

ECONOMIC DEVELOPMENT STRATEGY

2017-2019 and beyond



February 2017

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FOREWORD BY COUNCILLOR PETER GIDDINGS, ECONOMIC PORTFOLIO HOLDER

Test Valley is a mainly rural borough on the western side of Hampshire. Neighbouring centres including Newbury, Salisbury, Winchester, Basingstoke and Southampton influence its economic character.

The Council has 4 priorities in its Corporate Plan: Investing in Test Valley 2015 – 2019 and beyond:

- *Live where the supply of homes reflects local needs;*
- *Work and do business;*
- *Enjoy the natural and built environment; and*
- *Contribute to, and be part of, a strong community.*

The strength of the local economy and the employment opportunities it brings underpins its social and environmental success and contributes towards sustainable communities.

The Council has supported the economy – its businesses and its residents – consistently for many years, through periods of growth and recession. It will continue to do so in the future when challenges may lie ahead. Test Valley's impressive jobs growth over the last 5 years reflects the council's long term planning strategy and business support initiatives. This has been achieved whilst conserving and enhancing its built and rural environment which is important for Test Valley as a visitor destination. The Council's support for new and small businesses, in particular, has been recognised by the Federation of Small Business.

This economic development strategy is one of several strategies which the council has prepared to demonstrate how its 4 corporate priorities will be delivered. It explains why and how the Council supports the Test Valley economy.

Inevitably, economic circumstances will change and we will need to keep the Strategy under review.





SUMMARY:

A NEW ECONOMIC VISION FOR TEST VALLEY

Test Valley is predominantly rural, covering 245 square miles of north and west Hampshire. It encompasses the settlements of Andover, Romsey and Stockbridge. Located in central southern England the Borough is easily accessible by road and rail to London; to the West Country; South, to the port of Southampton and north to Birmingham and the Midlands. Test Valley is surrounded by and influenced by strong economic centres: Southampton, Eastleigh and Winchester in the south and Basingstoke, Newbury and Salisbury in the north and west. This results in strong commuting flows into and out of the Borough.

The population of Test Valley is 123,400 (2016) and is set to grow with over 10,000 new homes planned by 2029. This will see the Borough's key settlement of Andover develop on a similar scale to that when it was a "London Overspill" town nearly half a century ago. The population in the historic town of Romsey is also due to increase. The Borough has a strong and growing commercial base with a number of business parks.

Test Valley enjoys very attractive countryside including the North Wessex Downs Area of Outstanding Natural Beauty (AONB), the New Forest National Park and dozens of beautiful villages. The Council works with its partners to invest in tourism and high quality visitor infrastructure to ensure that both natural and built environment continues to be enjoyed by visitors

Despite an enviable location there are several major concerns that have been raised through our economic analysis, including Andover's low skills attainment relative to other areas.

The context for addressing economic issues has also changed. The potential for reduced EU funds after 2020 and public sector spending cuts is set against a shift towards devolved funds in response to issues following the Brexit vote.

The Council will use its influence to support the requirements of local businesses and residents, including those articulated within the place based projects of Andover Vision and Romsey Future. These are designed to ensure that these principal locations continue to thrive as towns for their residents, visitors and employers.

Investing in a great place to work and do business is one of four priorities with Test Valley Borough Council's Corporate Plan . Over the next four years and beyond we will invest in:

- *Supporting vibrant businesses in Test Valley;*
- *Securing the right scale of strategic infrastructure;*
- *Developing 21st century skills;*
- *Improving our town centres;*
- *Test Valley 'open for business'.*

Test Valley is a popular destination, particularly for day and short stay visitors. Visitors are estimated to contribute £200 million worth of income for local businesses. For this reason tourism is included as a sixth priority.

Andover is designated as one of five 'Step-up' towns by Enterprise M3 Local Enterprise Partnership (LEP) and the Council will support an investment package for its continued growth and to ensure it is able to realise its potential. The Borough also plays a key role in achieving Enterprise M3's Sci:Tech corridor aspirations. The Solent LEP (which covers southern Test Valley) has a vision to create an environment which will better facilitate growth and private sector investment.

The Council will seek to ensure investment is sustained in our key assets including Basepoint's Innovation Centre in Andover, the University of Southampton Science Park and Adanac Park, Nursling. The University of Southampton Science Park, at Chilworth, is one of the key locations in South Hampshire for high technology companies and high value jobs. It generates about £550 million p.a. in economic impact.

As a Council we will lobby hard for devolved funds and retention of business rates. We will support regeneration through community leadership and use our regulatory, support advice and responsibilities to support the local economy and businesses growth. The Council will stimulate strategic development through its land ownership and estates management policy. In addition, we will continue to make a direct financial contribution to economic development initiatives and discretionary activities, from skills development to business growth and tourism development.

We recognise that the economic prosperity of the Borough requires a constructive relationship with all our strategic partners, and the Council has a genuine desire to ensure we are truly 'open for business'.



INTRODUCTION: THE CONTEXT FOR ECONOMIC DEVELOPMENT

The Changing National Context for Economic Development

There has been a much more explicit emphasis on growth since the post 2007/08 recession. Successive governments have reinvented the architecture for economic development with the creation of LEPs and continued measures to reduce public expenditure.

Alongside the closure of some flagship programmes, such as Business Link and Manufacturing Advice Service, there has been a shift toward localism and the devolution of funding with the proposed retention of business rates receipts. The government's devolution of tax and spending power and related reorganisation of local government will have major repercussions. Devolution, involving 100% business rate retention by councils, by 2020, perhaps presents one of the biggest opportunities for local economic development in a generation. .

Following the June 2016 referendum, a new government ministry was formed to negotiate the UK's exit from the European Union. EU funds are now not secure beyond 2020 and it remains to be seen what measures will be put in place to foster domestic economic growth, taking specific account of recruiting/ training more UK workers, devaluation of sterling and maximising export opportunities.

The Local Economic Context for Economic Development

Test Valley's economy is worth approximately £3 billion per annum and makes a significant contribution to the national economy. Whilst it is relatively prosperous with a diverse economic base, it does have issues that require attention (see our Corporate Plan and Economic Assessment).

In the years leading up to the 2008/09 recession, a series of major economic projects were undertaken in Test Valley. Some were initiated by the Council such as enabling Basepoint's Innovation Centre in Andover. Others were public/private sector-led including the University of Southampton Science Park, and the opening of Ordnance Survey's new Headquarters at Adanac Park, Nursling.

Since 2008/09, the state of the national economy has largely recovered, however there has been a shift towards pragmatic, market-driven economic development, in part a consequence of continuing public spending cuts affecting the business support landscape.

This more focussed approach is illustrated by the Council's 15 year partnership with Kier to manage Walworth Business Park; Hampshire County Council's consortium contracts with BT to deliver superfast broadband; and the Enterprise M3 LEP's investment in the Andover Technology and Future Skills Centre.

Although it is uncertain whether the government and the LEPs will have the same appetite for large-scale economic initiatives, as witnessed in the 1980s and 1990s, Andover is identified as a "Step-up" town in EM3 LEP's Strategic Economic Plan. These towns require special interventions and investment

packages to achieve their economic potential.

The key purpose of an economic development strategy is to articulate our growth priorities for consideration by different partners and funding streams, including the EM3 LEP's Local Growth Fund.

The building blocks of the new strategy

The new economic development strategy takes into account:

- *The views of the local community, principally through the work of two community initiatives: Andover Vision and Romsey Future.*
- *The aspirations of elected members including from the Council's Overview and Scrutiny Committee, which undertook a corporate review of economic development in 2015, and from public consultation undertaken by councillors in order to set the corporate plan priorities.*
- *The 2015 Test Valley Economic Assessment, undertaken by Peter Brett Associates which noted economic priorities such as improving skills, especially in Andover,*

entrepreneurialism and tourism, which form part of the rationale for our economic priorities.

- *The views of businesses who contributed to the survey material in the Economic Assessment.*

In May 2015, Test Valley elected a new Council, and produced a new Corporate Plan: Investing in Test Valley 2015 – 2019. One of the four new corporate priorities is investing in a great place to 'work and do business'. The various themes that relate to this priority form the structure of this strategy. These themes include opportunities to help support businesses, and delivering the right infrastructure and supporting our town centres. Developing the skills needed to develop the local economy is also a key priority and the Council has stated its desire to be "open for business" to welcome and retain businesses.

Whilst economic development is a discretionary function, the Council has identified it as a priority and will continue to reinforce Test Valley's reputation for being "open for business". Many challenges and issues faced by the Council remain outside its direct control, however this strategy recognises the importance of partnership working and the need to build on past successes if we are to continue encourage economic growth in Test Valley.

The strategy describes how and why the Council supports economic development activity and why a vibrant economy is fundamental to the quality of life of the Borough's residents and the environment they enjoy.

Why the Council supports economic development

Investing in Test Valley as a great place to: Work and do business is one of the Council's four priorities, along with the other three of Live, where the supply of homes reflects local needs; Enjoy the natural and built environment and Contribute to and be part of a strong community. It isn't surprising that these were the issues identified as being of greatest importance when councillors went out and spoke with residents in Summer 2015. Good quality jobs and homes lie at the core of residents' quality of life.

How the Council supports economic development

The Council supports economic development using statutory and discretionary powers both directly and indirectly, with other agencies. Councils support people and businesses, develop infrastructure (for example, broadband), and attract inward investment. There are four key mechanisms through which the Test Valley supports economic development.

Planning

Through the Local Plan, the Council sets out the long term framework for residential and commercial development and provisions of associated infrastructure together with policies that enable individual sites, sectors and businesses to flourish. New residential communities in Andover (Augusta Park, Picket Twenty and Picket Piece) and in Romsey (Abbotswood and Whitenap) represent the long term development of Test Valley's main towns and together comprise some 10,000 new homes. Major new employment sites such as Andover Business Park and Walworth Extension in Andover and Adanac in Southern Test Valley will provide for the generation of up to 6,000 new jobs.

Community leadership

The Romsey Future process was initiated by the Council (2013) to create a long-term vision for the town and provide a mechanism for local groups and organisations to agree shared priorities articulated initially in the Romsey Future Vision document (2015). More than 1000 people helped to shape the document which will influence and shape the town's competitiveness and attractiveness for many years.

Developing the Council's community leadership role forms a key part of its strategic priorities in the corporate plan. Over the next four years the Council will support communities through a variety of community planning initiatives to help them plan

for their own needs and encourage communities to work together to address what matter most to them. Each will be different and tailored to reflect local needs. In Romsey and Andover large scale community planning initiatives through Romsey Future and Andover Vision are underway. In our smaller rural communities more localised activities are also underway. Economic development is a keystone of sustainable communities. Therefore, it is critical to ensure the Council's economic development strategy and its approach to community leadership are fully integrated.

Similarly, Andover Vision is a partnership between community organisations, businesses, schools, colleges, health professionals, volunteers and local councils who are driving a 20 year plan to improve the lives of people who live and work in Andover. The plan is focused on a small number of key priorities. Following a successful 10 years, the Vision is being renewed with local residents and a new, updated, Vision and 10-20 year action plan will be launched in April 2017.

Ownership of land and estate management policy

The Council is the freeholder of Walworth and Portway Business Parks in Andover and holds a 40% stake in the Chantry Centre. In 2012, it entered into a 15 year Development and Property Management Agreement with Kier to manage Walworth Business Park. The outcome has been a reduction in vacancy rates and new investment by occupiers which has provided jobs. Kier has also undertaken several joint ventures with the Council to speculatively build a warehouse.

Regulatory, support advice and responsibilities¹

The Council's regulatory, support advice and responsibilities are fundamental to its relationship with the business community. They are supportive of the local economy and businesses, maintain protections for the community and businesses, and promote business growth. The Council has a relationship with thousands of businesses, and the nature of this relationship sets the tone for its attitude to existing and new businesses. Some areas of work, such as taxis and private hire, and hospitality, are completely dependent on the Council's licensing function.

The Council's direct financial contribution to economic development initiatives is about £350,000

¹ *Setting business rates; Environmental health – food safety; health and safety; Licensing – alcohol and entertainment; taxis; planning – development management control; building control*

p.a. though its capital investment and many other interventions (e.g. business rate relief) mean it is very much higher. However, it has a fundamental wider influence through its long-term planning strategy and 'business friendly' way of doing things. Most discretionary activity takes the form of business support, particularly for new and small businesses, as well as helping residents through education, learning and skills training. To date, skills training grants have been focussed on Andover but will extend to southern Test Valley following receipt of developer (Section 106) contributions from the Lidl development in Nursling, and with the implementation of Employment & Skills Plans for major housing developments.



ECONOMIC GEOGRAPHY AND DEFINING CHARACTERISTICS KEY SETTLEMENTS

The Revised Local Plan sets out to deliver 10,584 homes in the Borough over the plan period to 2029, and some 8,800 jobs are anticipated to 2031 (Experian, 2013) equating to 439 jobs per annum.

Andover, in the north of the Borough, is the largest settlement with a population of 47,575 (2016). The population is projected to grow again to approximately 60,000 due to over 6,000 new homes being built or with planning consent. It grew by a similar scale under the Town Development Agreement with London and Hampshire County Councils known as “London Overspill” in the 1960s and 1970s. The town has a strong commercial base thanks to its several large business parks.

Romsey is a historic market town situated in southern Test Valley, with a population of about 20,000, however this number is also due to increase.

At the heart of Test Valley, Stockbridge is both an attractive visitor destination and a local centre for a large rural catchment. It is considerably smaller than Andover and Romsey, with a population of 800 (2016).

The administrative area of Test Valley does not represent a single functional economic area but is made up of several distinct parts: Andover, Romsey, Rural Test Valley, together with the wards in southern Test Valley. This is why the economic themes include some geographically targeted measures.

A Strategic Location

Test Valley lies in central southern England and is easily accessible by road and rail to London; to the West Country via the A303; south to the port of Southampton; and north to Birmingham and the Midlands via the A34.

The Borough is surrounded and influenced by strong economic centres: in the south by Southampton, Eastleigh and Winchester and in the north and west, by Basingstoke, Newbury and Salisbury.

The combination of its high quality environment and proximity to strong neighbouring centres means Test Valley is relatively “porous” in commuting terms. The numbers of people who travel into Test Valley to work, who travel out of the Borough to work, and

who both live and work in Test Valley are broadly similar (23,000, 24,800, and 23,000, respectively (source: 2011 Census).

The arithmetic of jobs and labour supply

Population

	NUMBER OF PEOPLE	SOURCE
Test Valley total population	123,400	HCC Small Area Population Forecast 2016
Test Valley working age population age 16 – 64	60,320	
age 16 – 69	70,700	
Estimated working population	75,640	HCC Labour Market Bulletin
Test Valley employment rate	78%	
Total employed working population	59,000	Total employed working population = employment rate x working age population
Total estimated non-working population of working age	16,640	HCC Labour Market Bulletin
Eligible for benefits	3,490	
Ineligible for benefits	13,150	

Commuting

	NUMBER OF PEOPLE	SOURCE
Out-commuting	24,993	2011 Census
In-commuting	22,985	
Net-out commuting	2,008	

Net labour supply vs number of jobs

	NUMBER OF PEOPLE	SOURCE
Net labour supply	56,992 (59,000 – 2,008)	Net labour supply = total employed working population minus net-out commuting

Number of jobs

	NUMBER OF PEOPLE	SOURCE
Number of jobs (2015)	57,300	BRES

Economic pressures affecting

Test Valley

Over the last ten to twenty years new investment in higher-order functions, such as comparison shopping, and emergency and health services, have tended to focus on sub-regional centres, leaving smaller towns, such as Andover and Romsey, more vulnerable. This trend also reflects the growth of online business activity and the consolidation and reorganisation of public services to cover larger communities.

Another longer term impact of new technology is the emergence of the “hour-glass economy”, whereby middle order jobs, skills and occupations are being replaced by automation leaving fewer unskilled positions and highly skilled technical and professional occupations. This trend has established itself within the manufacturing sector, in which Andover was once strong, and is now impacting on the service sector.

Defining characteristics: Andover

Relatively self-contained housing and labour markets

Andover lies approximately 18 miles from each of its neighbouring towns: Newbury (north), Basingstoke (east), Winchester (south-east), Romsey (south), and Salisbury (west). This means more of Andover's residents work locally rather commute further afield. Andover's "self-containment" fell from 67% in 2001 to 50% at the time of the 2011 Census, but remains high compared to most towns. To avoid further out-commuting, which could mean Andover assuming a greater dormitory role, it is desirable for the supply of new jobs to happen in line with that of the new homes and the workforce occupying them.

Strong neighbours

Andover's large rural catchment area is dominated by strong neighbouring centres and the town struggles to win a strong share for higher order functions⁴, including comparison goods shopping, leisure and entertainment, because these are already well established in neighbouring centres.

Andover's neighbouring centres also impact on the town's office industry. According to the EM3 LEP's "Commercial Property Market Study" Basingstoke

⁴ *Andover has an excellent theatre, The Lights, and further education college, Andover College which forms part of Sparsholt College. Despite its population of 40,000 at that time, the town did not have a cinema until 2010 when the Council established one as part of the Asda development at Anton Mill.*

acts as the dominant office employment centre for the area although Andover is stronger in the factory and warehousing market.

Manufacturing legacy

In 1981, one in three of Andover's jobs was in manufacturing. By 2014, in line with national trends, the sector accounted for only one in eight jobs (12%) but this is still higher than for Test Valley as a whole (9.9%), the South East (6.2%) and UK (8.5%).

These figures reflect Andover's industrial base and the importance of its large business parks. Unlike some other towns, Andover's extensive commercial property market continues to support a strong manufacturing sector. Despite the move of some manufacturing to Eastern Europe and the Far East, and the conversion of former factories to storage and servicing centres, it is estimated that there are about 50 engineering companies in Andover.

The growth of large storage and logistics operations and regional distribution centres also form a significant feature of Andover's job market. There are a range of businesses based in the town, with several major employers, including Stannah Lifts, Twinings, Lloyds Banking Group, Simplyhealth, the British Army Land Forces Headquarters and Co-op regional distribution centre

Education, Learning and Skills

Evidence indicates that Andover falls below the Test Valley average in terms of education and qualifications as an indicator of skills. The 2011 Census shows a higher proportion of adults in Andover have no qualifications and a lower proportion have level 4 qualifications.

The 2015 Index of Multiple Deprivation (IMD) (Index of Education, Skills & Training) revealed that 4 lower level "super output areas" (SOAs or neighbourhoods) in Alamein Ward, Andover are in the bottom 10% of all SOAs in England. These 4 areas are amongst 44 Hampshire SOAs in the bottom 10% in England across all six types of deprivation⁵. The IMD combines children's educational achievement and adult skills, as measured by qualifications.

Arguably, in the 1960s and 1970s excellent career prospects in manual occupations meant that a smaller proportion of Andover's adults needed a university education in order to progress.

Andover's 3 secondary schools⁶ have improved their GCSE performance enormously over the last ten years. However, there is evidence to suggest that

⁵ *Education, Skills & Training; Health, Deprivation & Disability; Crime; Income; Barriers to Housing & Services; and Living Environment.*

some above-average achieving children transfer to secondary schools in neighbouring towns at age 11, which can affect exam results in local schools.

The Council, along with other agencies, recognises that education, learning and skills in Andover is a social and economic priority.

Many more homes

The level of new housebuilding currently underway is of a similar scale to that which took place under the Town Development Agreement (TDA) or “London Overspill” between London County Council and Hampshire County Council in the 1960s.

The TDA was comprehensive and saw Andover evolve from a market town into a much larger centre, with new features including business parks, a new town centre, and the A303 bypass. That scale of housing development is once again anticipated in the medium term. Approximately 6,000 new homes are under construction, or have consent, across 3 strategic sites⁷, a number of smaller sites and infill developments. The strategy of the Revised Local Plan is to try to keep Andover’s labour supply and employment opportunities in balance. Although many leisure and recreation facilities are being provided to serve the new

⁶ Harrow Way Community School, John Hanson Community School, Winton Community Academy.

⁷ Augusta Park (2,500 homes), Picket Piece (930 homes) and Picket Twenty (1850 homes).

communities, there is not the same certainty that local jobs and commercial development will keep pace with the number of new homes, in the same way it did 50 years ago. This is important because of Andover’s relative self-containment but, ultimately, will reflect the operation of the housing market.

Defining characteristics: Romsey and southern Test Valley

Southern Test Valley (STV) is relatively small, comprising 7 parishes⁸. It is less self-contained than Andover and experiences significant out-commuting, reflecting its relationship with South Hampshire and its good transport links.

Outside of Romsey and Romsey Extra, the wards are mostly residential, however there are some strategic employment sites across STV including:

- *the University of Southampton Science Park, protected for research and development;*
- *Nursling Estate, protected for storage and distribution uses; and*
- *Adanac Park, safeguarded for office/ research and light industry.*

These specialist employment sites, along with the new housing developments, demonstrate that STV makes a disproportionate, qualitative contribution to the economic and housing needs of the south Hampshire sub-region, and the ambitions of the Solent LEP. The issue to consider is the extent to which the imbalance between residents and jobs can be addressed in terms of creating greater opportunities to work closer to home.

⁸ Ampfield, Chilworth, North Baddesley, Nursling & Rownhams, Romsey Town, Romsey Extra, Valley Park.



PRIORITY 1: SUPPORTING VIBRANT BUSINESSES IN TEST VALLEY

Summary

The Borough has a strong track record of entrepreneurship and innovation. Looking forward, much of Test Valley's forecast growth will be achieved through the growth of indigenous businesses. However, the Borough's economy has an over-reliance on sectors with lower level skills requirements and lower productivity levels compared to neighbouring areas.

The Council seeks to actively support the entrepreneurial culture that exists in the Borough, to help drive the diversification of the economy towards one that is more knowledge based and offers higher value returns for local residents and workers.

What does the evidence say?

The Borough's business base is growing. Between 2010 and 2015, the number of enterprises in the Borough increased by 6.9%, higher than that recorded across Hampshire as a whole. Employment in Test Valley grew by 19% and in Andover by an impressive 25%.

The self employment rate in Test Valley grew significantly between 2009 and 2015, from 10% to 14%, and is now higher than benchmark comparator areas. At 18% the Andover Travel-To-Work Area (TTWA) has the second highest self employment rate in the country.

Test Valley has a relatively high percentage of people in higher level occupations, while in some parts of the Borough there are significant numbers employed in elementary roles. In Alamein, 17% of the working age population are engaged in elementary occupations, compared to the 11% England average.

The main sectors of employment are distribution, hotels and restaurants, banking, finance and insurance, and the health sector. Farming is responsible for much of the Borough's attractive character but the sector employs only 1,100 people. Employment in the Knowledge-Based Economy (KBE) in Test Valley has remained considerably lower than county, LEP and national levels.

Based on a survey of 100 local businesses, commonly cited constraints to growth include a lack of suitable staff (7%), size of premises (5%), lack of consumer demand (5%) and high costs/overheads (5%). When asked which factors would be valuable to address, the most popular answers were:

- *Suitable commercial premises;*
- *Improved availability of highly skilled labour;*
- *Improved availability of other skills;*
- *Support in dealing with Planning Regulations and related matters;*
- *Free advice with tax and national insurance law and payments; and*
- *Support to help in recruiting staff with the right skills.*

Viability issues associated with speculative build of commercial premises will continue to hinder the development of office premises and could result in the existing industrial stock becoming unsuitable for modern purposes. A significant amount of floor space has already been granted permission for employment use primarily resulting from the change of use of existing buildings

How will the Council help?

The Council's current support offer for new and existing enterprises includes:

- *Enterprise and start-ups: general advice to pre-start and start-up businesses, often relating to regulation (offered consistently over 17 years to hundreds of entrepreneurs).*
- *Business Growth: administration of Business Incentive Grants and Independent Retailer Grants. Three and five year survival rates for start ups receiving the Council's Business Incentive Grant exceed the Borough average.*
- *Free, expert advice: brokerage to Enterprise First and the LEP Growth Hubs. Social media training courses for 50 businesses in Andover and 50 businesses in Romsey (in 2015); and one-to-one retail mentoring sessions.*

- *Networking opportunities: events organised with business membership groups, including the Chamber of Commerce, and encouraging collaboration, for example the annual Small Business Saturday.*
- *Business accommodation: providing "easy in – easy out" premises. Walworth Enterprise Centre was created by the Council and is managed by Kier; Andover and Abbey (Romsey) Basepoint Centres were developed under agreements with the Council on Council land and together provide a total of nearly 200 individual premises.*
- *Rural development: supporting the three LEADER Programme Local Action Groups (LAGs) access rural Test Valley⁹; offering assistance on farm diversification, tourism and forestry. For the first time (2015 – 2020) all of Test Valley is covered by the LEADER Programme.*

Whilst moving towards a more knowledge-based economy will not occur in the short-term, diversification is already being driven by developments in the south of the Borough in particular, including Adanac Park and the University of Southampton Science Park.

⁹ *North Wessex Downs Programme (covering Bourne Valley); Loddon and Test Programme (covering the central part of the Borough); and New Forest Programme (covering Romsey area).*



PRIORITY 2: SECURING THE RIGHT SCALE OF STRATEGIC INFRASTRUCTURE

Summary

Infrastructure is essential for businesses and the wider community. The planning system plays an important part in securing critical infrastructure, either as part of a development, or off-site.

Strategic infrastructure including broadband, transport and utilities are essential for people to live, work and do business locally. The roll-out of superfast broadband is an important component if businesses in the area are to compete effectively and efficiently in an increasingly global marketplace. The County Council is seeking to address this issue through the delivery of the Hampshire Superfast Broadband Programme.

What does the evidence say?

Access to high speed broadband is seen as a key issue, particularly for businesses for whom the internet is a key part of their operations. Slow speeds are putting small businesses off trading online. The proposed new generation broadband speeds, however, could introduce them to these e-commerce opportunities and help them innovate and expand.

The Borough's relatively high rates of in/out commuting also highlight that transport infrastructure will require continued investment. The Council is providing a new town centre way-finding project and network of pedestrian and cycling routes to improve accessibility between the new residential communities, Andover Railway Station, which is funded from developer contributions.

There is a consensus among key stakeholders that the Borough is an attractive place to locate and that businesses have a high level of confidence and are planning for growth. This is not to suggest complacency however. A major factor in the sustainability of Test Valley's economic growth will be delivering necessary levels of housing, particularly affordable dwellings, to encourage key workers to live and work locally.

The Borough is fortunate to have a good supply of industrial and warehouse premises.

How will the Council help?

Broadband

The Council has successfully negotiated with BT and Virgin Media Business to improve the broadband offer at Andover's business parks, as well as enabling a private Wi-Fi supplier on Council land. The Council has invested £185,000 in the Hampshire Rural Broadband Project which has, so far, enabled superfast broadband (24 Mb/s) for over 80% of residential and commercial premises in Test Valley that were previously receiving less than 2 Mb/s. A minimum of 2Mb/s is being delivered to the remaining 20% of premises. Work will continue to help ensure that as many business and residential premises as possible have access to superfast broadband.

Transport

Test Valley will continue to provide employment for residents of neighbouring local authorities, so high quality multi-modal transport links and communications need to be sustained and enhanced. Similarly, the neighbouring areas of Southampton and Winchester will continue to be large generators of KBE jobs and, in order to sustain increasing levels of commuting, continued investment in road and rail communications will be required. In rural areas, balancing the development

of the rural economy with the increase in traffic movements on rural roads is a key issue.

Other infrastructure

Section 106 planning agreements and the Community Infrastructure Levy (CIL) are two mechanisms available to the Council to fund other capital infrastructure. CIL allows the Council to raise funding for new infrastructure by levying a charge on new developments, and it will be an important tool for the Council to fund and deliver critical infrastructure in the Borough to match is anticipated housing growth.

Housing

The Council has identified a requirement for 10,584 net additional homes between 2011 and 2029, to be delivered at 588 dwellings per year. Meeting housebuilding targets is vital if Test Valley is to continue to attract working age residents to sustain existing levels of self-containment.

Test Valley is a very attractive place to live, as illustrated by its house prices. As well as a high quality environment, proximity to centres of employment – neighbouring and further afield – it is also has a thriving local economy in its own right with many new businesses being created and jobs generated. Such economic growth both reflects and drives the demand for new homes and where

possible, such as Andover, these two fundamental elements should be balanced in order to avoid longer distance commuting.



PRIORITY 3: 21ST CENTURY SKILLS

Summary

Although Test Valley has a high proportion of residents with NVQ4+ qualifications, there are also high numbers of people with low educational attainment. Andover has a legacy of lower skilled employment in manufacturing and warehouse operations. However these are becoming increasingly automated and the local economy now requires higher skills levels. Overall, there is a need to improve educational and skills attainment in Andover, focussing on those required in forecast growth sectors.

Supporting local residents with education, learning and skills training represents a long-term investment in the local workforce which both enables individuals to reach their potential and enables business growth. Raising the aspirations of young people, through more and higher level apprenticeships and participation in higher education are key ambitions.

A distinctive feature of Andover is its relatively high degree of self-containment with 50% of its residents living and working in the town. Andover is approximately 20 miles from its neighbouring

centres,. As well as serving its own residents Andover serves a wider catchment area of approximately 70,000 people.

Southern Test Valley is less self-contained than Andover and experiences significant amount commuting flows, which reflects its relationship with South Hampshire. The issue to consider is the extent to which greater opportunities can be created allowing people to work closer to home.

What does the evidence say?

Employment in the Borough is forecast to grow by 11.3% up to 2035. A proportion of this growth is expected to be in the accommodation, food services, recreation, construction, finance and insurance, and information and communications sectors. Although other sectors like logistics are not anticipated to grow significantly, they will continue to support many jobs in the local economy.

Skill requirements in most sectors will continue to rise, particularly as processes become more computerised.



More than one-third of residents in North Andover have NVQ Level 1 qualifications or no qualifications at all.

The latest Test Valley business survey identifies 13% of respondents mentioning skills gaps; this is particularly prevalent amongst engineering, construction, logistics and health/social work sectors.

The Borough's economy has performed well in recent years, with a significant contribution made by residents who work elsewhere. The Borough has relatively low numbers of people out of work. The proportion of people who are looking for work, but are not claiming benefits, (March 2012 – March 2013) was 4.6%, which was significantly lower than Hampshire at 6%. Whilst the overall picture is a positive one, there are disparities within the Borough. A particular concern is the gap between incomes and the cost of housing.

How will the Council help?

The Council, in partnership with the EM3 LEP and training providers, is making positive steps to address this issue, as outlined below.

Supporting skills training:

The Council was active in helping to secure funding from EM3 LEP, Hampshire County Council and Andover College as well as contributing itself to construct a new Future Skills and Technology Centre at Andover College, which opened in September 2016. It will provide both employability and high quality vocational provision for employment and self-employment aimed at 14 to 19 year olds.

Assisting several hundred SMEs through the £500,000 Andover Skills Training Fund (ATSF), using Section 106 contributions from major residential applications. In a 2015 survey, 20 businesses estimated that the training had generated an additional £600,000 in revenue and 16 said that the training had enabled the creation of 100 new jobs.

Supporting employability:

Working with Jobcentre Plus, training providers and housing associations to support a Test Valley Employment and Skills Zone Partnership (as other councils have) to help co-ordinate training, work placement and pre-employment opportunities.

Supporting schools:

Delivery of the Andover Junior Graduation, in partnership with the University of Winchester, Andover's eight primary schools and three secondary schools, aims to raise aspirations and promote continuing education.

Working with the Local Education Business Partnership / Basingstoke Consortium, to connect local schools and businesses to enhance careers guidance.

It is important that local training providers, like Andover College and its new Skills Centre, respond to the challenge of preparing local residents for the new opportunities that the future will present, while also helping employers to ensure existing staff are equipped with the skills required for changing roles and requirements. It is important that the Council and partners maximise the benefits that this presents by encouraging developers to link in to supply chain businesses within the Borough and to take on local staff.



PRIORITY 4: IMPROVING OUR TOWN CENTRES

Summary

Town centres are the most prominent indicators of the economic health of the area. Traditionally, they are places where people meet and do business and, while the reasons to visit town centres may change, continued functional and environmental enhancements will help re-invent their future role and ensure they remain attractive to shoppers, visitors and businesses.

In Andover, the future vibrancy of the town centre is a priority for Test Valley, particularly with its LEP status as a “Step up” town. In Romsey, the growth of the visitor economy and independent retail sector presents an opportunity for Romsey Future to steer this transition.

What does the evidence say?

The town centres of Andover and Romsey and local centre of Stockbridge are important destinations for day-to-day shopping needs, as well as a number of specialist shops and financial services, plus hotels, restaurants, coffee shops and galleries.

Council data for October 2016 indicates that unit vacancy rates in Andover (14%), Romsey (6%) and Stockbridge (1%) town centres are lower than the national figure of 15%, although this is expected to have changed in recent years, potentially nearer to equivalent ranges of 4% to 7% in 2005. The rates are principally driven by the state of the economy at large (retail spend per head) but also by the rise in online shopping.

Andover provides a range of retail, leisure and recreation amenities, although residents typically go to larger towns outside the Borough for higher order retail provision. Romsey and the settlements of the southern part of the Borough are close to the larger centres of Southampton and Eastleigh. Consequently, residents look to them for a range of facilities and employment. The town and adjoining areas provide a significant number of jobs, however its proximity to other centres means there is a significant amount of commuting in and out of this part of the Borough.

How will the Council help?

Alongside regulatory functions, the Council has planning and car parking roles, as well as discretionary economic development and place-shaping roles.

- *Town Centre Management: the Council contributes to the funding of town centre managers in Romsey and Andover. Following a positive BID (Business Improvement District) Feasibility Study in 2016 a steering group of businesses is considering the implications of a BID for Andover town centre once the current contract for town centre management ends in 2017.*
- *Investing in the “public realm”: environmental improvements are scheduled across both town centres building upon schemes undertaken in recent years. Improving the attractiveness of Romsey War Memorial Park (eg the War Horse and café) and Andover’s public parks and spaces is key to making our centres attractive places for existing and new residents and businesses.*
- *Signage: new signage encourages movement of people and enables the opening up of town centres.*

- *Car parking: retaining car parking charges which are low relative to neighbouring centres; new ‘dash and go’ free ultra short stay spaces in Andover; New pay on exit parking at the Chantry Centre, Andover.*
- *Events: Andover: Free Time Ring booking service; Four Business Fairs (2016); Farmers and Craft Markets (2016/17). Romsey: Independent Events, for example Beggars Fair, Carnival; Hampshire Farmer’s Markets.*

The Council’s Andover Summit in 2012 initiated a series of long-lasting initiatives to support the town centre, which have subsequently formed a key part of Andover Vision. Romsey Future is similarly looking to ensure Romsey town centre remains vibrant for residents and visitors alike.

The quality of environment in Andover and Romsey town centres is particularly important as they are focal points for retail and leisure provision in the Borough. Sustaining the vitality and viability through attraction of businesses and footfall is essential. The Council and partners will therefore prioritise interventions linked to the enhancement of the public realm as well as the facilitation of regeneration priorities identified through the Andover Vision, Romsey Future and master-planning exercises.

The key issue is how Andover town centre can develop in terms of the range and choice of shopping, employment and other facilities to serve its growing population. The Council has invested in to create a new cinema, theatre and in the creative economy and will continue to do so in public spaces to make the town an attractive place to visit. Enhancing existing facilities would encourage people to spend more of their time and money in Andover, which would have a number of benefits. It would support the local economy, create employment and reduce the need to travel to other destinations.



PRIORITY 5: TEST VALLEY “OPEN FOR BUSINESS”

Summary

Businesses are a key element of the local community. The Council’s attitude and relationship with its business community is therefore very important. A vibrant local economy and a welcoming attitude towards investment are reflected in the Council’s corporate priority. This priority translates through to economic development initiatives but, also, as important, is to have an understanding and supportive – but not preferential – culture towards business.

What does the evidence say?

National evidence suggests that new businesses are, in general, vulnerable in their early life. A corporate culture which acknowledges the role new and small businesses play in the prosperity and character of Test Valley is an effective way of encouraging local enterprise. Supporting the growth of small businesses also provides opportunities for our growing workforce and contributes to the strength of the national economy.

How will the Council help?

In September 2016 the Wessex Region of the Federation of Small Business (FSB) presented Test Valley Borough Council with:

- *The Best All Round Small Business-Friendly Council Award; and*
- *The Special David Ramsden Commemorative Award for Outstanding Commitment to Supporting Small Business.*

These two awards reflect a consistent recognition by the FSB of the Council’s efforts to support new and small businesses.

Test Valley Borough Council supports new and small businesses for a number of reasons:

- *They tend to require the greatest amount of support from all agencies whereas larger, better established businesses are better able to look after themselves;*



- *District authorities such as Test Valley Borough Council are best-placed to help new and small businesses because of their regulatory responsibilities and because they are locally-accessible; county councils; LEPs and sector-specific agencies can look after larger and more sophisticated companies;*
- *The number and percentage of small businesses especially the self employed, continues to grow significantly which suggests that these are more likely to offer the potential for economic growth and innovation in the future. Government estimates, three quarters of all businesses are owner managers with no employees; more than half are not VAT-registered and only 19% had sought business advice in the previous 12 months.*

There is no single business community in Test Valley, just as there is no single residential one. Businesses come in all shapes and sizes characterised by size, sector, sophistication and structure as well as geography. Some are best engaged by sector, such as town centre or tourism partnerships; some by membership networking group, while others require more specific relationships.

Supporting new and small businesses does not mean offering them special treatment, such as through a light regulatory touch. Local residents can be both consumers or customers who deserve proper regulatory protection as well as businesses or producers offering employment, goods and services. Both consumers and producers require equal recognition.

Businesses require access to, and reasonable and consistent engagement by, councils, reinforced with pro-active communication.

Test Valley is open for business, whether that be Kier attracting inward investment onto Walworth Business Park or Community Development Officers welcoming new residents, making the largest investment of their lives, into the new residential communities of Augusta Park in Andover and Abbotswood in Romsey and helping them get to know about local groups and facilities and enjoy their new community.

Test Valley, through its many regulatory responsibilities as well as economic development initiatives, is a good council to do business with. Its culture of being business friendly is a key aspect of its corporate values.



PRIORITY 6: TOURISM SUMMARY

The Council recognises the role of tourism in driving economic growth and increasing employment. Test Valley is well-placed to attract visitors to its predominantly rural and high quality built and natural environment. This priority aims to unlock the benefits of investment in the visitor economy.

The Borough is ideally located in central southern England, one of the most prosperous and populated parts of the country, where a large market has both the disposable income and time to devote to the leisure market. It is in close proximity to several visitor attractions of global significance including the New Forest, Winchester Stonehenge, Salisbury and Southampton as a passenger port and airport.

What does the evidence say?

Test Valley is a popular destination, particularly for day and short stay visitors. Tourism South East estimates that in 2014 the Borough received 247,000 staying trips and 3.6 million tourist day trips. These visitors are estimated to have contributed £200million worth of income for local businesses. (TVEA 3.2.19). This kind of evidence, together with a positive attitude among local

businesses, has resulted in Romsey's role in the visitor economy becoming a major priority, to be developed, in the community-led Romsey Future initiative.

Tourism is a large and growing sector in Test Valley both in terms of numbers employed and revenue generated. Tourism businesses tend to be small in nature and the sector fragmented, locally. Our role will be to enable them to fully realise their future growth potential through the local visitor economy.

Apart from several large attractions, including Paultons Park and National Trust properties such as Mottisfont Abbey, and pubs owned by national chains, tourism businesses are small and the opportunities for networking and collaboration are not high. In light of increasing competition for tourism spend there is a need to ensure Test Valley remains an attractive destination for visitors with a high quality offer to match consumers' rising expectations.

How will the Council help?

The Test Valley will provide leadership in this sector through:

- High quality visitor information, brand development and promoting local activities. The Council:
 - *The Council Produces an annual visitor guide, funds staff to run Romsey Tourist Information Centre (TIC), one of only a handful remaining in Hampshire. The TIC manager supports tourism businesses and manages nine tourist information points in northern Test Valley.*
 - *Retains and promotes the distinctive local brand based on its high-quality natural features and the reputation of the River Test.*
 - *Produces promotional and digital tourism material to illustrate the subtle, varied natural and cultural character of Test Valley of interest to visitors.*
- Networks and collaboration. The Council will develop interventions to support better understanding and collaboration, where appropriate, and encourage market integration locally.

- Improves the quality of the offer. The Council supports the Test Valley Visitor Accommodation Quality Assessment Scheme allowing independent quality assessment and promotion by public sector agencies. This local scheme, managed by Quality in Tourism, assesses regulation compliance as opposed to a star-rated system. At least 10 B&Bs in the Borough have used it.
- Investing in tourism and visitor infrastructure. This includes the continued development of green space and tourism attractions including:
 - *Creating recreational public open spaces for the benefit of Andover's growing population.*
 - *Creating recreational public open spaces in southern Test Valley as an alternative to New Forest National Park in catering for the needs of the growing urban population.*
 - *Supporting the development of key visitor attractions looking to grow.*
- Promoting Romsey to visitors. The Council will support Romsey Future's Tourism Strategy and measures to support development of the visitor economy such as:
 - *Themed walks and cycle networks;*
 - *The promotion of local attractions such as Romsey Abbey, King John's House & Museum, Mottisfont Abbey, Hilliers Arboretum, Houghton Lodge, Paulton's Park and many more; and*
 - *The promotion of independent shops and a strong hospitality sector.*



SUMMARY OF COUNCIL'S SUPPORT

Supporting vibrant businesses

- Local Plan planning framework which includes both positive policies and sites allocated for economic development
- Community Leadership (eg Romsey Future & Andover Vision)
- Business Incentive Grants
- Expert advice
- Referral within the Council and to external organisations
- Estates Management and Accommodation
- Supporting networks

Supporting strategic infrastructure

- Multi modal transport
- Other infrastructure
- Better broadband

21st Century Skills

- Skills Training Fund
- Andover Junior Graduation
- Supporting education business connections

- Using Planning Agreements to secure skills training
- Test Valley Employment & Skills Zone Partnership
- Widening HE Participation

Improving town centres

- Town centre management
- Environmental Improvements
- Independent Retailer Grants
- Signage and Car Parking
- Events

Open for Business

- Fostering a culture of supporting small businesses

Tourism

- Tourist Information Centre, Romsey
- Promotional material and activity Networks and collaboration
- Business Support (eg Test Valley Quality Assessment Scheme)

GLOSSARY

Business Improvement District (BID) – A defined area in which a levy is charged on all business rate payers in addition to the business rates bill. This levy is used to develop projects which will benefit businesses in the local area.

Community Infrastructure Levy (CIL) – A levy that local authorities can choose to charge on new development. The charges are related to the size and type of the new development. The money collected can be spent on funding infrastructure which the Council has identified as being required.

Corporate Plan - Test Valley Corporate Plan, Investing in Test Valley 2015-2019 and beyond sets out the Council's main priorities and themes.

Devolution – The delegation of power from central government to regional administration. The Cities and Local Government Devolution Act 2016 allows for local authorities to join together to become a combined authority or new local authority with an elected Mayor to receive additional functions transferred from central Government.

Dormitory status – Where a town has a high degree of net out-commuting to other centres of employment

Enterprise M3 LEP – Covers northern Test Valley, including Stockbridge and Andover.

LEADER Programmes – Part of the Rural Development Programme for England (RDPE) funded by the EU. LEADER funding is available for projects that create jobs, grow businesses and benefit the rural economy.

Local Enterprise Partnerships (LEPs) – LEPs are partnerships between local authorities and businesses play a key role in establishing local economic priorities to create jobs and support local businesses.

National Planning Policy Framework (NPPF) – The NPPF sets out national planning guidance for the plan making and decision taking. The NPPF was published in March 2012.

Northern Test Valley – This relates to the area of the Borough excluding South Eastern parishes which together comprise Southern Test Valley.

Partnership for Urban South Hampshire (PUSH) – An organisation comprising East Hampshire, Eastleigh, Fareham, Gosport, Hampshire, Havant, Isle of Wight, New Forest, Portsmouth, Southampton, Test Valley and Winchester councils. They have come together to improve the economic performance of South Hampshire, and enhance it as a place to live and work.

Revised Local Plan – The Local Plan is a statutory document which sets out the vision for how land across the borough will be used in planning terms. It stipulates the scale and location of growth, the infrastructure required and how certain areas of the borough will be protected from development.

Southern Test Valley (STV) – Comprises the seven parishes of Ampfield, Chilworth, North Baddesley, Nursling & Rownhams, Romsey, Romsey Extra, and Valley Park – it is part of the area covered by PUSH.

Solent LEP – Covers southern Test Valley, including Romsey

Super Output Areas (SOAs) – Area of consistent population used by the Government's Office for National Statistics below the Ward.

Town Development Agreement (TDA) – The 1960s agreement between the London County Council (later Greater London Council) and a dozen or so towns, including Andover, beyond the new radius of London's New Towns. In Andover some 6,000 new homes were built together with factories and A303 Andover By-pass.

Travel To Work Area (TTWA) – Seographical unit used by Government for statistical purposes to denote a relatively self contained labour market area. There are 228 TTWAs based on commuting data from the 2011 Census.