reporting path for the findings should include:

- Local Area Committees
- Resources Scrutiny Panel
- The Business Support Network
- The Community Learning Forum
- Eastleigh Business Forum / Panel (To be created)
- The Eastleigh Strategic Partnership

A possible model is:

