Test Valley Economic Assessment

Final Report

On behalf of **Test Valley Borough Council**

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Executive summary

The purpose of this Local Economic Assessment (LEA) is to provide detailed analysis and intelligence on Test Valley economic performance and a useful baseline from which potential interventions can be identified and developed to support economic growth. As such, it forms a key part of the evidence base underpinning the Review of the Local Plan and the preparation of an Economic Development Strategy for the Borough.

The LEA provides an update on performance since the previous LEA (2009) and Update (2013) were undertaken, and identifies how the economy is forecast to grow as the country emerges from recession. In general terms the Test Valley economy is performing well (as evidenced by key indicators set out in the table below). The Borough out performs England and Wales against a number of key indicators including rates of economic activity, unemployment, business survival, and levels of qualification attainment. Notably, the Borough has also out-performed LEP, county and national benchmark areas in terms of employment growth during and after the recession.

Indicator	2014/2015	Change since 2009/10
Total employment	56,400	↑
Economically active	83%	↑
Full time workers	71%	↓
Self-employed	14%	↑
Unemployment rate	4%	↓
Employees in knowledge based economy	38%	↓
Gross Value Added (GVA) per worker	£23,239	↑
Average (median) gross earnings – workplace based	£27,854	↑
Average (median) gross earnings – resident based	£28,812	↑
Residents achieving NVQ 4+	44.3%	↑
Residents with no qualifications	3.7%	↓
Housing affordability ratio	8.5	↑
Comparison with national value	Better / Similar / Worse	

The resilience of the Borough to market fluctuations can in part be attributed to its under-representation in some of the higher value sectors badly hit during the recession. Sectors like logistics and retail, which are important to the area, help the Borough to ride economic fluctuations but do not necessarily drive economic growth during more prosperous times.

Looking forward, employment in the Borough is forecast to grow by 11.3% to 2035. A proportion of this growth is expected to be in the ‘accommodation, food services and recreation’, ‘construction’, ‘finance and insurance’, and ‘information and communications’ sectors. While 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. 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 will be presented, while also helping employers to ensure their existing staff are equipped with the skills required for changing roles and requirements.

The diversification of the economy towards one that is more knowledge based is already being driven by developments in the south of the Borough in particular, including Adanac Park and the University of Southampton Science Park. Indigenous business start-ups will be important in driving the diversification of the Borough wide economy.

There is a consensus among key stakeholders that the Borough is an attractive place to locate and that businesses are planning for growth a high level of confidence. This is not to suggest complacency. A number of issues emerge from the analysis which need to be addressed to optimise economic growth and development. Forward priorities for economic development activity for TVBC and its partners include:

- The need to improve educational and skills attainment in Andover, focussing on those required in forecast growth sectors;
- Responding to the ageing resident population by encouraging employers to be more flexible in recruiting and retaining those over 65 years old. At the same time sectors that typically supply goods and services to older age groups will need to recruit to meet increased levels of demand;
- Supporting the entrepreneurial culture that exists in the Borough to help drive the diversification of the economy towards one that is more knowledge based;
- Delivering necessary levels of housing, particularly affordable dwellings, to encourage key workers to live and work locally. House building targets also represent an opportunity to train and employ local residents in construction sub-sectors;
- The resident population of working age is expected to remain stable. This, coupled with significant forecast employment growth inevitably means that Test Valley will continue to provide work for residents of neighbouring local authorities. High quality multi-modal transport links and communications need to be sustained and enhanced;
- Delivering continued environmental enhancements in and around the Borough’s town centres to ensure that they remain attractive to shoppers and inward investors; and
- Continuing to support the visitor economy to achieve its forecast potential through marketing and other initiatives aimed at supporting attractions and accommodation providers.

1 Introduction

1.1.1 This Local Economic Assessment (LEA), prepared by Peter Brett Associates (PBA) on behalf of Test Valley Borough Council (TVBC), provides detailed analysis and intelligence on the area's economic performance and a useful baseline from which potential interventions can be identified and developed to support economic growth. As such, it forms a key part of the evidence base underpinning the Review of the Local Plan and the preparation of an Economic Development Strategy for the Borough.

1.2 Local Economic Assessments – policy context

1.2.1 Previously the Local Democracy, Economic Development and Construction (LDEDC) Act (2009) placed a duty on all county and unitary authorities to prepare an assessment of the economic conditions of their local area. Although this is no longer a duty, TVBC recognise the value of the LEA in providing detailed analysis and intelligence on local economic performance and a useful baseline from which potential interventions can be identified and developed to support economic growth.

1.2.2 The stated core objectives of an LEA, as set out by the LDEDC Act are to:

- Provide a sound understanding of the economic conditions in the area and how they affect residents and businesses;
- Identify the comparative strengths and weaknesses of the local economy and the nature and form of local economic challenges and opportunities;
- Identify the local economic geography, including the economic linkages between the area being assessed and the wider economy; and
- Identify the local constraints to economic growth and employment and the risks to delivering sustainable economic growth.

1.2.3 The Test Valley LEA will inform the priorities of TVBC in delivering the Government's objective, set out in the National Planning Policy Framework (NPPF), of proactively driving and supporting economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs.

1.2.4 The Test Valley LEA is informed by and draws evidence from a range of national and sub-regional strategic policy activities and documents. Most notably, economic priorities for LEPs and local authorities should be aligned with the Government's new fifteen point plan for productivity – '*Fixing the Foundations: Creating a More Prosperous Nation*'[1]. This plan is focussed around two pillars on which economic prosperity can be delivered:

- Encouraging long-term investment in economic capital, including infrastructure, skills and knowledge; and
- Promoting a dynamic economy that encourages innovation and helps resources flow to their most productive use.

1.3 The role of the Council

1.3.1 This is the second Test Valley LEA. The first was produced in 2007, followed by updates in 2009 and 2012. The economy has changed considerably since the first LEA was completed

[1] HM Treasury (2015) Fixing the Foundations: Creating a More Prosperous Nation

and has included one of the deepest recessions in history. Although economic conditions have improved since, the legacy of the recession, including ongoing public sector deficit reduction plans, remains.

1.3.2 TVBC is fully committed to supporting sustainable economic growth. The economic development team, working in partnership with a range of organisations, has already achieved significant steps towards the delivery of the current long term Economic Strategy, published in 2011. These achievements include, but are not limited to:

- The delivery of key projects identified by the Andover Vision and Summit, and the production of an action plan for Romsey Future;
- Progressing the revitalisation of Walworth Business Park in partnership with Kier;
- Working with Andover College to secure investment in a new skills centre aimed at improving the offer of vocational learning and employability skills to 14 to 19 year olds; and
- Delivering a range of marketing campaigns aimed at attracting inward investment and promoting the Borough's tourism, heritage and local produce..

1.3.3 Looking forward the Council's commitment to economic development is emphasised as a priority in its new Corporate Plan. Under the 'Investing in a great place to work and do business' theme the Council sets out its commitment to investing in:

- 'Opportunities that will help to support businesses in the Test Valley;
- Securing delivery of the right infrastructure so people can work and do business locally;
- Developing the skills that are needed to develop the local economy;
- Our town centres; and
- Open for business to welcome and retain businesses in the Borough'.

1.3.4 TVBC has a key role to play in lobbying for targeted support and will work with a range of organisations, including the Solent and EM3 LEPs, Andover College and the private sector, to deliver actions aimed at supporting economic growth in the Borough.

1.4 Approach

Key geographies for analysis

1.4.1 The geographical area for analysis is Test Valley Borough. Wherever possible data is also presented at ward or Lower Super Output Area (LSOA) geographical area in order to highlight specific issues at a localised level.

1.4.2 When undertaking socio-economic analysis of this nature, it is critically important to have benchmark areas to compare the characteristics of the study area against and to understand the linkages between the area and the wider economy. Therefore, in order to place the Test Valley economy in context, this LEA will make comparisons with England & Wales, Hampshire and for the first time, the Solent and Enterprise M3 LEP areas.

Data sources and analysis

1.4.3 The analysis presented in the following chapters draws on a range of sources to extract data that helps to present current, historic and forecast economic performance of Test Valley and the benchmark areas.

1.4.4 In addition to analysis of datasets, the LEA has been informed by consultation with key stakeholders and a survey of 100 businesses to gather views on economic performance, aspirations, constraints to growth and ideas on where TVBC and partners should be prioritising their interventions/support.

Local Assessment themes

1.4.5 The LEA covers the following sections:

- Spatial economy – an overview of the Borough, its sub-geographies and its relationships with neighbouring areas;
- The workplace economy – an assessment of the business economy and its performance;
- The residence based economy – analysis of the resident population, including rates of economic activity, skills, health and deprivation;
- Land, buildings and infrastructure – an overview of current and planned investments in housing, employment and associated infrastructure; and
- Prospects for future growth – an overview of forecast levels of growth and the implications of this.

2 Test Valley's Spatial Economy

2.1 Introduction

2.1.1 Test Valley comprises 250 square miles (650 sq.km) and has a resident population of 119,300[2]. With a population density of just 190 people per square mile it can be described as a predominantly rural area, with concentrations of population in the two main towns of Andover (approximately 46,000 residents) in the north and Romsey (18,000) in the south. The rural hinterland between these two towns is interspersed by smaller settlements, including Stockbridge, at the heart of the Test Valley.

2.1.2 This chapter seeks to explain how the spatial geography of the Borough links to the structure and performance of the economy.

2.2 Spatial geography

A Borough of distinct but interlinked areas

2.2.1 The economy of the Borough is defined by its geography and proximity to neighbouring settlements and strategic transport links. For the purpose of this LEA the Borough is split between the following distinct yet interlinked geographical sub-areas (see Figure 2.1):

- Andover and the north;
- Romsey and Southern Test Valley; and
- Rural.

Andover and the north

2.2.2 The location of Andover on the strategic road and rail network has been key to shaping the development of the local economy. The town is situated on the A303, which links London with the West Country, and is close to the A34, which connects the ports of Southampton and Portsmouth with the Midlands and further afield. The proximity of the town to the road network, along with rail links to London Waterloo and Exeter, has proved to be attractive to a number of large scale logistics and manufacturing operations, including Twinings, Stannah Group and the Co-operative, all of which have significant premises and are major employers in the area. Employment in the logistics sector will be further enhanced with the opening of two new distribution warehouses in 2016, one of which will be occupied by Ocado. The town is also home to three large scale financial sector operators in the Lloyds Banking Group, Be Wiser and Simply Health. Some of these businesses are located on the three largest business parks in the town, namely Andover and Portway Business Parks situated to the west and Walworth Business Park to the east.

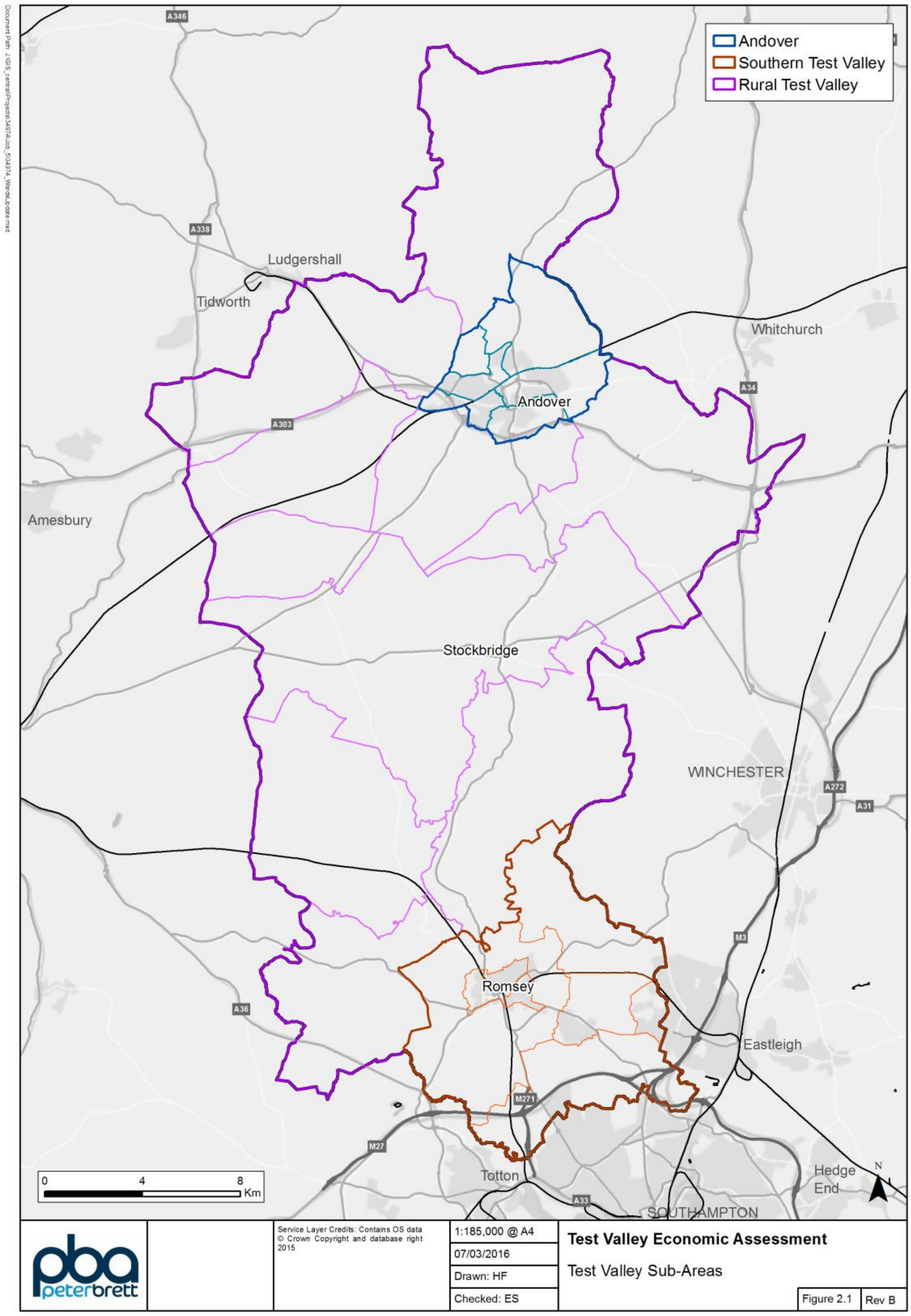
Romsey and Southern Test Valley

2.2.3 Romsey and the south of the Borough benefit from being located in close proximity to Southampton and wider South Hampshire. Like Andover, it also benefits from strong strategic transport links, particularly with Southampton and Portsmouth via the M27 and M3 motorways and railway. The town itself is a relatively small and picturesque market town, which has three small industrial estates that are occupied predominantly by business services, logistics and engineering businesses. The surrounding hinterland is home to a strong knowledge based

[2] ONS Mid Year Estimates 2014

sector, which includes Roke Manor (part of the Chemring Group) and IBM Laboratories. There are also benefits from the University of Southampton Science Park and Adanac Park, home of the Ordnance Survey headquarters which opened in 2011.

Figure 2.1 Test Valley Sub-geographies



Rural

2.2.4 Test Valley is classified as 'rural 50' by DEFRA in its Rural Urban Classification of local authorities. The Borough falls into this category because in combination the rural and rural related population components account for at least 50%, but less than 80%, of its population.

2.2.5 The rural areas of the Borough include the River Test, which is internationally renowned for fishing and is an SSSI. In addition, the North Wessex AONB, New Forest National Park and small towns and villages make it a popular place to live and a destination for day and staying visitors. The area is renowned as a hub for recreational activities and has a reputation for visitor attractions, including Mottisfont, and speciality food and drink production.

2.3 Flows of workers

The Borough has strong linkages with neighbouring areas

2.3.1 The proximity of Test Valley to major urban areas has had a strong influence in shaping the development of the local economy. These relationships are reinforced by strategic transport linkages, most notably:

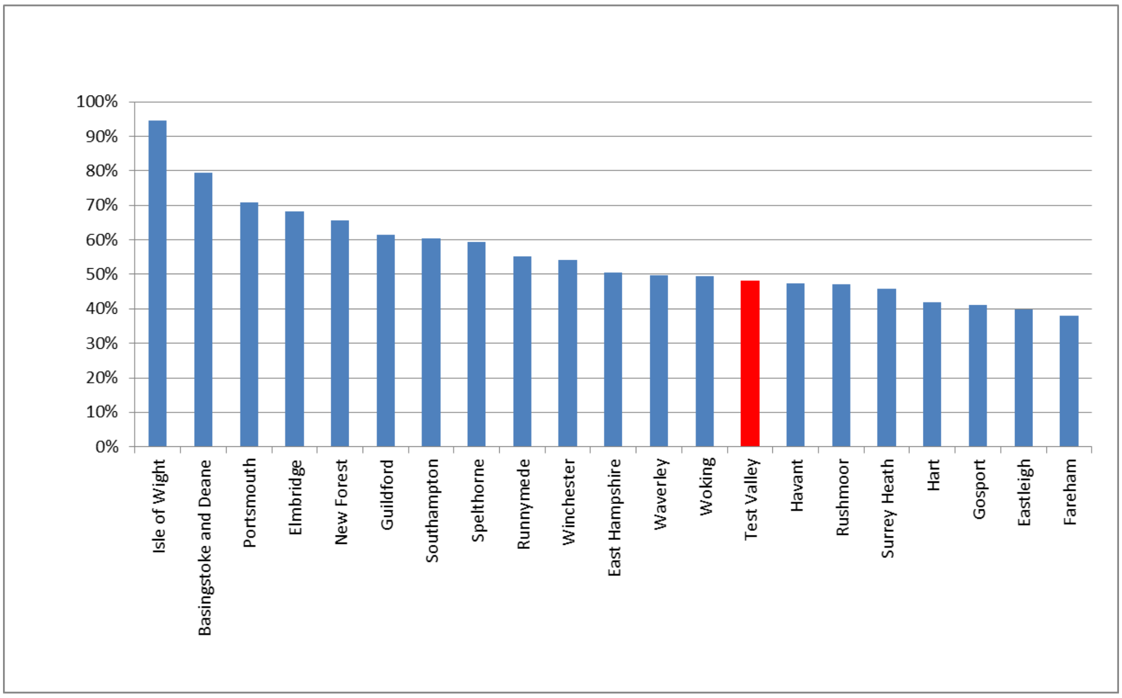
- In the south of the Borough, the M27 provides a corridor across the county, linking the principal cities of Portsmouth and Southampton towards the New Forest, with the M271 providing a link north towards Romsey. The M27 connects to the M3 which links the Borough with Winchester and onwards to London; and

- In the north of the Borough the A303 is a cross country route to the West Country, which intersects with the A34 linking Andover to the Midlands and the North. The A343 links Andover to Newbury and Salisbury, and the A3093 forms part of the Andover Ring Road.

2.3.2 Analysis of Census travel to work flows highlight the strength of the relationship that the Borough has with neighbouring areas. Overall, 23,013 people live and work in Test Valley, representing a self-containment rate of 48%, which compares relatively well to other local authority areas covered by the EM3 and Solent LEPs (see Figure 2.1). A total of 22,956 people travel into Test Valley to work, whilst 24,789 Test Valley residents travel outside the Borough to work. This equates to a net out flow of 1,833.

2.3.3 The main work destinations of Test Valley residents, as shown in Figure 2.2, are Southampton (10.1% of residents), Winchester (8.4%) and Eastleigh (6.8%). In contrast, there are significant inflows of workers from Wiltshire (11.3% of Test Valley workers), Southampton (9.8%) and New Forest (5.2%).

Figure 2.2 Self-containment rates (2011)



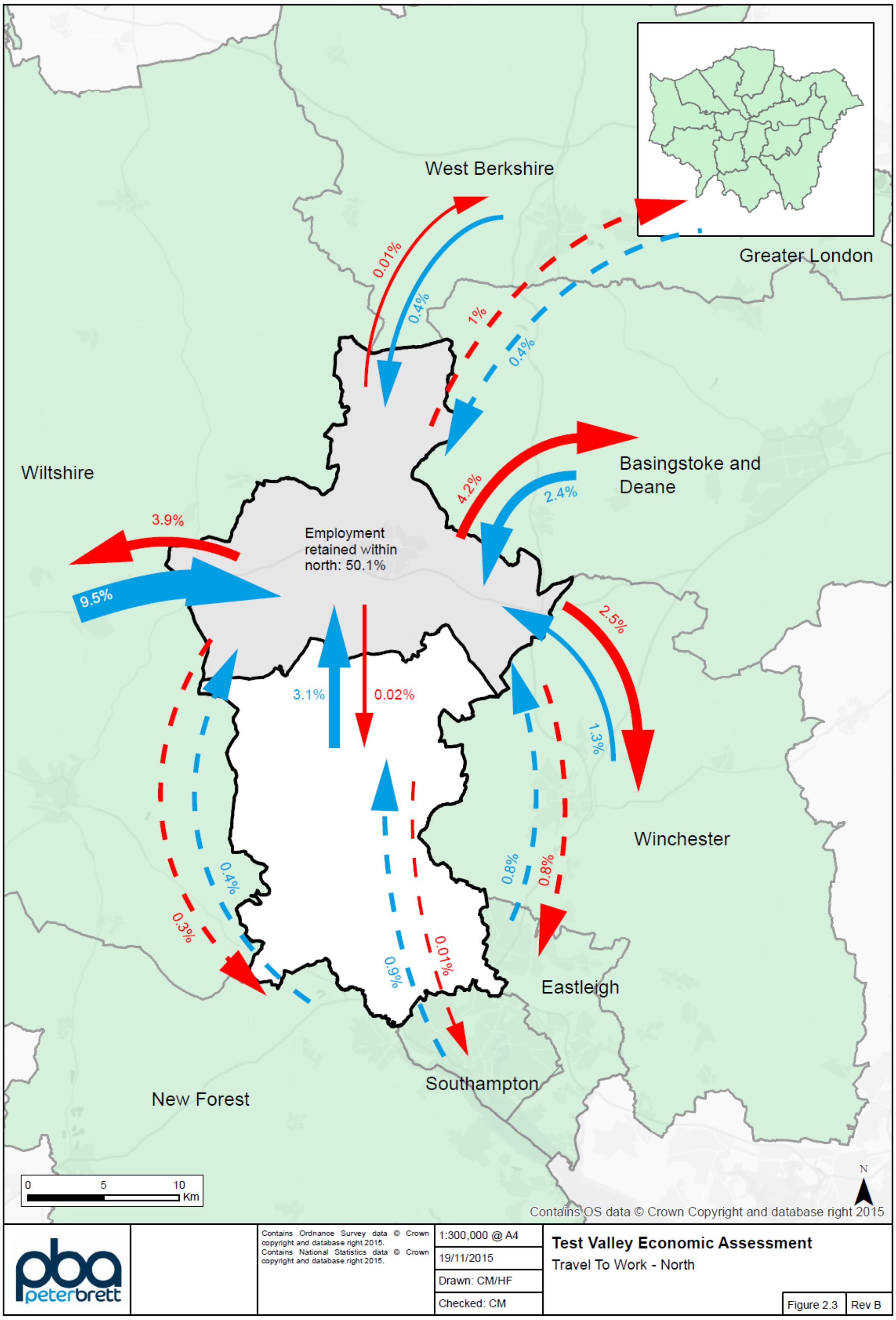
Source: Census 2011

2.3.4 In addition to these, it is important to note the attractiveness of the area as a place to live for London commuters. A total of 1,567 Test Valley residents travel to London on a regular basis. In contrast, only 258 people travel into Test Valley to work from London. It is assumed that a large majority of these movements are made by train.

2.3.5 Analysis of travel to work flows by ward reveals that Andover and the north of the Borough is relatively self-contained (50.1%), with relatively small flows of workers crossing the borders to work (see Figure 2.3). Indeed, relatively few workers travel from the north of the Borough to the south and vice versa. The corollary of Andover's relative self-containment is the need to encourage extra jobs alongside additional housing to allow for the possibility of people working locally rather than having to commute out.

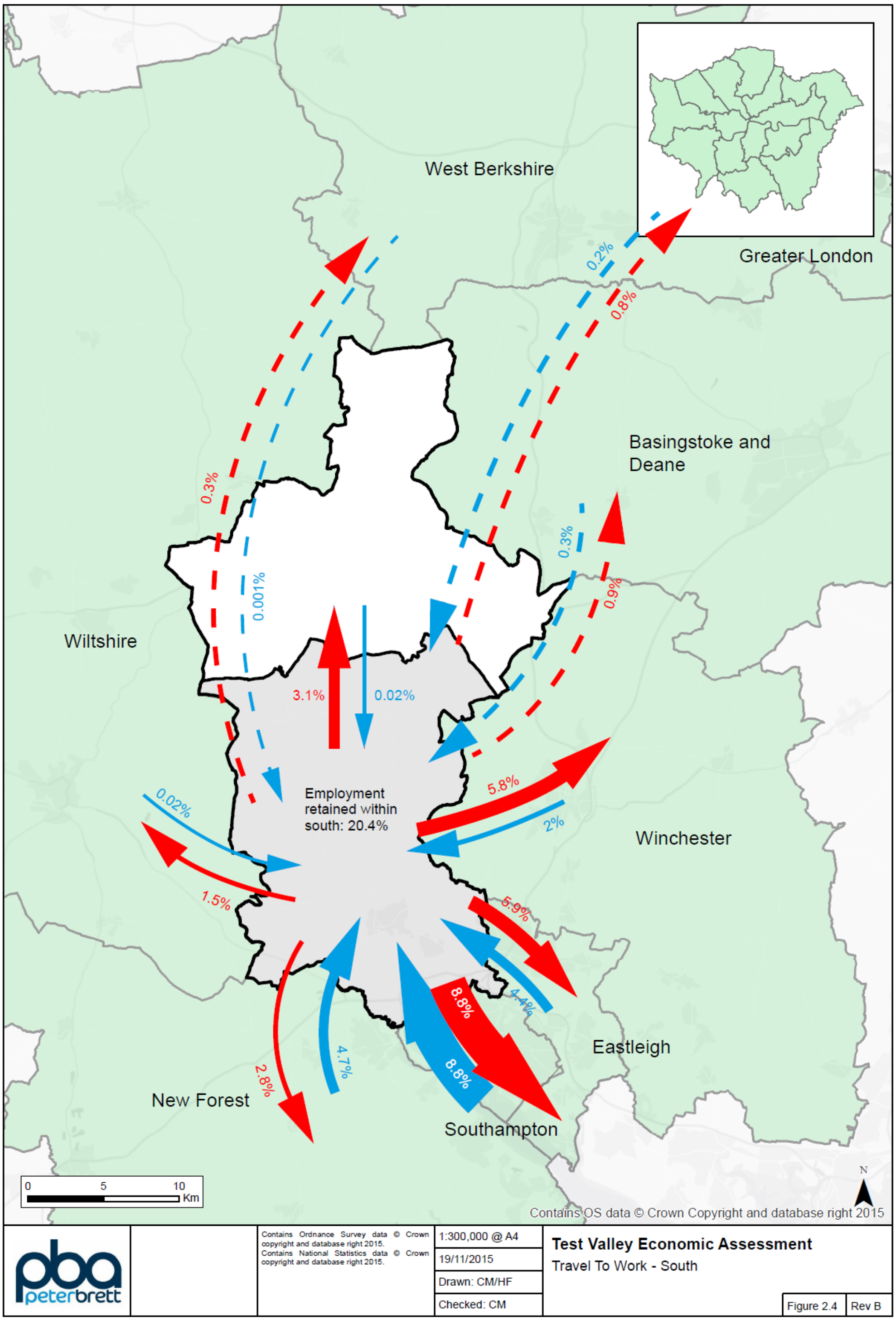
2.3.6 In contrast, large flows of workers travel both into and out of the southern parts of Test Valley, which has a self-containment rate of only 20.4% (see Figure 2.4). Overall Borough flows are illustrated on Figure 1 in Appendix A.

Figure 2.3 Travel to work flows – Andover and the North



Source: Census 2011

Figure 2.4 Travel to work flows – Romsey and Southern Test Valley



Source: Census 2011

2.4 Summary

2.4.1 The economy of Test Valley has been shaped by the location of the Borough in relation to large urban centres and strategic transport corridors. The northern and southern areas of the Borough have become hubs for logistics activities as a result.

2.4.2 The south of the Borough in particular is closely aligned with Southampton, with large numbers of people travelling into and out of the Borough to work. In contrast, levels of self-containment are relatively high around Andover, which attracts an inflow of workers, particularly to Andover, Portway and Walworth Business Parks.

3 Doing business in Test Valley – the workplace economy

3.1 Introduction

3.1.1 The engine of Test Valley's economy is its businesses: they create jobs and add value. Indeed, the concept of promoting a dynamic economy that encourages innovation and helps resources flow to their most productive use is one of the pillars underpinning the Government's Framework for Raising Productivity.

3.1.2 This chapter explores the scale and key features of the Borough's businesses; their performance to date; the Borough's assets and shortcomings as a business location; and levels of entrepreneurship.

3.2 Enterprises and sector representation

3.2.1 There are currently 5,670 enterprises in Test Valley, representing 10% of the Hampshire total[3]. Of these, some 99.4% are private sector enterprises. Between 2010 and 2015 the number of enterprises in the Borough increased by 6.9%, slightly higher than the 6.2% rise recorded across the county as a whole. As would be expected for a rural area, there is a relatively high proportion of enterprises per 1,000 working age adults in Test Valley (77.5%) compared to Hampshire (68.9%), the Solent LEP area (58.1%) and England and Wales (60.8%), although the EM3 LEP area (80.9%) has a higher rate.

3.2.2 Some 88.8% of Test Valley enterprises are 'micro', employing nine or less people. This figure is broadly in line with that recorded across the other benchmark areas (see Table 3.1). At the other end of the scale, the rurality of the Borough is reflected by the fact that the Borough has a smaller proportion (0.1%) of enterprises employing more than 250 people than the benchmark areas.

Table 3.1 Business Size Profile (as a % of the total stock)

	Micro (0 to 9)	Small (10 to 49)	Medium (50 to 249)	Large (250+)
Test Valley	88.8	9.4	1.8	0.1
Hampshire	88.6	9.5	1.5	0.4
EM3 LEP	89.8	8.5	1.4	0.3
Solent LEP	87.9	10.4	1.5	0.3
England & Wales	88.8	9.2	1.6	0.4

Source: ONS UK Business Counts 2015

A diverse economy shaped by location and transport links

3.2.3 Approximately 56,400 people are employed in Test Valley[4]. The sectors with the highest proportions of employees include 'wholesale and retail trade' (19.3% of total employment),

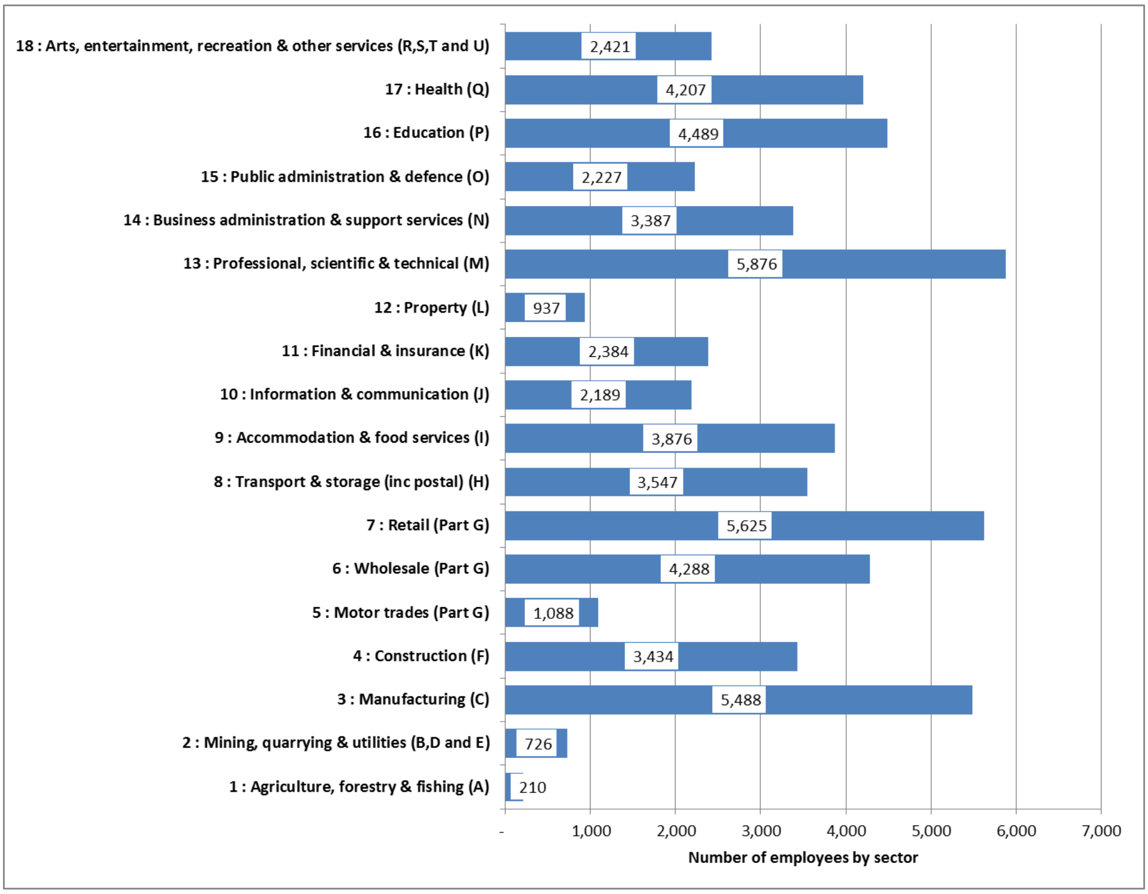
[3] ONS (2015) UK Business Counts – Enterprises. The legal status of units is classified in accordance with National Accounts Sector Classifications in conjunction with information received from Companies House and the administrative sources - Value Added Tax (VAT) and Pay As You Earn (PAYE) schemes - from HM Revenue & Customs

[4] BRES 2014

'professional, scientific and technical' (10.3%), manufacturing (9.9%), education (8.2%) and 'human health and social work activities' (7.5%).

3.2.4 Comparison of the breakdown of employment (as illustrated by Figure 3.1) shows that Test Valley has greater proportions of workers in the 'wholesale and retail trade', 'transportation', 'manufacturing', and 'financial and insurance' sectors than the benchmark areas.

Figure 3.1 Total employment in Test Valley by broad sector (2014)



Source: BRES

Which sectors have a high representation in Test Valley compared with Hampshire and England & Wales averages?

3.2.5 Table 3.2 shows the proportion of the total people employed in Test Valley in a specific sector divided by the proportion of total people employed across Hampshire and nationally within the same specific sector. In doing this, we are able to see where there is a greater representation of employment in an industry compared to the county and national picture. Where the figure is less than 1 it is considered that this sector has a low representation within Test Valley. Conversely, where the figure is greater than 1, this sector is well represented in Test Valley.

3.2.6 Table 3.2 shows that in Test Valley, compared to the national level, there is a higher representation of people employed within the 'construction', 'wholesale', 'transport and storage' and 'professional, scientific & technical industries'. This representation will strengthen further with the opening of the Ocado operation and the occupation of the Anglesea Capital and Goodman speculative warehouse development at Andover. It is also noticeable that Test Valley has an even greater representation in the 'financial & insurance' sector when compared to the county level (1.36) and national level (1.37), which can be attributed to an extent to several larger employers, Lloyds Banking Group, Simply Health and Be-Wiser Insurance.

3.2.7 In contrast, 'business, administration and support services' 'health' and 'education' are three industries which support significant employment across the county and nationally yet have a considerably lower representation within Test Valley.

Table 3.2: Representation of employment compared with national picture, 2014

Sector	Test Valley compared to Hampshire	Test Valley compared to England & Wales
1 : Agriculture, forestry & fishing (A)	1.35	0.25
2 : Mining, quarrying & utilities (B,D and E)	1.2	1.2
3 : Manufacturing (C)	1.19	1.17
4 : Construction (F)	1.04	1.35
5 : Motor trades (Part G)	1	1.05
6 : Wholesale (Part G)	1.51	1.87
7 : Retail (Part G)	0.99	1
8 : Transport & storage (inc postal) (H)	1.53	1.41
9 : Accommodation & food services (I)	0.9	0.98
10 : Information & communication (J)	0.68	0.93
11 : Financial & insurance (K)	1.36	1.17
12 : Property (L)	0.85	0.9
13 : Professional, scientific & technical (M)	1.17	1.25
14 : Business administration & support services (N)	0.71	0.7
15 : Public administration & defence (O)	1.11	0.92
16 : Education (P)	0.87	0.88
17 : Health (Q)	0.72	0.58
18 : Arts, entertainment, recreation & other services (R,S,T and U)	0.93	0.96

Source: BRES

3.2.8 Whilst the previous section is useful in identifying Test Valley's representation in various sectors, a more detailed analysis is required in determining which of these sectors are growing. Figure 3.3 combines the representation in each industry (compared to the national level, rather than the county level), and historical growth in jobs at national level between 2009 and 2014, and job numbers by sub-sector (the size of the bubble is proportional to the size of the sector in terms of jobs).

3.2.9 Similar to the previous section, the figure compares a sector's share of total jobs in an area with the national average, meaning a score of 1 indicates to some degree of specialisation in the local economy. Plotted along the X axis, points on the right of the chart shows a greater representation than those on the left. The Y axis denotes whether in the past 5 years the total number in employment in this industry has increased or decreased. Growing sectors are found in the top half of the chart and declining ones in the bottom half.

3.2.10 Therefore, the chart can be read in quadrants:

- In the North East quadrant are sectors that are strongly represented in the local economy and have been growing nationally. They drive the local economy;
- In the North West quadrant are sectors that have grown nationally but are poorly represented in the Borough. They are sectors where some policy support may prove useful;
- In the South West quadrant are sectors which have been declining and account for few jobs in the Borough. These are sectors of little interest in terms of economic policy as they represent a small and shrinking number of jobs; and
- In the South East quadrant are sectors which have been declining but in which the local economy retains a significant presence.

3.2.11 The analysis shows a mixed view of Test Valley's economy in terms of structure. The positives are, for sectors such as 'wholesale', 'transport & storage' and, most notably, 'professional, scientific & technical' Test Valley has a high representation in sectors that are considered to be growing (in terms of employment growth in the last 5 years). These are industries that are significant employers within Test Valley, and judging by previous trends could grow further.

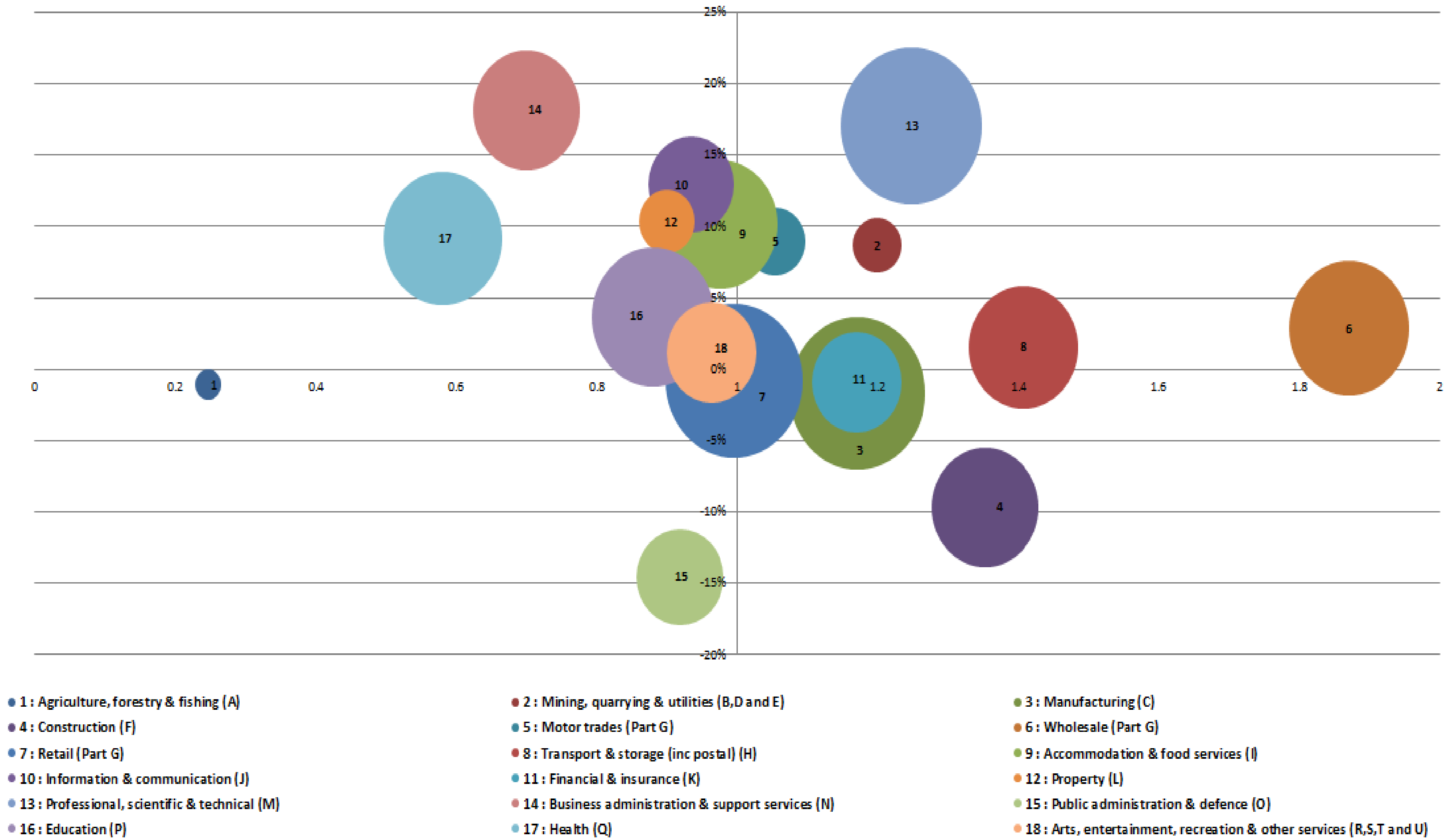
3.2.12 However in the South East quadrant, Test Valley have specialisms in 'manufacturing', and 'construction' where national historic trends show falling employment. This is important as these two sectors are considerable employers within the Borough, accounting for approximately 16% of total employment. As discussed in Chapter 6, however, Test Valley Borough forecasts to 2035 suggest that employment in construction will grow considerably and whilst manufacturing jobs will not grow to such an extent its GVA performance will outstrip other key sectors.

3.2.13 Another negative is that many of the sectors considered as growing are located in the North West quadrant. This is to say, that whilst employment is growing in these sectors, Test Valley is poorly represented, and may not be particularly well positioned to capitalise on their growth potential. Two sectors falling into this quadrant are 'health' and 'education', and in light of the current austerity climate, a lower reliance on public sector jobs in these sectors may also be considered a strength. However, aside from these, there is an argument to suggest that policy support for some of the other sectors in the North West quadrant could be suitable. For instance, in the sector 'business administration & support services', total employment has risen by 18% in the last 5 years, however, Test Valley has a fairly low representation in this area.

Under representation of jobs in the knowledge based economy

3.2.14 Employment in the knowledge based economy (KBE), whilst covering a range of employment sectors, is often categorised as comprising greater value, higher skilled activities. Employment in this area of the economy is considered synonymous with greater productivity, higher gross value added per worker and economic growth. Figure 3.3 shows that Test Valley employment within this sector remained considerably lower than county, LEP and national levels in 2009 and 2014.

Figure 3.2 Location Quotient chart



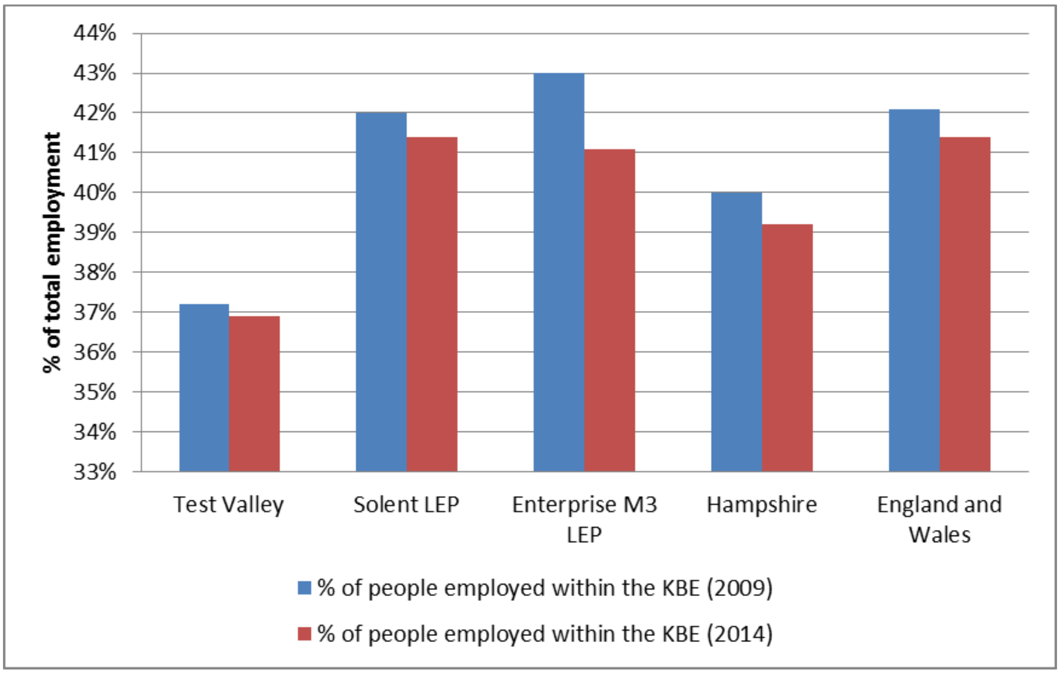
3.2.15 It is also interesting to note that KBE employment in all areas reduced during the recession, with financial and business service sectors being particularly badly affected. It could be argued that the relatively poor levels of KBE representation in Test Valley helps to protect it against market fluctuations, as suggested by the smaller percentage drop in overall KBE employment in the Borough than the benchmark areas between 2009 and 2014. However, despite this resilience, it lags behind in terms of productivity growth at other times. University spin off activities, knowledge transfer and LEP funded business acceleration initiatives are key to redressing this.

3.2.16 It is important to note that some sectors that are key to sustaining the Test Valley economy, like logistics, fall outside the KBE SIC code definition (as listed in Appendix B). It could, however, be argued that logistics in particular should now be included in the KBE definition as the operations of the sector are more complex than the seemingly simple movement and storage of goods. It forms part of complex supply chains, many of which are strategic and vital to the successful operation of a company.

3.2.17 There is a common misconception that the Logistics industry only provides poorly skilled, low wage employment with few opportunities to develop a successful career path. Although operatives and elementary positions account for 47% compared with 19% across the whole economy, it is predicted that recruitment for managerial positions in the period to 2020 will exceed recruitment in other occupational groups[5].

3.2.18 This prediction is backed up by a Working Futures Sectoral Report[6] that states that although the occupational structure in logistics favours those qualified at intermediate and low level this is expected to fall by 2020 whilst those with higher qualifications is likely to rise from 15% to 25% by 2020. It is therefore important that Test Valley, as a strategically attractive location, continues to support the growth of this sector.

Figure 3.3 Proportion of people employed within the Knowledge based economy (2014)



Source: BRES 2014

[5] MDS Transmodal (2014) Leicester and Leicestershire Strategic Distribution Sector Study Part A: Interim Report
[6] UK CES (2012) Working Futures 2010-2020 Sectoral Report

A day and short stay destination

3.2.19 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 3,580,000 tourism day trips[7]. In combination, these visitors are estimated to have contributed £169.4 million of direct expenditure, which rises to £209 million worth of income for local businesses when indirect and induced effects (multiplier spend) are factored in.

3.2.20 This tourism-related expenditure is estimated to have supported 4,854 jobs, or the equivalent of 3,452 full time equivalent jobs, in Test Valley. These jobs make up approximately 7.6% of total Borough employment. The jobs are spread across a wide range of service sectors. Visitor spend is particularly important with regard to supporting jobs and businesses in retail and catering, which are estimated to receive 73% of direct visitor expenditure.

Employment in Rural Test Valley is growing fast

3.2.21 In 2014 42.2% of Test Valley employment was in Andover, with the remainder spread across the Southern (36.7%) and Rural (21.1%) sub-areas. It should, however, be noted that Andover Business Park lies within Penton Bellinger ward, which is classified as 'rural'.

3.2.22 The top three sectors in terms of employment numbers across the sub-areas are set out in Table 3.3. Figure 3.4 goes on to identify the percentage of total employment by sector that is located within each of the sub-areas.

Table 3.3 Top three sectors in terms of employment numbers (2014)

Andover	Southern	Rural
Retail (2,900)	Professional, scientific & technical (3,600)	Manufacturing (1,300)
Manufacturing (2,900)	Retail (2,000)	Accommodation & food services (1,200)
Financial & insurance (2,100)	Transport & storage (1,700)	Education (1,200)

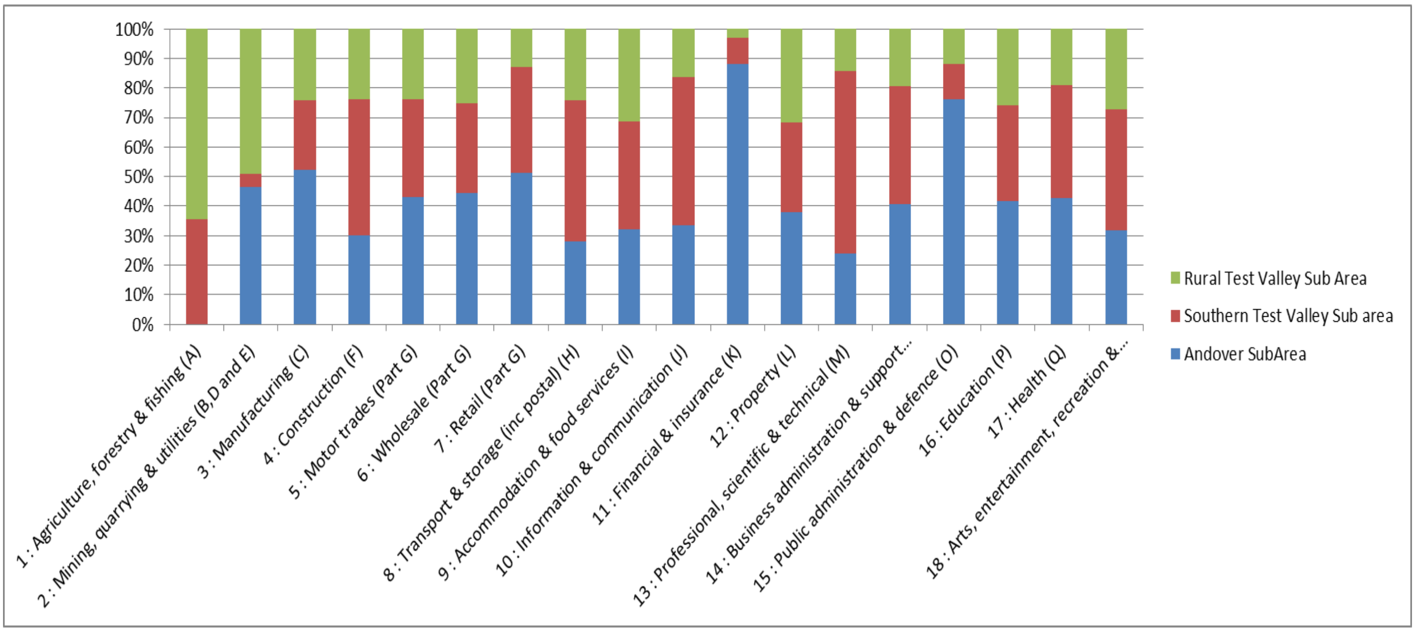
Source: BRES

3.2.23 Table 3.4 identifies the main sectors by sub-area that have either experienced growth or a reduction in employment between 2009 and 2014. It should be noted that some of these increases or decreases in employment can be clearly linked to the impact of the opening or closure of one business operation in a sub-area e.g. a large proportion of 'professional, scientific and technical' jobs created in Southern Test Valley between 2009 and 2014 were at the new Ordnance Survey headquarters and the University of Southampton Science Park.

3.2.24 Whilst employment in Rural Test Valley only makes up 21.1% of total employment, it has been growing at a fast rate. Between 2009 and 2014, for example, total employment in Rural Test Valley grew by 21.2%, whilst the Southern and Andover sub-areas grew by 16.5% and 7.4% respectively. This growth has, however, since been tempered by recent job losses at Wallop Defence Systems.

[7] Tourism South East (2014) The Economic Impact of Tourism – Test Valley

Figure 3.4 Sector employment by Test Valley sub-area (2014)



Source: BRES

Table 3.4 Top two growing and declining sectors by sub-area 2009-2014

	Employment growth	Employment decline
Andover	Public admin & defence (+500)	Manufacturing (-600)
	Mining, quarrying & utilities (+300)	Motor trades (-300)
Southern	Professional, scientific & technical (+2,100)	Construction (-300)
	Transport & storage (+500)	Retail (-200)
Rural	Wholesale (+700)	Construction (-300)
	Transport & storage (+500)	Manufacturing (-200)

Source: BRES

3.3 Economic performance

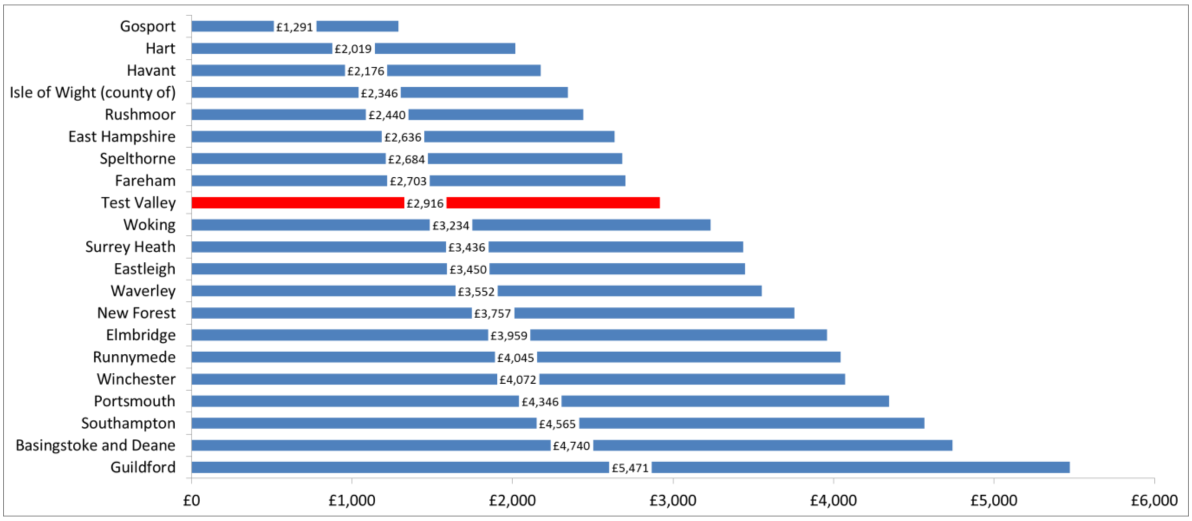
Test Valley is showing positive levels of output growth

3.3.1 In 2014 the Test Valley economy generated approximately £2,916m of GVA. Figure 3.5 shows how this GVA output measures against that of the neighbouring local authority areas that fall within the EM3 and Solent LEP boundaries. It shows that Test Valley is out-performing some of the other local authority areas that do not have significant urban centres in them.

3.3.2 Figure 3.6 shows that GVA per capita was £24,940 in 2015. This is marginally above the GVA per capita average recorded across England and Wales of £23,919.

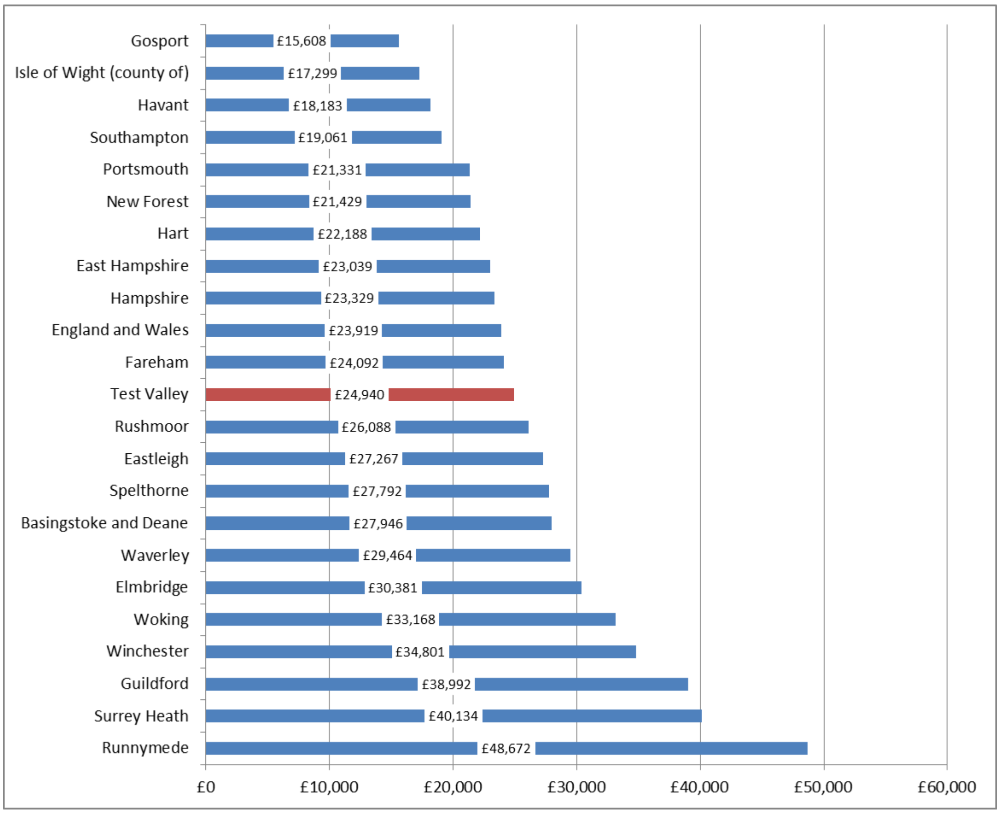
3.3.3 Figure 3.7 shows that in comparative terms Test Valley has historically grown on a par with Hampshire and the UK with regard to GVA output per capita and per worker. In the last year, however, the Test Valley economy has actually outstripped the county and national averages for GVA per capita and per worker.

Figure 3.5 Total GVA output by local authorities in EM3 and Solent LEPs (2015) (£m)



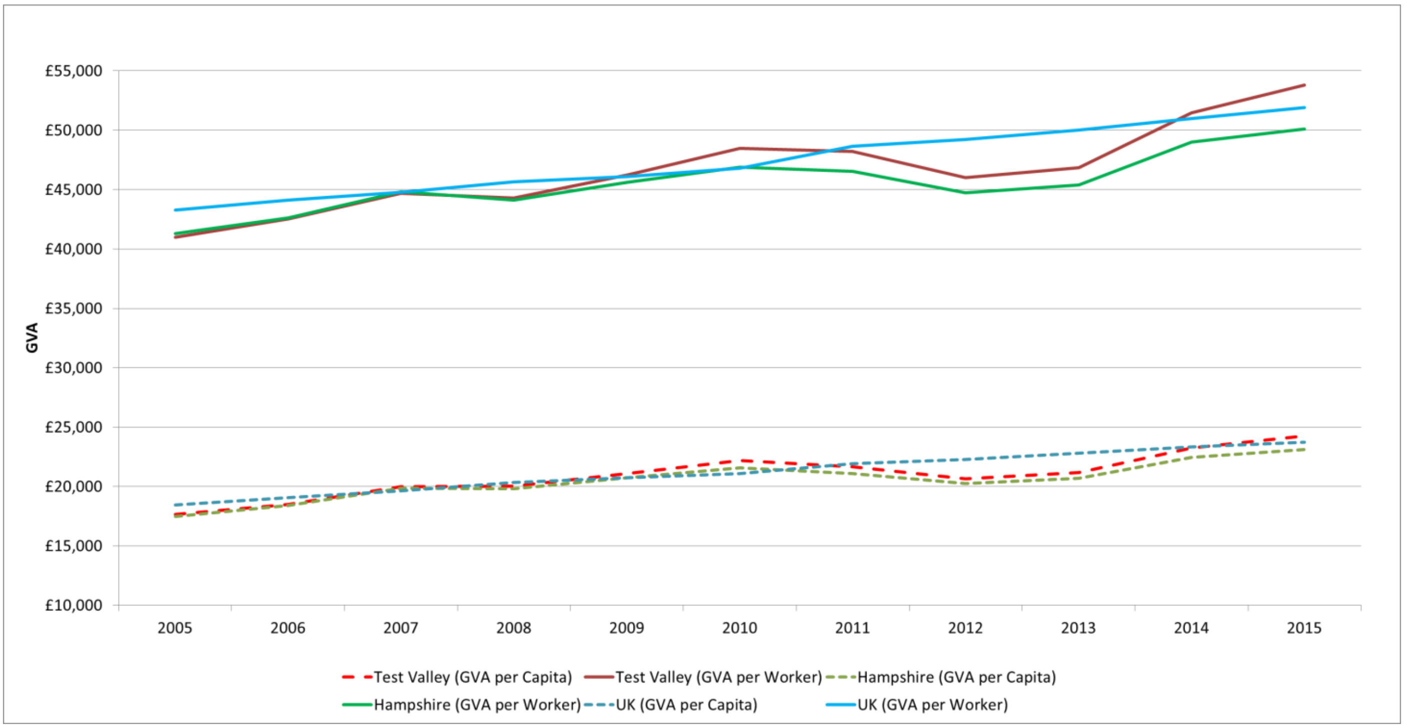
Source: Experian

Figure 3.6 GVA per capita 2015



Source: Experian

Figure 3.7 GVA per capita and per worker growth 2005-2015



Source: Experian

3.4 Entrepreneurship and innovation

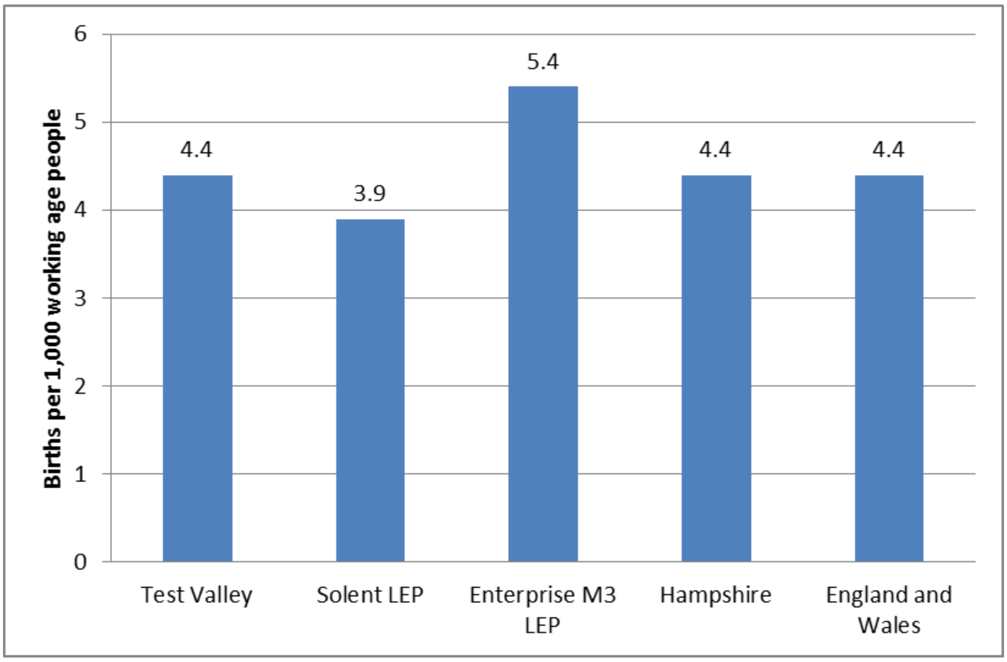
Strong rates of business start-up and survival

3.4.1 Growth in total businesses, the rate in which new businesses are set up and the survival rate of those businesses can be good indicators of the health of a local economy. In the past five years, growth in total businesses in Test Valley has been around 15%, which is marginally higher than the average for the county (13%) but lower than the total growth in businesses in England and Wales (19%).

3.4.2 According to the latest figures supplied by the ONS the number of new businesses registered in Test Valley in 2013 (which is their most recent year's data) stood at 510. This equates to 4.4 businesses per 1,000 of the working age population, which is identical to the national and county trend.

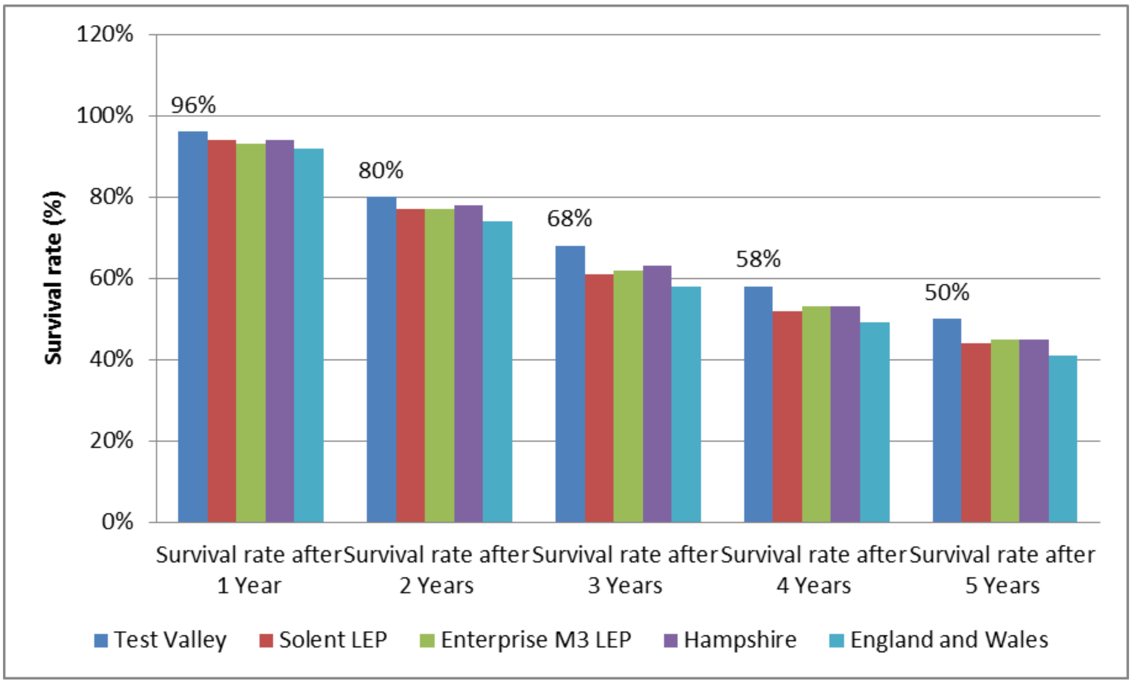
3.4.3 Considering how successful these new business have been is also an important indicator. Figure 3.9 compiles the same ONS data to outline the average survival rates of new businesses in the five year period between 2008 and 2013. This analysis shows that survival rates in Test Valley compare very well against both the EM3 and Solent LEP areas, the county and the national average for each of the five years after the business was set up.

Figure 3.8 Business start-ups (per 1,000 of working age population) 2013



Source: ONS Business Demography Statistics

Figure 3.9 Survival rates of new businesses 2013



Source: ONS Business Demography Statistics

Innovation

3.4.4 Innovation, whilst considered a key component of a healthy economy, is also considered difficult to measure through socio-economic indicators. However, the proportion of patents registered with the Intellectual Property Office in a location, is often seen as a good proxy.

3.4.5 Table 3.6 highlights that significantly more patents were registered in Test Valley in 2014 than across the county and nationally when measured as a proportion of the resident population. Although it is not possible to identify who is registering the patents, there is a strong likelihood that the results can be correlated to an extent with the high levels of business start-up in the Borough and KBE activities associated with the University of Southampton Science Park and Roke Manor, part of the Chemring Group.

Table 3.6 Patents registered per 1,000 of population (2014)

	Patents registered per 1,000 of population
Test Valley	6.38
Hampshire	2.90
England & Wales	1.57

Source: Intellectual Property Office / ONS Mid Year Population Estimates

3.5 How are businesses performing and what constrains growth?

3.5.1 A survey of 100 businesses was undertaken to inform this LEA (see Appendix C for summary results). The sample was designed to reflect the representation of business sizes and sectors in the Borough.

3.5.2 The large majority of businesses that took part had been in operation for more than five years and were indigenous to the area. Their owners appear to be happy with Test Valley as a location. Indeed, when asked how likely they are to relocate outside the local market (10 mile radius) over the next two to three years some 60% stated that they definitely wouldn't and a further 34% considered that it was either unlikely or very unlikely.

3.5.3 Over the last 12 months 25% of businesses reported that they had taken on additional staff, whilst 14% had shrunk in size. Looking forward, businesses seem to be positive about their prospects for growth, with 39% stating that they were more confident now than they were last year. In contrast only 8% reported that they felt less confident than they did last year.

3.5.4 A surprisingly high proportion (45%) of respondents stated that 'there are no key factors restricting the growth of my business'. Other commonly cited constraints included a lack of suitable staff (7%), size of premises (5%), lack of consumer demand (5%) and high costs/overheads (5%).

3.5.5 When asked which factors would be valuable in improving business stability and/or growth the most popular answers given were:

- Suitable commercial premises;
- Improved availability of highly skilled labour;

- Improved availability of other skills your business needs;
- Support in dealing with Planning Regulations and related matters;
- Free advice with tax and national insurance law and payments; and
- Support to help you in recruiting staff with the right skills.

3.6 Issues

3.6.1 Test Valley plays an important role in the sub-regional economy. Its geographical position in relation to urban areas and strategic transport networks makes it ideally located to specialise in logistics in particular.

3.6.2 Although Test Valley has a diverse business base, it lags behind other areas with regard to the proportion of its workers employed in the knowledge based economy. Whilst it is clear that the area will continue to have particular strengths in manufacturing and logistics, there is scope to progress towards a more knowledge based economy, which in turn would provide employment opportunities for higher skilled residents and higher than average earnings.

3.6.3 Shifting the economy to one that is more knowledge based is not going to happen overnight. Although some large office based operations have been attracted to the area, including the Ordnance Survey, the majority of growth going forward will be indigenous. The key to future change is encouraging and supporting skilled residents, who commute elsewhere to work, to set up businesses in the area. TVBC, the LEPs and the Universities have a role to play in helping to nurture and support an entrepreneurial culture in the area. In addition, infrastructure improvements, most notably the roll-out of superfast broadband, are linked with enhancing the reputation of the area as an attractive place to do business.

4 People and communities

4.1 Introduction

4.1.1 Labour or human capital is critical to economic competitiveness in terms of quantity (providing enough workers to enable businesses to grow) and quality (providing workers with the right skills).

4.1.2 Businesses would not locate or continue to operate in Test Valley Borough if they could not access the appropriate workforce. It is also the main channel through which businesses generate benefits for the local and sub-regional economy: by creating jobs which in turn create outputs and spend in the local economy.

4.1.3 Therefore, in this chapter we look at the people who work in the Borough, including:

- How many there are;
- Their productivity and earnings;
- Their employment status;
- Their skills and whether they meet employers' needs; and
- Their health and living conditions.

4.2 Demographics

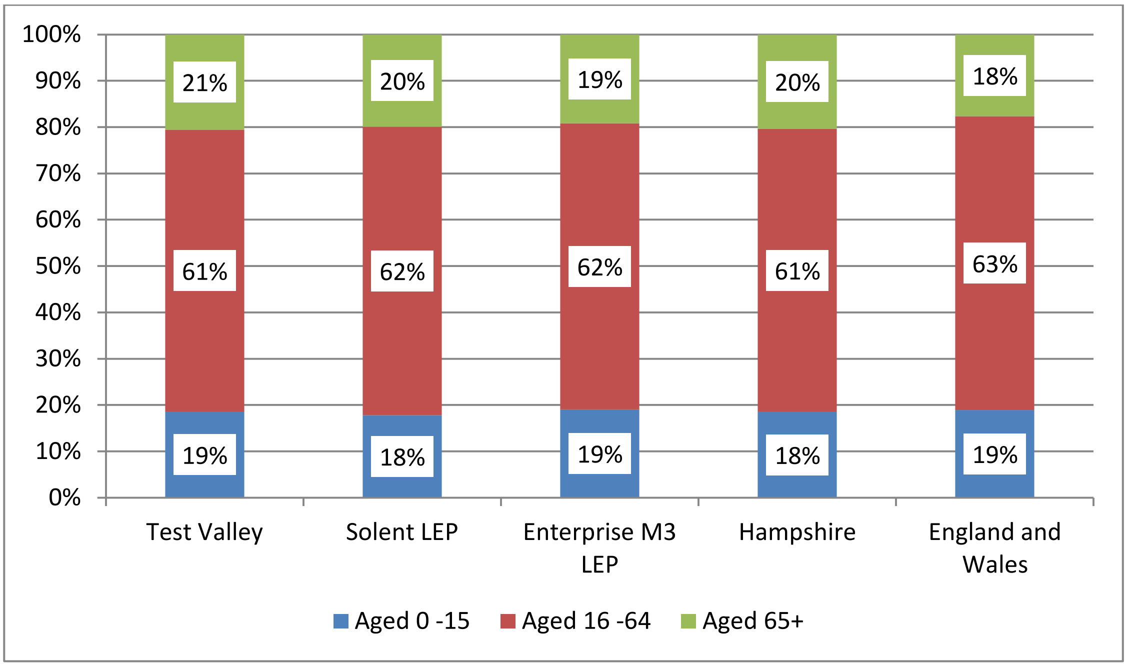
Working age population is stabilising

4.2.1 Approximately 61% of the population are of working age (see Figure 4.1). This is in line with Hampshire, but less than England and Wales (63%).

4.2.2 Between 2004 and 2014 the total resident population of Test Valley rose by 6.5%, less than the rates recorded across Hampshire (+7.2%) and England and Wales (+8.0%). However, population growth has not been evenly spread across all age groups. For example, between 2004 and 2014 the Test Valley working age population only grew by 0.7%, less than the rates recorded across Hampshire (+2.4%) and nationally (+5.8%). At the other end of the scale the resident population of retirement age has risen at a faster rate in Test Valley (+40.8%) than across Hampshire (+30.5%) and England and Wales (+19.6%).

4.2.3 The ageing of the population has implications for the local economy going forward. An ageing population could lead to a shortage of workers and firms may have to respond by encouraging more people to enter the workforce, through offering flexible working practices. At the same time, an increase in the numbers of retired people will create a bigger market for goods and services linked to older people.

Figure 4.1 Population broken down by age groups (2014)



Source: ONS Mid Year Population Estimates

4.3 Employment

Recent inward investment has offset the job losses of recession years

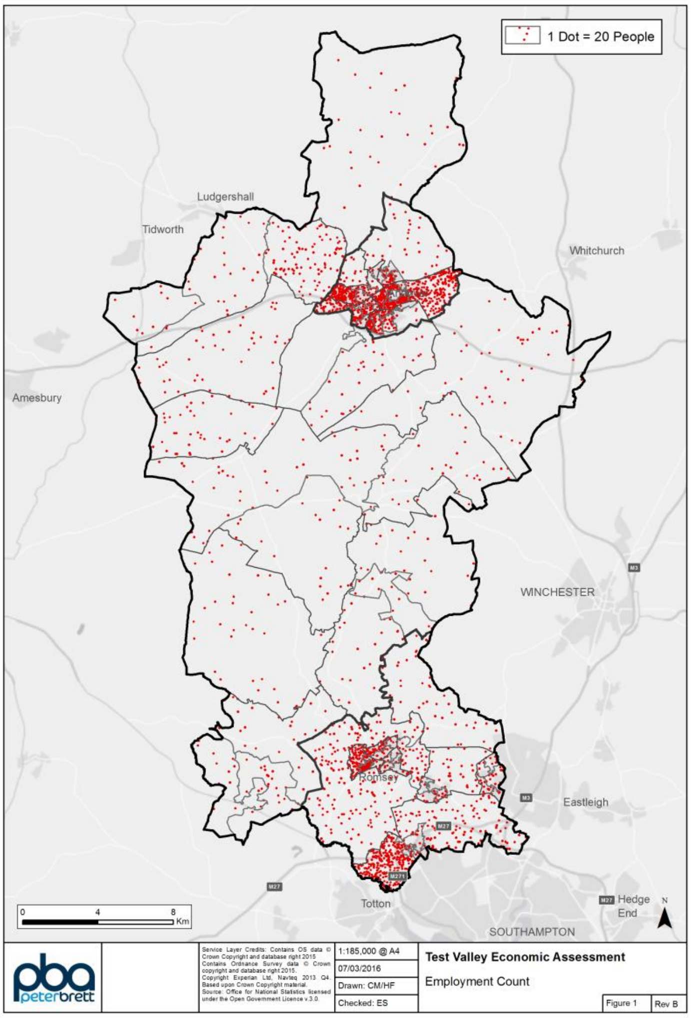
4.3.1 There are approximately 56,400 people employed[8] in Test Valley, representing 9.5% of the Hampshire total. Figure 4.2 illustrates the spread of these jobs by LSOA, with the main concentrations identified in and around the main towns of Andover and Romsey and on the fringes of Southampton.

4.3.2 Between 2009 and 2014 total employment in Test Valley rose by 13.4%, a considerably higher rate than that recorded across Hampshire (+3.3%) and England and Wales (+4.4%).

4.3.3 Figure 4.3 highlights that employment levels in Test Valley have fluctuated significantly over the last decade. The area suffered at the peak of the recession, perhaps more so that nationally. However, the Borough experienced an upturn in employment in 2011, which correlates with the opening of the Ordnance Survey headquarters and the Co-op distribution centre. Employment trends have since aligned more closely with those of the county and England and Wales.

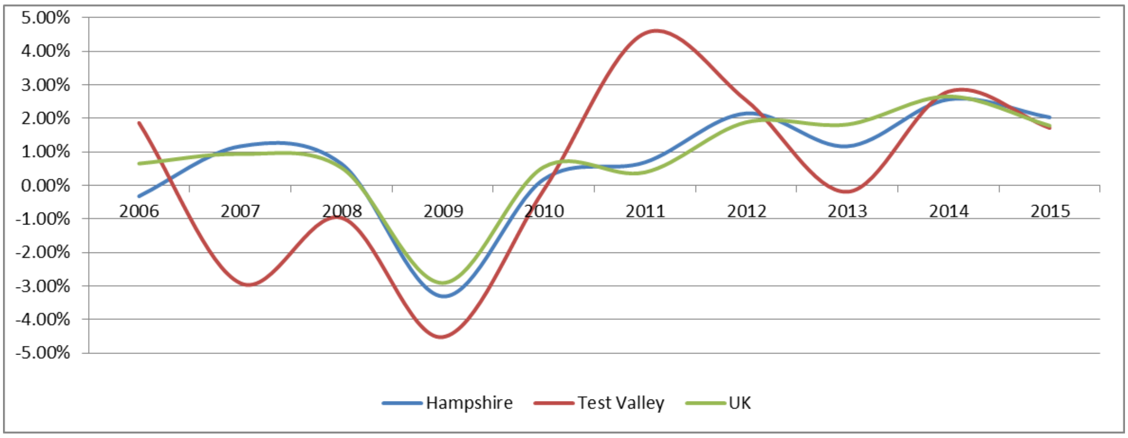
[8] Employment includes employees plus the number of working owners. BRES therefore includes self-employed workers as long as they are not registered for VAT or Pay-As-You –Earn (PAYE) schemes. Self-employed people not registered for these, along with HM Forces and Government supported trainees are excluded. Working owners are typically sole traders, sole proprieters or partners who receive drawings or a share of the profits.

Figure 4.2 Spread of employment in Test Valley (2014)



Source: BRES

Figure 4.3 Employment change 2006 to 2015

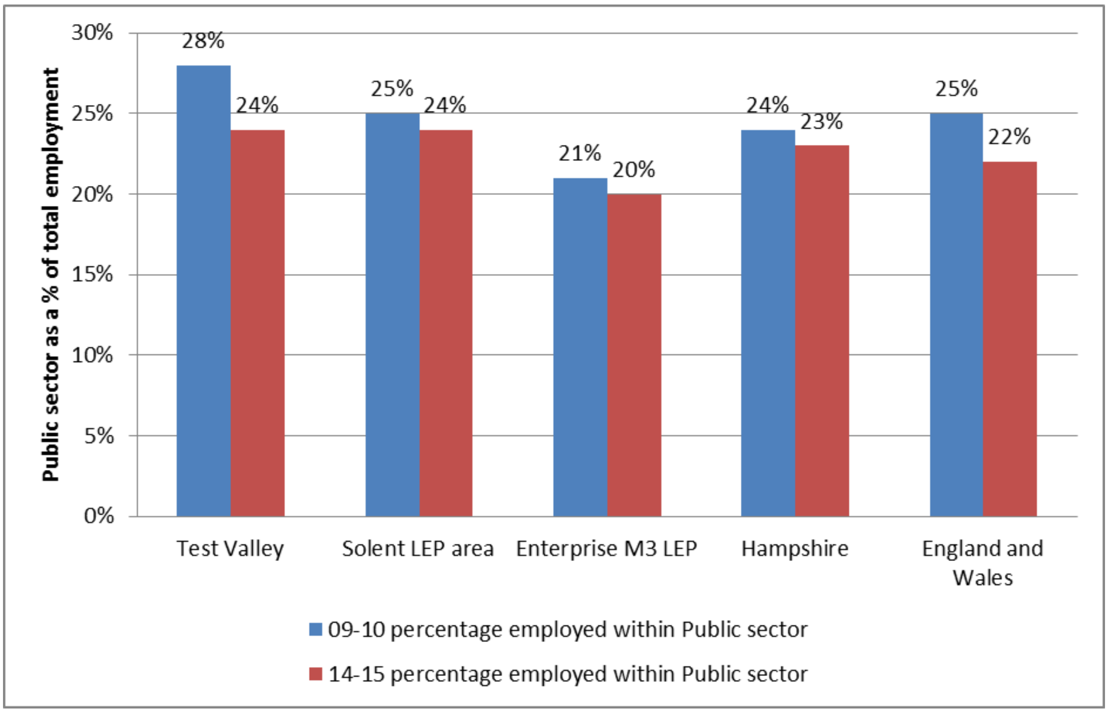


Source: Experian

Public sector employment is falling

4.3.4 In 2009/10 approximately 28% of Test Valley employment was in the public sector. This was a higher proportion to the other benchmark areas, which ranged between 21% (Enterprise M3) and 25% (England and Wales). The austerity cuts have impacted on public sector jobs across all areas, not least in Test Valley which has experienced a reduction to 24% of total employment. Planned further cuts are likely to result in further public sector job losses in the coming years. This will impact particularly on the most vulnerable groups who are reliant on public sector services, as well as those jobs in the wider economy that are supported by organisation and staff spending.

Figure 4.4 Public sector employment (as a % of total) (2015)

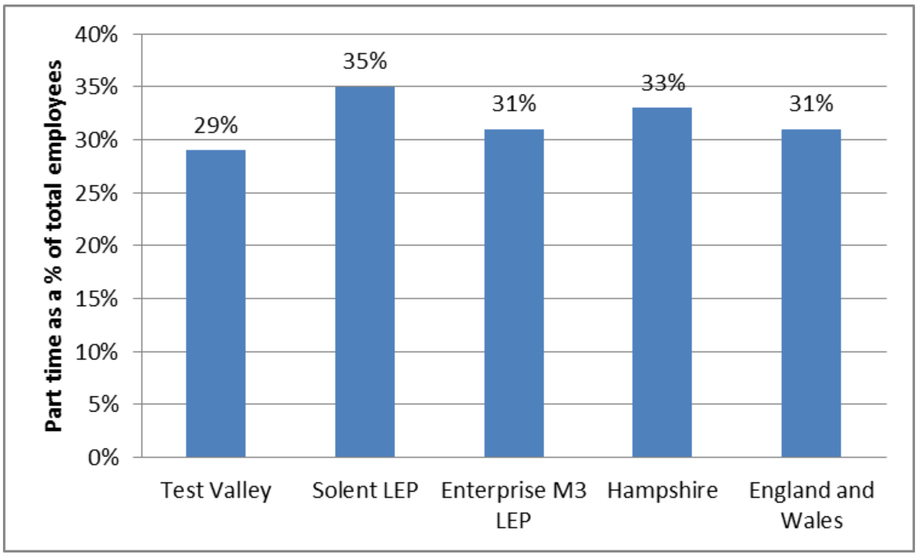


Source: Annual Population Survey

High proportion of new employment is part time

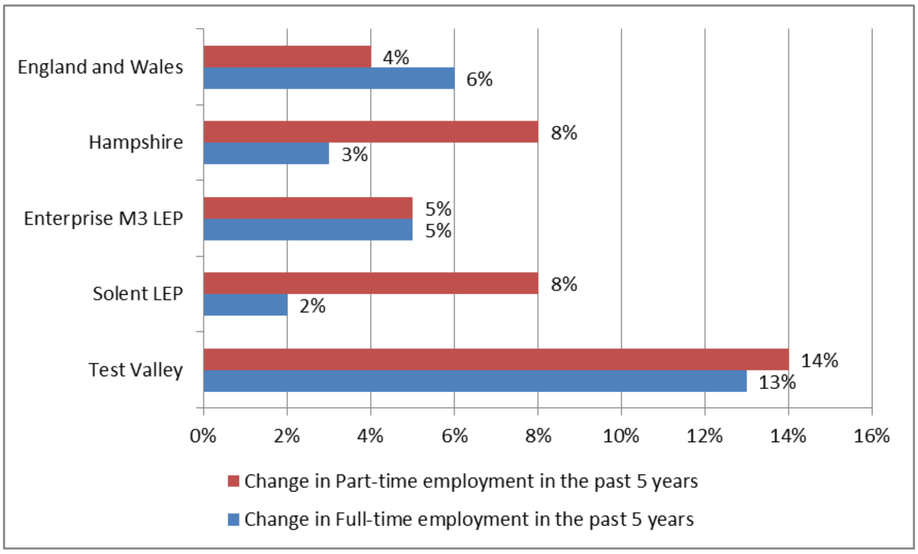
4.3.5 Approximately 29% of those in employment in Test Valley work on a part time basis, less than the levels recorded across the LEP, county and national benchmark areas (see Figure 4.5). Over the last five years Test Valley has bucked the national trend with higher levels of people entering full time work than part time (see Figure 4.6). Nevertheless, a rise in part time employment in Test Valley of 13% still represents a significant increase. This may indicate that many people have been taking up elementary and customer service occupations as they are more likely to be offered on a temporary or part time basis than managerial, skilled and professional jobs.

Figure 4.5 Part time employment as a percentage of total employees (2014)



Source: BRES

Figure 4.6 Change in full and part time employment over last 5 years (2014)

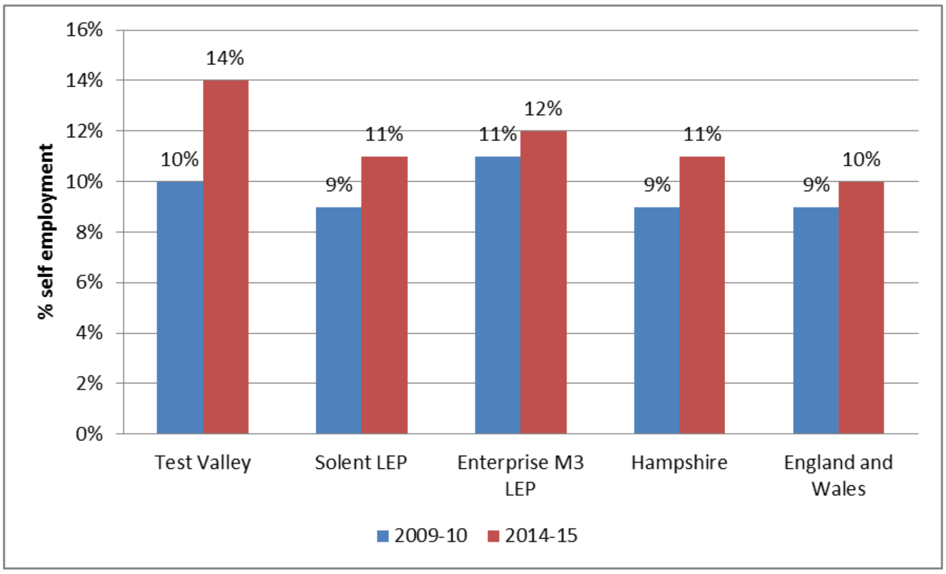


Source: BRES

Self-employment rates have grown

4.3.6 Self-employment rates in Test Valley grew significantly between 2009 and 2015 from 10% of the total workforce to 14%. The self-employment rate in the Borough is now higher than the benchmark areas. The increasing rates of self-employment over the last five years across all study areas can be attributed to the impact of the recession, with greater numbers of people being forced to start-up businesses due to rising unemployment levels and a shortage of job opportunities.

Figure 4.7 Self-employment (2015)

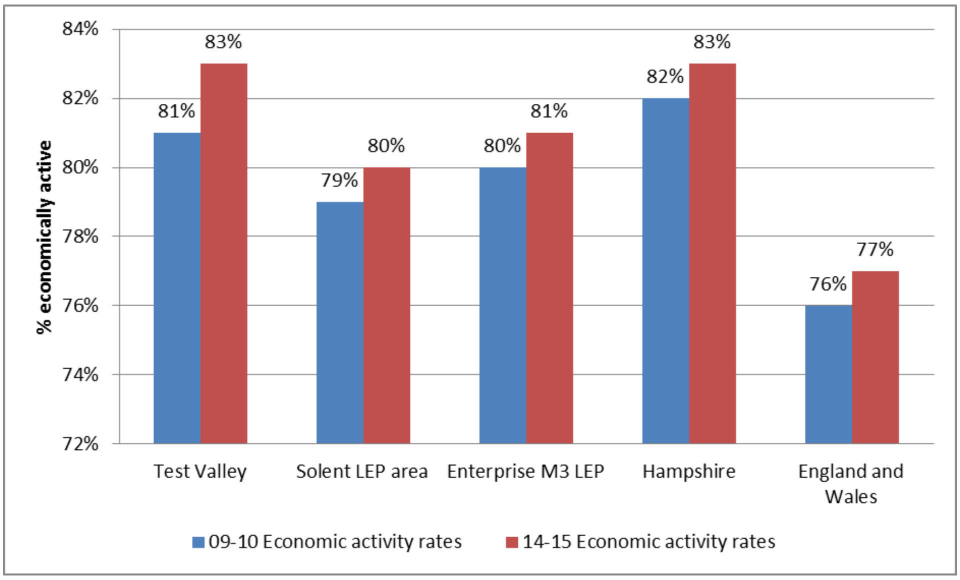


Source: Annual Population Survey

Economic activity rate is healthy

4.3.7 Economically active working age residents are those that are either in employment or self-employed or not in employment but actively looking for work. The proportion of working age residents that are economically active in Test Valley is high at 83%. This is on a par with the rate recorded across Hampshire but greater than the other benchmark areas, including England and Wales (77%). Rising economic activity rates across all areas since 2009 can be perceived to be a healthy sign of economic growth, although it can mask rising levels of unemployment as welfare benefit reforms take a hold, and does not necessarily indicate that the quality of work being obtained is full time and matches the skills of the resident population.

Figure 4.8 Economic activity (2015)

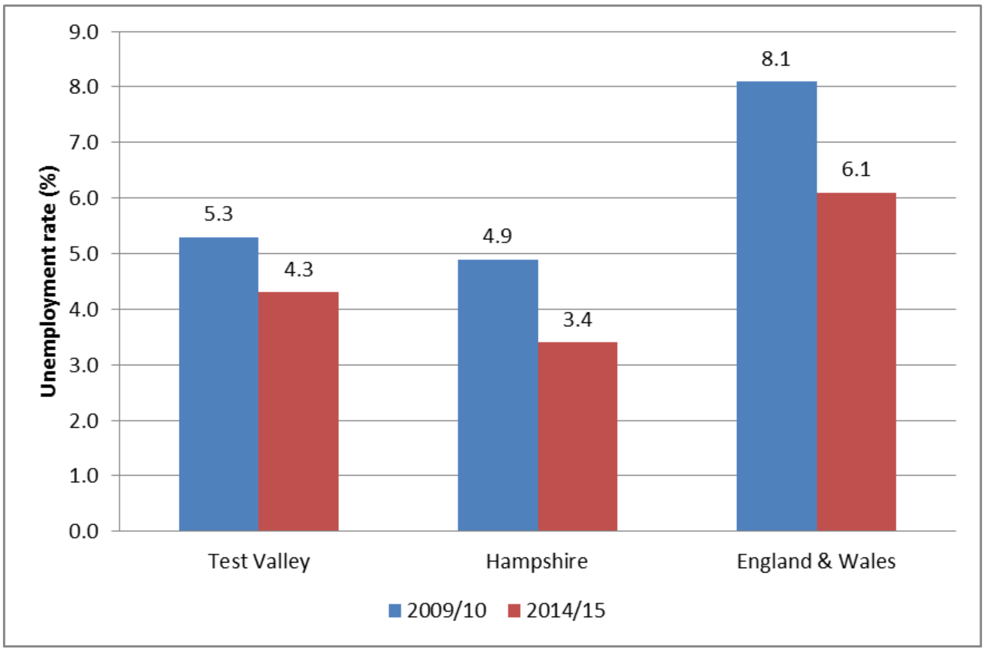


Source: Annual Population Survey

Unemployment is falling

4.3.8 The ILO unemployment rate in Test Valley stood at approximately 4.3% in 2014/15, marginally higher than Hampshire (3.4%) but significantly less than that recorded across England and Wales (6.1%). Between 2009/10, when the recession was at its peak, the unemployment rate in Test Valley has fallen from 5.3%,

Figure 4.9 ILO unemployment rate (2015)



Source: Annual Population Survey

4.4 Qualifications and training

Higher level skills attainment is improving

4.4.1 In general terms, educational attainment rates are improving at NVQ levels 4 and above. Figure 4.10 highlights that the proportion of residents with a degree or above increased from 29% in 2004 to 44% in 2014. At the other end of the scale, over the same period the proportion of residents with no qualifications fell from 12% to 4%.

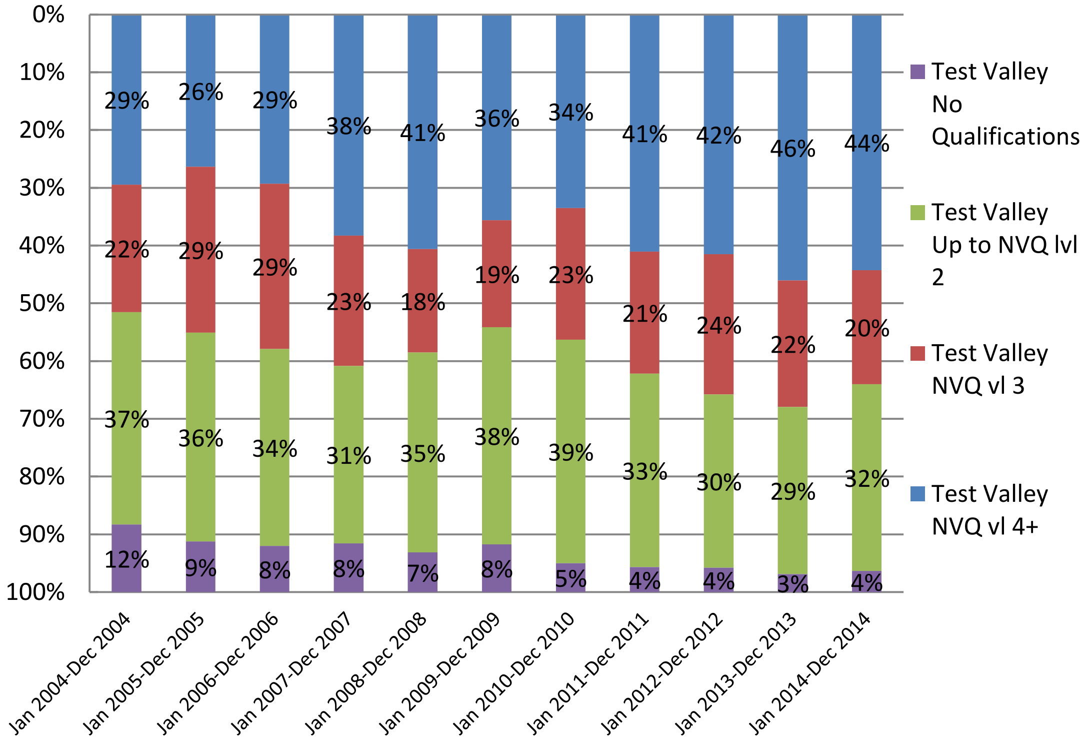
Pockets of lower or no qualification attainment remain

4.4.2 Figure 4.11 highlights that more than 34% of the resident population of the northern parts of Andover have either achieved only NVQ level 1 qualifications or have no qualifications at all. The extent of this problem is highlighted by the Index of Multiple Deprivation which identifies the affected Lower Super Output Areas within the 10% of most deprived locations in England for education, training and skills.

4.4.3 Achieving five or more GCSEs at grade A* to C is essential for young people as it unlocks future opportunities for employment, apprenticeships, higher education and further training. Reversing the cycle of poor educational attainment is a significant challenge for schools, college and training providers.

4.4.4 The University of Winchester is part of a HEFCE sponsored study looking at lower than expected HE participation rates in five wards in Hampshire and Dorset including Alamein ward. The University has a long standing track record of working with Andover schools to encourage HE awareness and participation. They have been working with primary and secondary schools in the area to highlight to pupils the opportunities presented by progression. Furthermore, the provision of improved provision through Andover College and the new Skills Centre will make higher education more accessible for many.

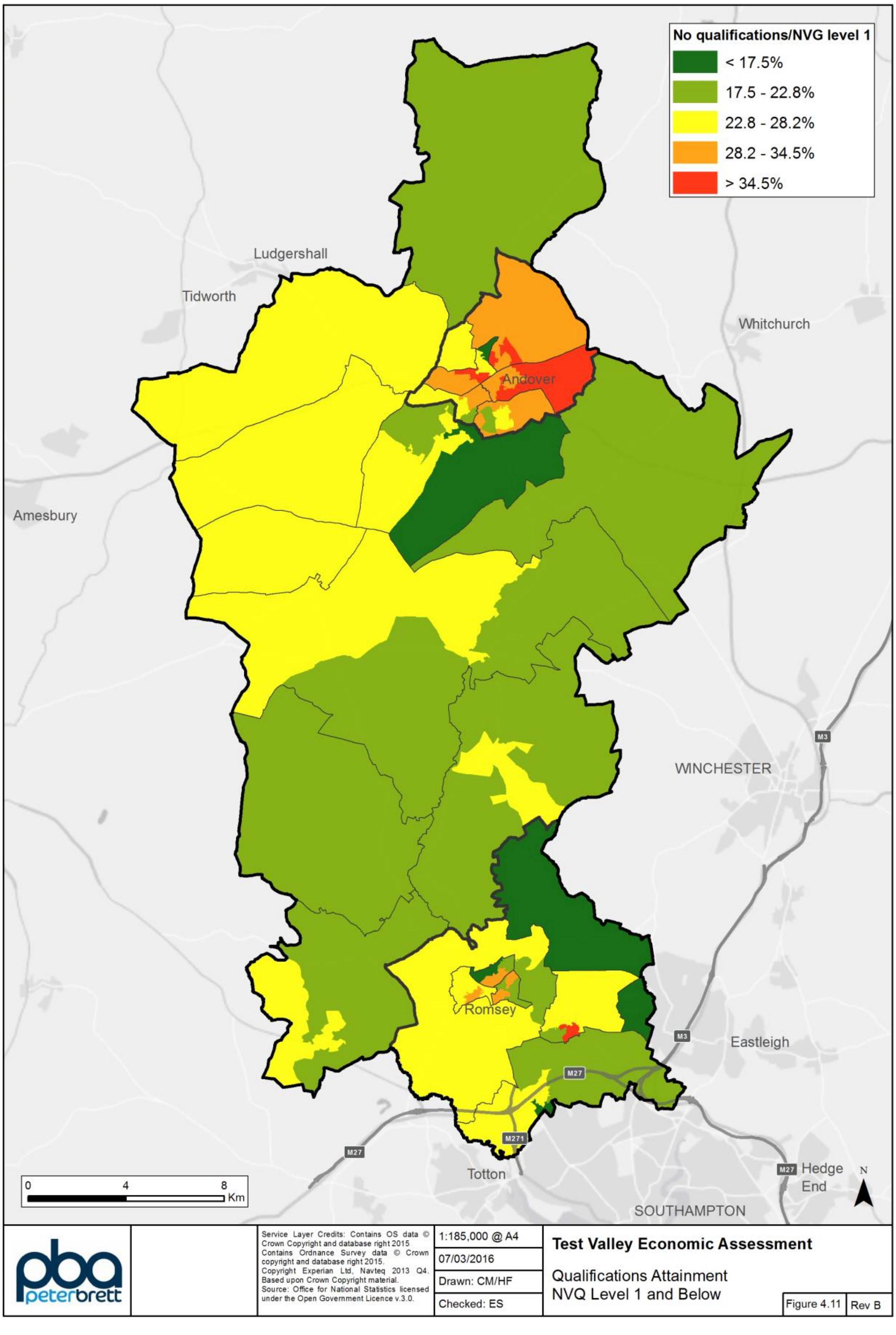
Figure 4.10 Qualification attainment rate 2004-2014



Source: Annual Population Survey

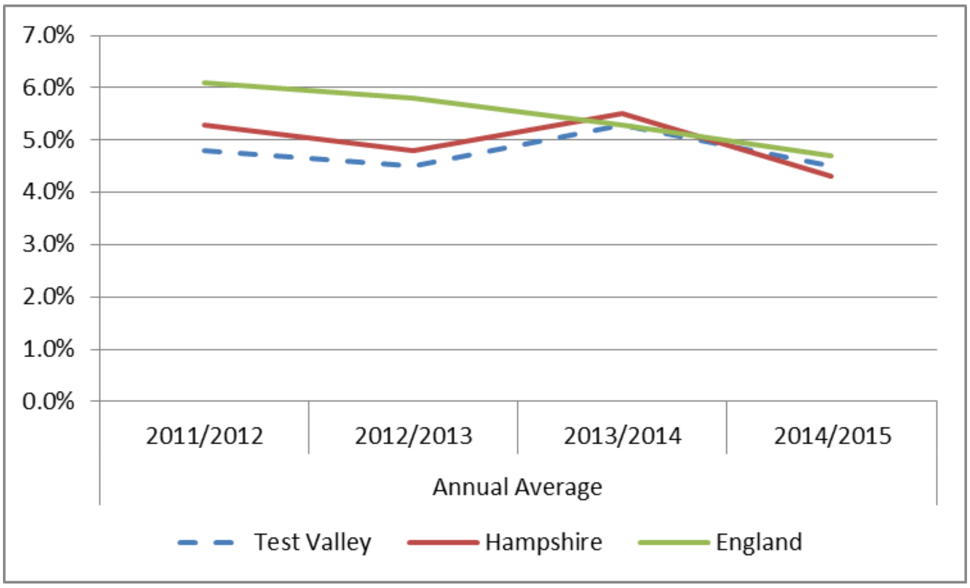
4.4.5 In 2014/15 the estimated proportion of 16 to 18 year olds living in Test Valley that were recorded as being not in employment, education or training (NEETs) stood at 4.5%. This was broadly in line with the national average. NEETs are a particular concern as, in general terms, a high share of them typically have poor skills, baseline qualifications and/or are long term unemployed. NEETs do not therefore contribute to the economy and are in danger of becoming disengaged, both in terms of renewing their education or integrating into the labour market. Enabling and encouraging reintegration with the labour market and/or training and education to improve life outcomes is therefore a key challenge for local authorities and service providers.

Figure 4.11 No qualifications/NVQ1 by LSOA (2015)



Source: Annual Population Survey

Figure 4.12 NEETs (as a % of 16 to 18 year olds) (2015)



Source: Hampshire County Council

Workforce training

4.4.6 Some 13% of respondents to the business survey identified that there is a gap between the skills of their current staff and those needed for the organisation to work as effectively as possible. Reported skills gaps were particularly prevalent amongst engineering, construction, logistics, and health/social work sectors.

4.4.7 Approximately 50% of respondents to the business survey had arranged or funded training for their staff over the last 12 months. Of those businesses that had provided training for their staff, 23% had utilised a private provider, whilst only 4% used Andover College. Approximately 96% of those businesses that hadn't arranged training over the last 12 months reported that the cost of providing the training was not an issue.

4.4.8 Approximately 18% of all businesses surveyed reported that they had employed someone on an apprenticeship programme over the last three years. Apprenticeships were found to be most popular with businesses falling into the construction, utilities, health/social care, and hairdressing sectors.

4.5 Earnings

Average earnings lag behind county average

4.5.1 Average Test Valley resident (£23,197) and workplace (£22,452) earnings lag behind Hampshire as a whole but are greater than those recorded across England and Wales. This reflects the attractiveness of Test Valley as a place to live for London commuters, who command higher wages and hence drive up the median resident based earnings for the area. Figure 4.14 also shows that wages are on the rise again following a period of average earning stagnation or reduction during the recession years.

Figure 4.13 Average Annual Resident Earnings (2014)

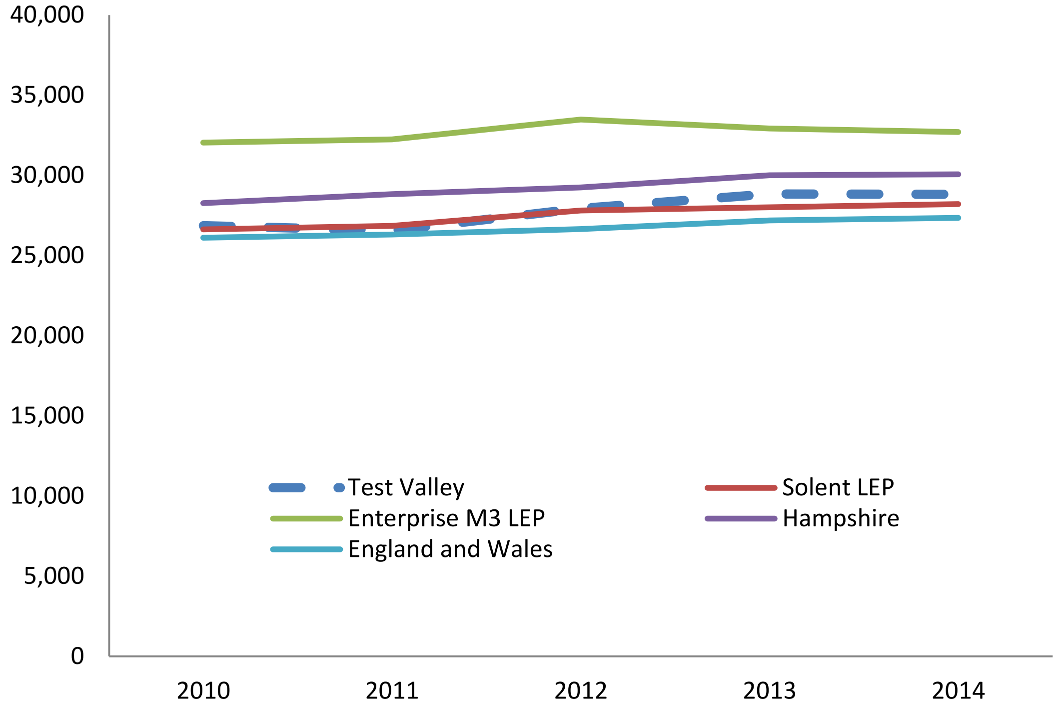
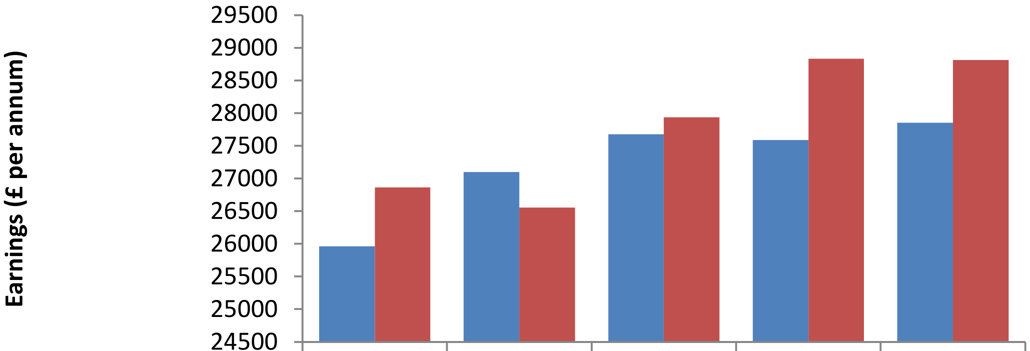


Figure 4.14 Resident vs Workplace Earnings (2014)



	2010	2011	2012	2013	2014
Test Valley (Workplace)	25964	27097	27675	27586	27854
Test Valley (Resident)	26864	26554	27937	28832	28812

Test Valley (Workplace) Test Valley (Resident)

Source: Annual Survey of Hours and Earnings

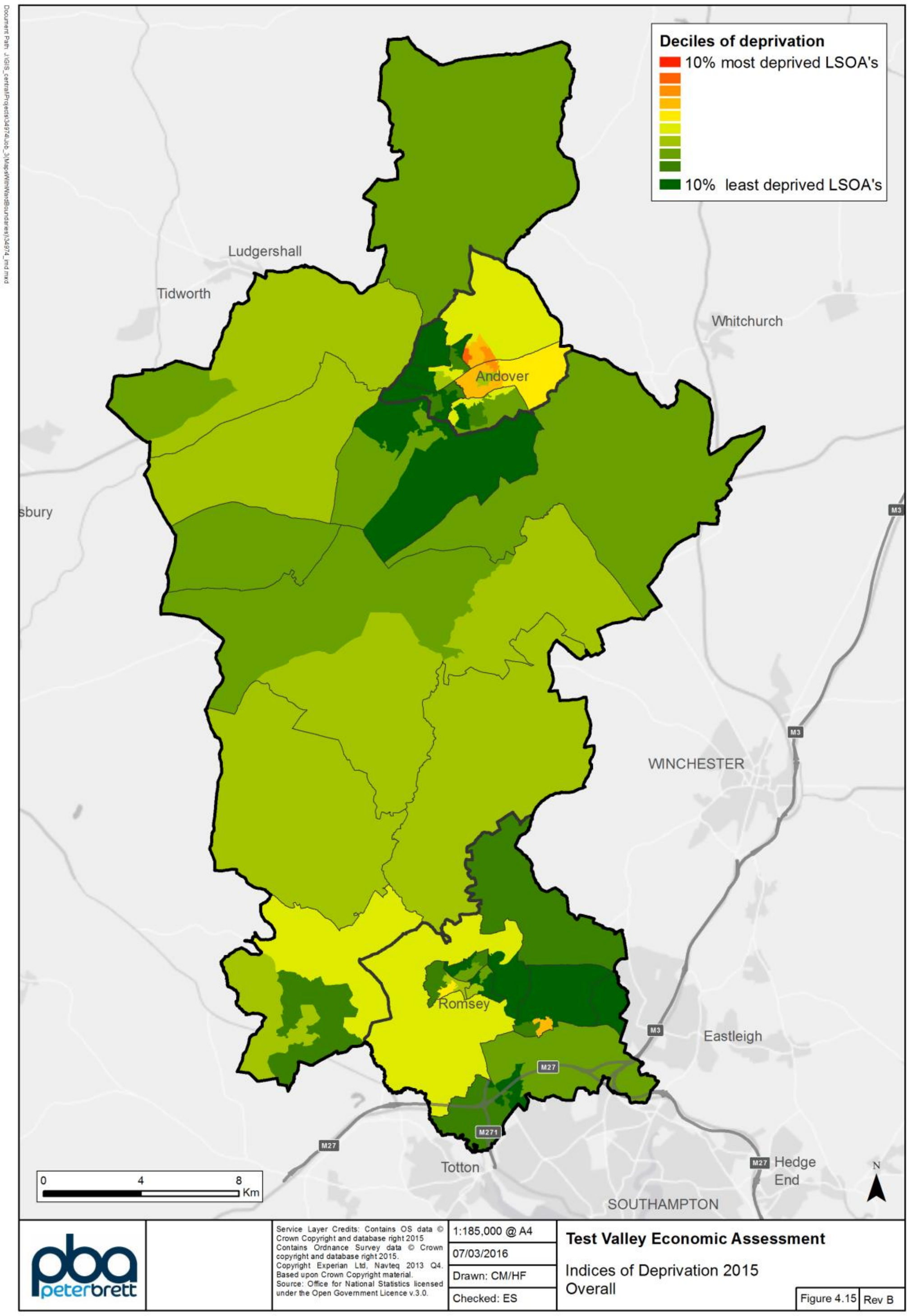
4.6 Deprivation

Pockets of severe deprivation exist in Andover

4.6.1 Analysis of the Index of Multiple Deprivation reveals that the Borough as a whole performs relatively well. Test Valley is ranked 286th out of local authorities in England, placing it in the top 15% of least deprived areas. However, this disguises the fact that there are some pockets of higher deprivation in the Borough, most notably in the northern parts of Andover (see Figure 4.15). Indeed, LSOA 002C, which covers King Arthur's Way estate, ranks within the top 20%

of most deprived areas in England. This localised area scores particularly badly under the Income, Education, Skills and Training and Crime domains.

Figure 4.15 Index of Multiple Deprivation (2015)



Source: DCLG - Index of Multiple Deprivation

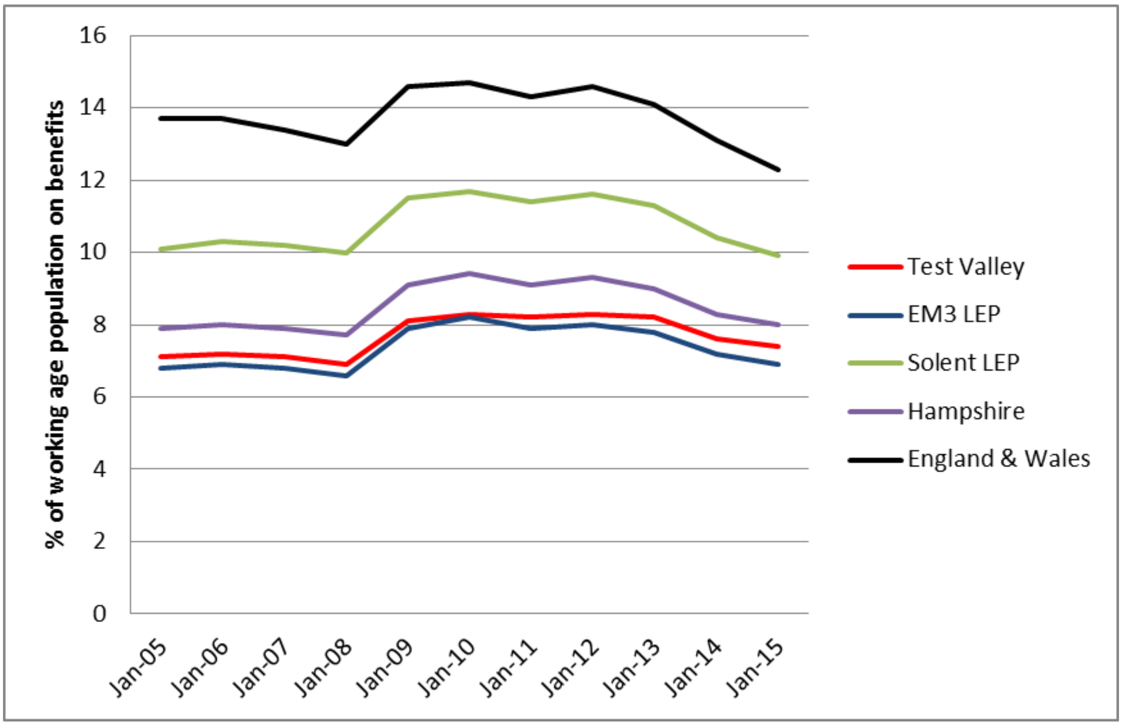
4.7 Benefits

Claimant levels are falling

4.7.1 In February 2015 approximately 7.4% of the Test Valley working age population was in receipt of benefits. This figure was higher than that recorded across the EM3 LEP area (6.9%), but less than the other benchmark areas of Hampshire (8%), Solent LEP (9.9%) and England and Wales (12.3%).

4.7.2 In 2015, the highest recorded claimant rates in Test Valley were for a mix of Incapacity benefits/Employment and Support Allowance (ESA) and Disability Living Allowance (DLA) (1.7% of the working age population), Incapacity Benefits or ESA only (1.6%) and DLA only (1.2%). It is these benefits that the Government is focussing on in its intentions to cut the annual welfare bill by £12 billion. In the Test Valley and elsewhere this means that increased effort will be required by training providers and support agencies to assist vulnerable groups back into work through the provision of training packages and engagement with employers.

Figure 4.16 All Benefits Claimants (as a % of the working age population) 2005-2015



Source: ONS Benefits Claimants

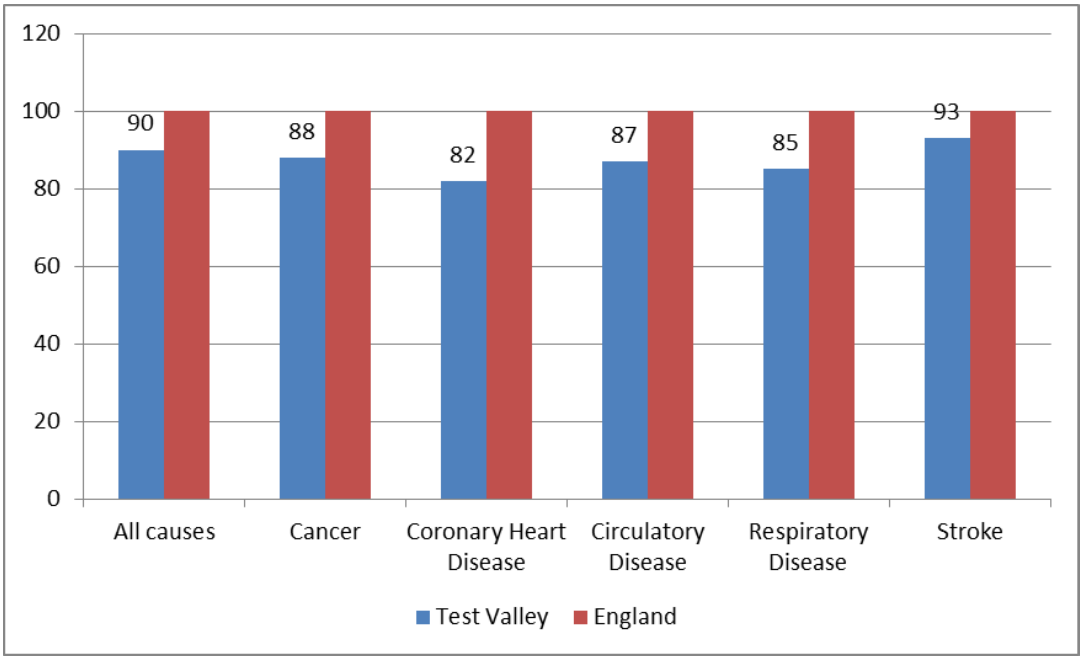
4.7.3 Only 0.1% of Test Valley working age residents have been claiming Job Seekers Allowance for more than a year. This is on a par with the JSA claimant rate recorded across Hampshire but is under the national level of 0.4%.

4.8 Health and life expectancy

The resident population is healthier than nationally

4.8.1 Figure 4.17 shows the standardised mortality ratio for all causes and all ages for Test Valley. This indicator highlights the ratio of observed to expected deaths (given the age profile of the population). A mortality ratio of 100 indicates an area has a mortality rate consistent with the age profile of the area, less than 100 indicates that the mortality rate is higher than expected. As can be seen, Test Valley has lower than national average deaths from each of the main causes.

Figure 4.17 Standardised mortality ratio (2011-2013)



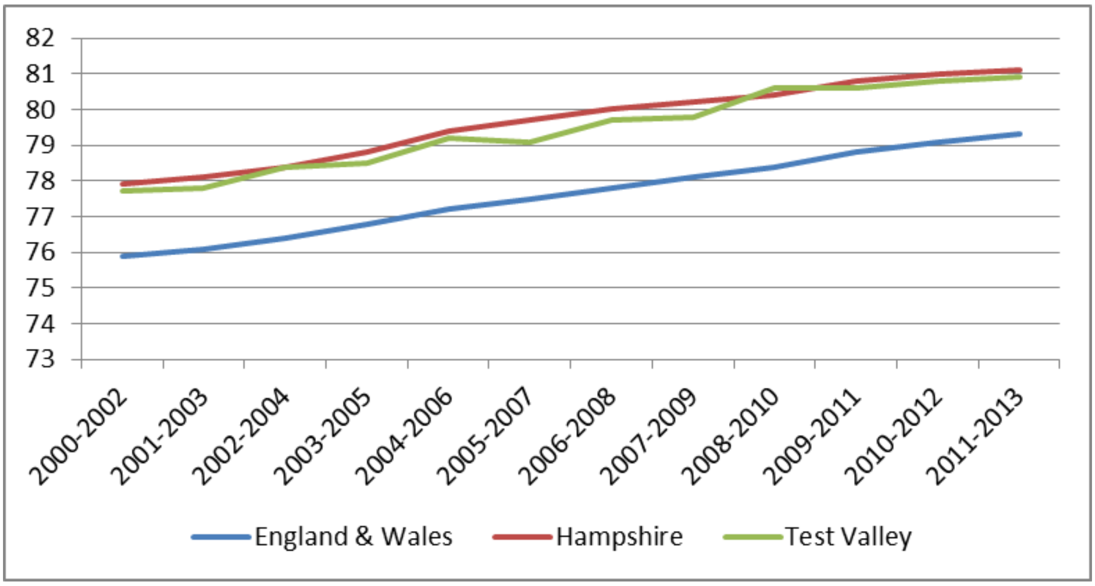
Source: ONS

Average life expectancy has increased by 3 years over the last decade

4.8.2 Higher levels of life expectancy are generally linked with greater levels of economic prosperity. Life expectancy at birth in Test Valley Borough was 80.9 years for males and 84.5 years for females in 2013. These life expectancy figures are broadly in line with those recorded across Hampshire but are significantly greater than national averages.

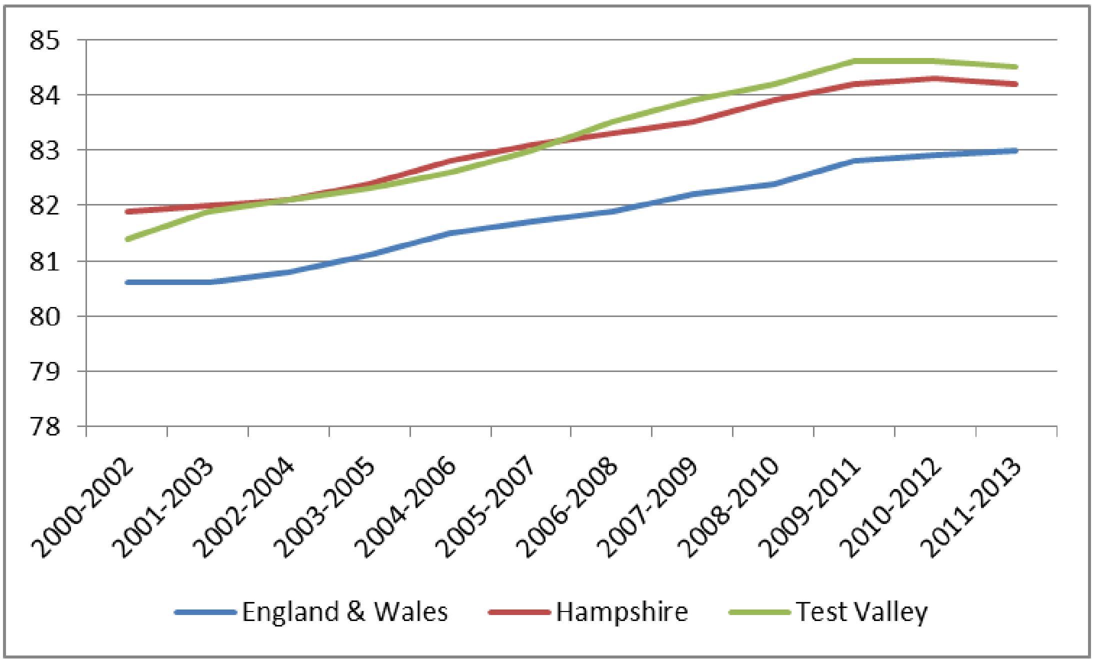
4.8.3 Figures 4.18 and 4.19 highlight that life expectancy at birth is increasing at a steady rate in Test Valley and the other benchmark areas. This increase can be attributed to a number of factors including improvements in public health, nutrition and medicine. The implications of an ageing population are an important consideration in planning for the future in Test Valley. For example, an ageing population could lead to a shortage of workers and hence push up wages, causing wage inflation. Alternatively, firms may have to respond by encouraging more people to enter the workforce, through offering flexible working practices. An increase in the numbers of retired people will create a bigger market for goods and services linked to older people, e.g. retirement homes. This could have implications for the structure of town centres in the Borough, which will need to respond to the leisure and retail preferences of older age groups.

Figure 4.18 Life expectancy at birth (Males)



Source: ONS (2013) Life Expectancy at Birth 1991-1993 to 2011-2013

Figure 4.19 Life expectancy at birth (females)



Source: ONS (2013) Life Expectancy at Birth 1991-1993 to 2011-2013

4.9 Quality of life indicators

4.9.1 Personal well-being, people’s thoughts and feelings about their own quality of life, is an important aspect of national and local well-being. Personal well-being estimates are based on data from the Annual Population Survey (APS) which includes responses from around 165,000 people. The APS asks four questions:

1. Overall how satisfied are you with your life nowadays?
2. Overall, to what extent do you feel the things you do in your life are worthwhile?
3. Overall, how happy did you feel yesterday?
4. Overall, how anxious did you feel yesterday?

4.9.2 People are asked to give their answers on a scale of 0 to 10, where 0 is 'not at all' and 10 is 'completely'. These questions allow people to make an assessment of their life overall, as well as providing an indication of their day to day emotions.

4.9.3 Analysis of the APS at a Test Valley level reveals that Borough residents have higher levels of personal well-being on average than nationally, but score below the median scores recorded across Hampshire.

Table 4.1 Personal well-being indicators (median scores)

	Life satisfaction	Worthwhile	Happiness	Anxiety
England	7.6	7.82	7.45	2.86
Hampshire	7.79	7.94	7.64	2.82
Test Valley	7.66	7.85	7.52	2.8

Source: Annual Population Survey 2014/15 Well-being indicators

4.10 Issues

4.10.1 Although the Test Valley economy may not be as high performing in terms of output when compared to benchmark areas, it is resilient to economic fluctuations and has a highly utilised labour market. The success of the economy can be linked to indicators that highlight relatively good levels of health and quality of life. There are however pockets of high deprivation in Andover, particularly linked to poor skills attainment.

4.10.2 During and after the recession employment has risen, driven in part by increasing levels of self-employment. Coupled with this, the proportion of residents that have achieved degree or higher level qualifications is growing. As discussed in the previous chapter, it is the entrepreneurial drive of these residents that will deliver much of Test Valley's economic growth going forwards.

5 Land, buildings and infrastructure

5.1 Introduction

5.1.1 As identified in Chapter 1, one of the two pillars underpinning 'Fixing the Foundations: Creating a More Prosperous Nation' is 'encouraging long term investment in economic output, including infrastructure, skills and knowledge'. Taking this into account, place-based factors, including housing, transport, employment space, digital infrastructure, planning and environmental protection, can facilitate or impede the growth of the local economy. This chapter, therefore, discusses issues and planned investment related to housing, commercial premises and transport and communications infrastructure, as well as identified economic development interventions.

5.2 Housing

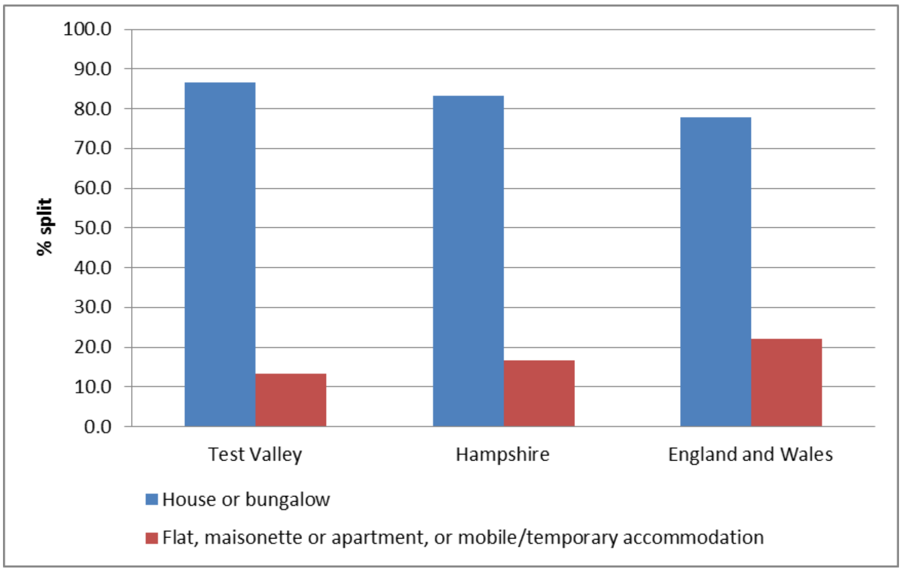
Significant housing planned but affordability gap continues to rise

5.2.1 The provision of appropriate housing stock underpins the economic development of any sub-region. Affordability of housing is also crucial, as it has an important influence on labour market and commuting patterns, as well as having other important socio-economic impacts. The link between housing, skills levels and the knowledge economy cannot be overplayed. It is therefore critical that the appropriate housing offer is in place for both skilled knowledge workers as well as lower paid key workers.

Housing stock

5.2.2 A total of 49,164 household spaces were recorded in Test Valley in the 2011 Census. Of these, 86.7% are houses or bungalows and 13.3% are flats, apartments or mobile/temporary accommodation. The rurality of the Borough is reflected by the fact that the proportion of total stock that are houses or bungalows is higher than Hampshire (83.2%) and England and Wales (78.0%).

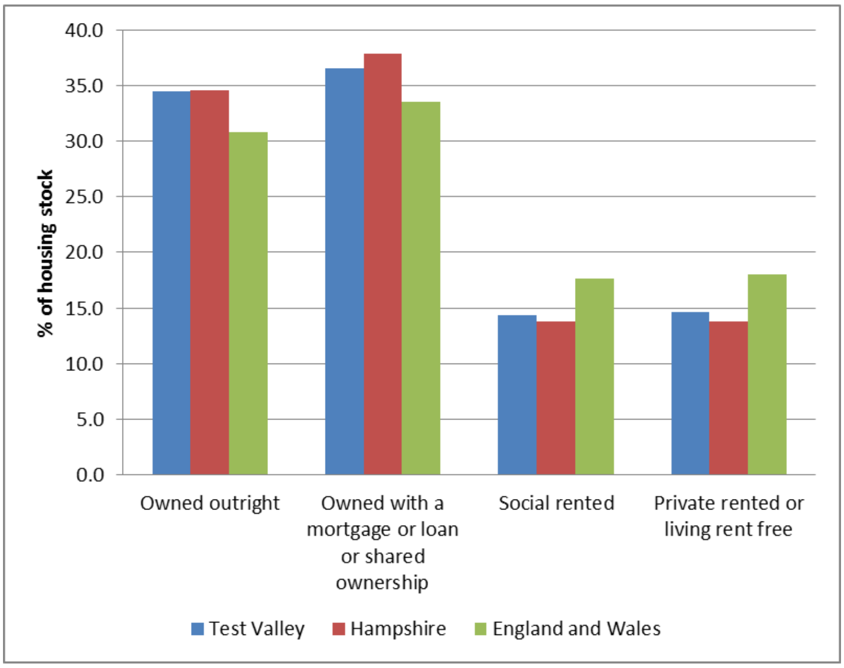
Figure 5.1 Household spaces



Source: Census 2011

5.2.3 Approximately 71% of household spaces in Test Valley are either owned outright or owned with a mortgage or shared ownership. Therefore, only 29% of household spaces in Test Valley are social or private rented. This split is broadly similar to that of Hampshire, although household spaces in social or private rented accommodation are higher across England and Wales (35.7%).

Figure 5.2 Housing tenure



Source: Census 2011

Housing affordability

5.2.4 Housing affordability is a key issue for Test Valley. Affordability of housing is directly linked to recruitment and retention issues, particularly for key workers and typically lower paid jobs in retail, hospitality and social care. Test Valley average house prices stood at £244,000 in 2014, yet average resident annual earnings were £28,812. This represents a housing affordability ratio of 8.5. This is significantly greater than the Hampshire and England and Wales ratios of 7.7 and 6.5 respectively. The rising gap between earnings and house prices is a particular concern as younger residents may be forced to seek work elsewhere because they cannot afford to live in the area.

Table 5.1 Housing Affordability 2009-2014

Area	2009			2014		
	Average house price	Average resident earnings	Affordability ratio	Average house price	Average resident earnings	Affordability ratio
Test Valley	£220,000	£27,525	8.0	£244,000	£28,812	8.5
Hampshire	£198,473	£28,146	7.1	£231,906	£30,070	7.7
England and Wales	£158,219	£26,000	6.1	£176,575	£27,341	6.5

Source: Land Registry House Price Index and ASHE 2014

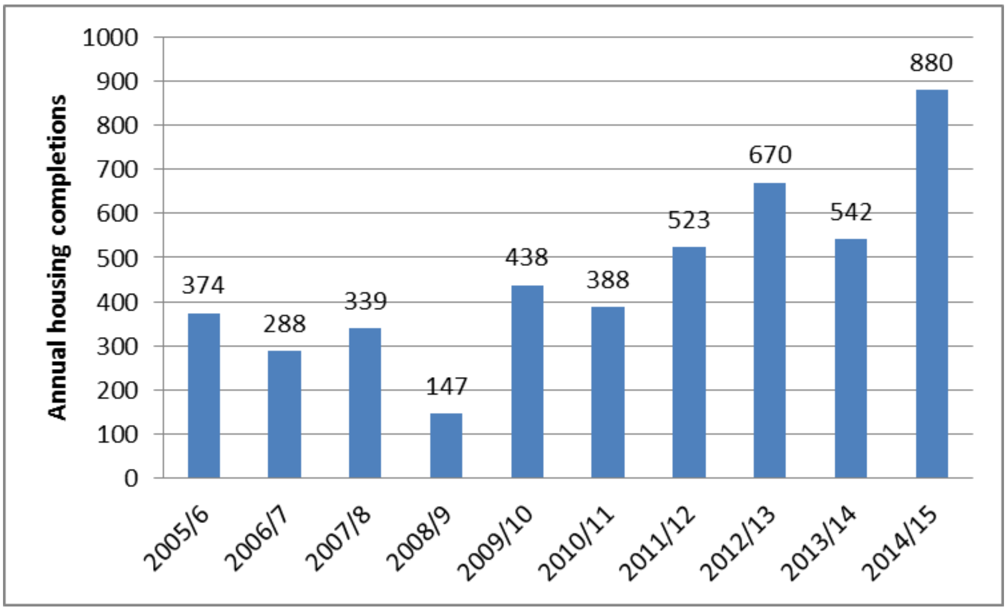
Housing need

5.2.5 Over the past 10 years net housing completions have averaged approximately 450 dwellings per year in Test Valley. The completions have risen to between 523 and 880 per annum since 2011/12, rising from a low of 147 in 2008/9 when the recession first started to bite.

5.2.6 Looking forward, TVBC has identified that a sustained increase in housing delivery is required. Having considered the findings of the SHMA, the SHLAA and the sustainability appraisal, the Council proposes in its Revised Local Plan SPD (Regulation 22 submission, July 2014) that the Borough's annual requirement should be 588 dwellings per annum. The proposed figure would deliver 206 affordable units a year, which would achieve the Council's corporate target of 200 affordable dwelling per annum.

5.2.7 Overall, the housing requirement for the Borough is a minimum of 10,584 homes being delivered between 2011 and 2029. This requirement is split between 6,444 dwellings at Andover, 3,492 in Southern Test Valley, and 648 in the rural area.

Figure 5.3 Test Valley Net Housing Completions 2003/4 to 2013/14



Source: Test Valley Borough Council (2014) Revised Local Plan SPD Regulation 22 Submission

5.3 Employment land and premises

A plentiful supply of warehouse premises but limited office availability

Demand

5.3.1 Discussion with agents has indicated that the Borough is a favoured location for logistics operations. This is particularly the case for Andover, which benefits from strategic linkages with the South West and London via the A303, as well as Southampton and the Midlands via the A34/M40. Recent large scale warehouse developments in Andover for Ocado and the Co-op Group are evidence of this, and demand is considered so significant that Goodman is progressing a 339,300 sq.ft. speculative warehouse development at Andover Business Park valued at £25 million in investment. In contrast, the South of the Borough has experienced more office development in recent years with the development of the Ordnance Survey headquarters at Adanac Business Park and smaller scale units at the University of Southampton Science Park.

5.3.2 At the other end of the scale the majority of inquiries are from businesses that are already located in Test Valley who are looking for better and/or larger premises. The main demand is for small units with yard areas. However, it is considered by agents that the shortage of available quality office space could be serving to constrain the market and prevent the diversification of the local economy away from its reliance on logistics and engineering. However, in the absence of proven demand, and relatively low rental levels being achieved, the private sector is not delivering speculative office development and is unlikely to do so in the short to medium term.

Supply

5.3.3 In 2012 over a million sqm of industrial and warehouse floorspace was recorded across Test Valley Borough. This represented 17.5% of the total floorspace across the county. The majority of the stock within the Borough is based at Andover, particularly at Walworth and Andover Business Parks.

5.3.4 Between 2002 and 2012 industrial and warehouse floorspace in Test Valley increased by 11.5%. This is slightly less than that recorded across the county (+20.3%) as a whole. These trends are however in marked contrast to that recorded across England and Wales, which has experienced a 20.6% decline in total floorspace. The trend across the UK can be attributed largely to the decline in manufacturing activities. Test Valley has bucked the trend because it is an attractive location for logistics operations, which generally require larger premises.

Table 5.2 Total Industrial Floorspace (000' sqm)

	2002	2012	% Change
England & Wales	**339,601**	**323,101**	-20.6
Hampshire	5,838	6,126	20.3
Test Valley	986	1,072	11.5

Source: VOA (2012) Business Floorspace

5.3.5 In 2012 approximately 186,000 sqm of office floorspace was recorded in Test Valley Borough. This represents 14.7% of total B space stock in Test Valley and just 8.5% of total office floorspace in Hampshire. In comparison, office space across Hampshire and England and Wales makes up 26.3% and 22.3% of total B space respectively.

5.3.6 Between 2002 and 2012 total office floorspace in Test Valley Borough increased by 3.0%. This increase was considerably less than that recorded across Hampshire (+6.3%) and England and Wales (+9.1%).

Table 5.3 Total Office Floorspace (000'sqm)

	2002	2012	% Change
England & Wales	**83,578**	**92,720**	9.1
Hampshire	1,888	2,188	6.3
Test Valley	140	186	3.0

Source: VOA (2012) Business Floorspace

5.3.7 When it comes to forward planning the common benchmark for vacancy rates considered to be within a normal range is a figure of between 5% and 10% of the total built stock. Analysis of

Estates Gazette (EGI) availability data reveals that there are currently 119 available industrial premises, representing 7.8% of total stock. These available units comprise approximately 241,000 sqm of floorspace, the equivalent of 22.5% of total stock.

5.3.8 In contrast, whilst there are 60 available office units listed on the EGI database, representing 7.3% of total units, the available floorspace is only 5.2% of the total stock. Further analysis of the EGI database reveals that there are relatively few available office premises of more than 200 sqm, particularly of Grade A quality.

Table 5.4 Test Valley Available Office and Industrial Premises and Floorspace

	Units	% of total units	Floorspace (sqm)	% of total floorspace
Industrial	119	7.8	240,913	22.5
Offices	60	7.3	9,873	5.3

Source: VOA (2012) Business Floorspace/EGI 2015

5.3.9 The 2013/2014 Test Valley Annual Monitoring Report highlights that there is more than 100 ha of available employment land in the Borough (see Figure 5.1). Of this total, 46% is allocated for B1 uses, 27% is for B8 uses and 14% is set-a-side for B1a uses.

5.3.10 The Revised Local Plan DPD (Regulation 22 submission, July 2014) proposes an allocation of 63,000 sqm of employment space. This is split between 30,000 sqm of space for B1, predominantly at Whitenap (Romsey), the University of Southampton Science Park (6,000 sqm) and Bargain Farm, Nursling (6,000 sqm). Of the remaining space, B2 provision is proposed at Whitenap (6,000 sqm) and Bargain Farm (2,000 sqm), whilst 25,000 sqm of B8 space is to be provided at Brownhill Way, Nursling.

5.4 Good transport links but superfast broadband coverage is patchy

Transport

5.4.1 An effective and reliable transport network is essential to economic success in Test Valley. Traffic congestion and economic performance are closely inter-related and each influences the other. A well-functioning transport system enables people and goods to be moved sustainably, efficiently and reliably. Unpredictability of journey times and congestion increases costs to businesses and results in wasted time and money.

5.4.2 Businesses and stakeholders interviewed during the course of developing the LEA indicated that one of the main advantages of Test Valley is its location in relation to strategic road and rail links. Congestion was not raised as being an issue. However, new development, particularly related to the planned growth of Andover, brings with it additional demand for travel. It is essential that transport infrastructure in the vicinity of development sites is improved where necessary to support sustainable access to and from new developments. Therefore, a range of localised planned investments aimed at encouraging transport modal shifts to cycling, walking and public transport are identified in the Andover, Romsey and Test Valley Access Plan SPDs. These planned investments include an upgrade to Andover Railway Station to provide extra car parking spaces, enhance access routes by sustainable modes, and upgrade platform waiting facilities and information/ticket machines.

Broadband

5.4.3 It is critical that appropriate levels of digital infrastructure are in place for an economy to thrive. Access to broadband is particularly important for knowledge-based businesses but it is increasingly the case that all businesses and organisations need to be able to access reliable, high-speed broadband services.

5.4.4 More than 80% of residential and business premises in Test Valley have benefited from Hampshire County Council's Superfast Broadband project. This figure is set to reach just over 93% by the end of 2018 as Hampshire County Council enter the second contract with BT.

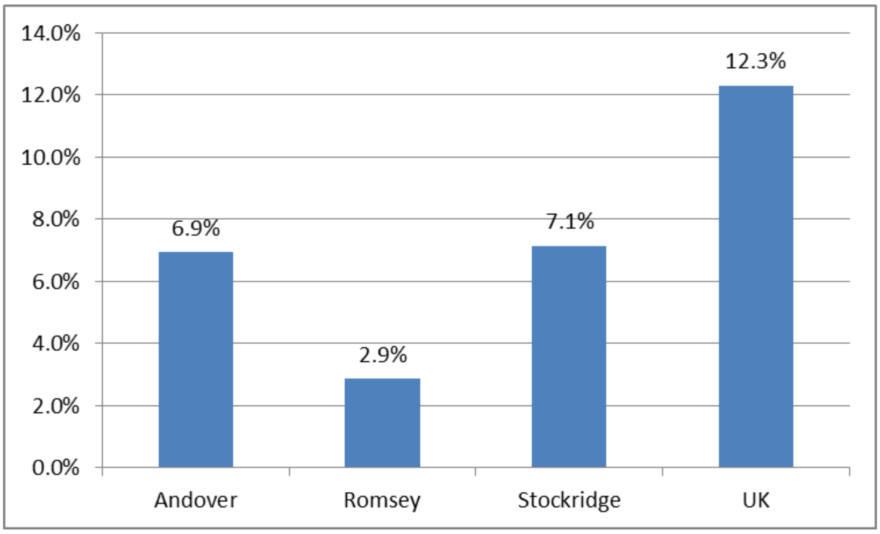
5.5 Town centres

Vacancy rates are below the UK average

5.5.1 Vacancy rates are generally used to monitor the health of town centres. Analysis of TVBC monitoring data reveals that retail unit vacancy rates in Andover and Romsey rose from 4.1% and 6.5% in 2005 respectively to peaks of 12.8% and 7.7% in 2013. These trends reflect the changes in retail performance linked to reduced spend per head and a rise in online shopping that has been experienced across the UK since the onset of the Credit Crunch.

5.5.2 Figure 5.4 shows that by May 2015 vacancy rates had recovered from the 2013 peak to 6.9% in Andover and 2.9% in Romsey (2.9%). These vacancy rates, along with that of Stockbridge (7.1%) were less than the average recorded across the UK (12.3%).

Figure 5.4 Vacancies as a % of all retail units May 2015



Source: TVBC Annual Monitoring data 2015 / GOAD 2015

5.6 Economic development investments

5.6.1 Test Valley businesses will benefit from a range of projects over the coming years that are aligned with the strategic priorities of the EM3 and Solent LEPs. One of these projects, the EM3 Growth Hub, has already been launched. The Growth Hub provides an advice and support portal for all businesses, as well as expert support to those businesses identified as showing innovation and growth potential.

5.6.2 Andover has been identified as a 'step up' town by the EM3 LEP. Funding has already been secured as a result of this status to construct a Technology Skills Centre at Andover College. This centre will provide both employability and high quality vocational provision for employment and self-employment aimed at 14 to 19 year olds.

5.6.3 Coupled with this, TVBC is already involved with the following initiatives:

- Assisting several hundred SMEs through the Andover Skills Training Fund;
- Working with Jobcentre Plus and registered providers to establish an Employment and Skills Zone to help co-ordinate training, work placement and employment opportunities; and
- Supporting the annual Andover Junior Graduation event, introducing Year 6 in all of Andover's primary schools to the idea of University.

5.7 Issues

5.7.1 Significant housing is planned to meet needs going forward. The key challenge for TVBC will be to ensure that, as far as possible, a suitable proportion of the new stock is affordable. This is a key factor if businesses, as well as public services, are to continue to be able to recruit to lower paid, yet essential, positions.

5.7.2 The Borough is fortunate to have a good supply of industrial and warehouse premises. However, given the lack of historic demand, the supply of small to medium sized office premises is limited. 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. Looking forward, should viability continue to be an issue, a case could be provided for TVBC, potentially in partnership with the LEPs and/or the private sector, to address market failure by providing workspace to meet demand.

6 Prospects for future growth

6.1 Introduction

6.1.1 This chapter sets out the demographic, employment and economic performance forecasts for Test Valley, benchmarked against other areas. The forecasts are drawn from the Experian Econometric Model. The model is based on historical data. The coefficients in the model embed historical relationships between variables and historical growth rates as a variable. Where Experian believe that the forecast relationships may differ from history they make appropriate adjustments to the forecast.

6.2 Demographic projections

6.2.1 Between 2015 and 2035 the resident population of Test Valley is forecast to increase by 7.7% to 129,000. This rate of growth is less than those forecast across the Solent (+11.4%) and EM3 (+13.3%) LEP areas, as well as Hampshire and England and Wales (both 11.9%).

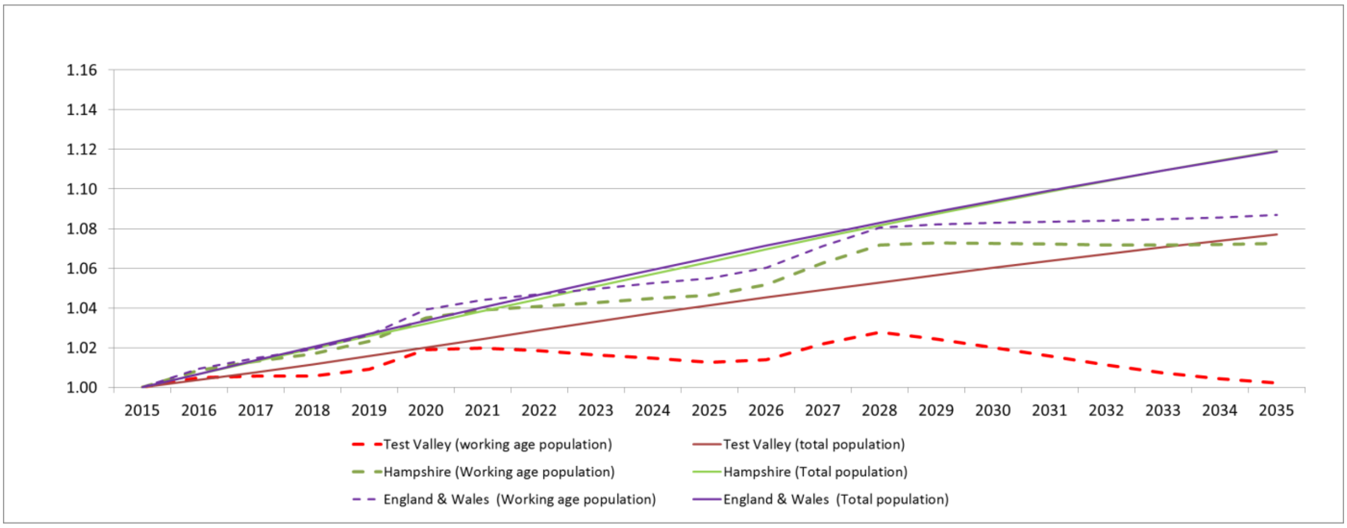
Table 6.1 Forecast total population change 2015-2035 (thousands)

	2015	2025	2035	2015-2035 % change
Test Valley	120	125	129	7.7%
Solent LEP	1,588	1,682	1,769	11.4%
Enterprise M3 LEP	1,461	1,568	1,655	13.3%
Hampshire	1,812	1,927	2,029	11.9%
England and Wales	65,028	69,278	72,763	11.9%

Source: Experian

6.2.2 Over the same period the working age population of Test Valley is only forecast to increase by 0.2% overall (see Figure 6.1). This is in marked contrast to Hampshire and England and Wales, which are forecast to experience a working age population increase of 7.2% and 8.7% respectively.

Figure 6.1 Total and working age population forecasts 2015-2035



Source: Experian 2015

6.3 Employment projections

6.3.1 Between 2015 and 2035 the number of people employed in Test Valley is forecast to increase by over 6,000 to 59,800. This represents a 11.3% rise, less than those forecast across the benchmark areas, which range between 11.4% (England and Wales) and 14.1% (Enterprise M3 LEP).

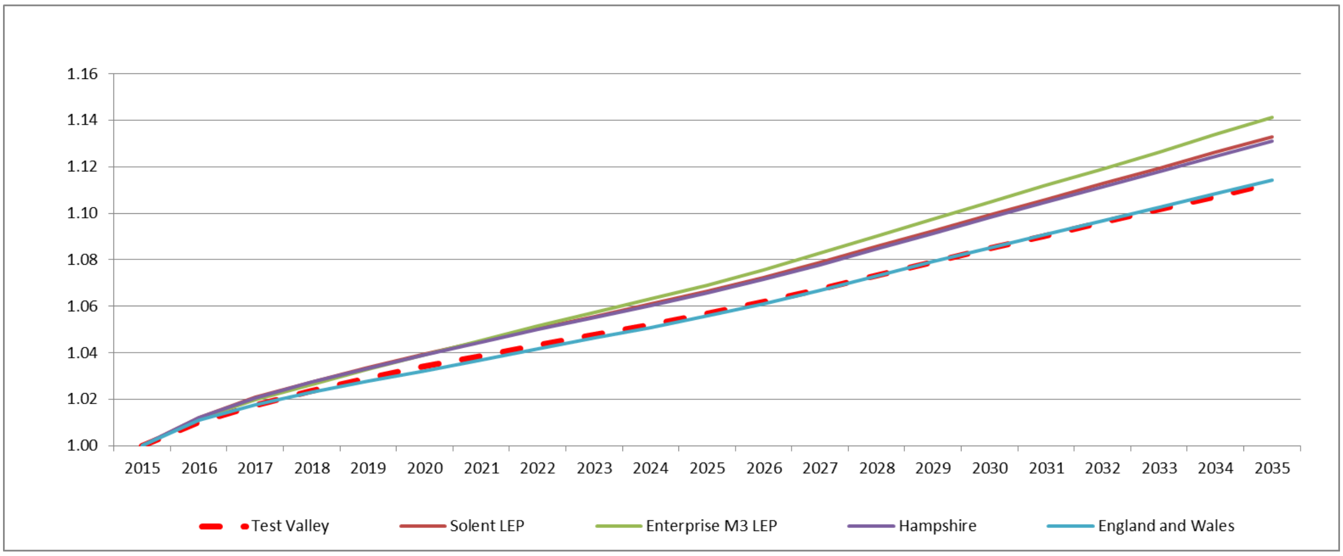
Table 6.2 Forecast total employment 2015-2035 (thousands)

	2015	2025	2035	2015-2035 % change
Test Valley	53.7	56.8	59.8	11.3%
Solent LEP	695.2	741.3	787.5	13.3%
Enterprise M3 LEP	694.5	742.5	792.6	14.1%
Hampshire	814.7	868.1	921.4	13.1%
England and Wales	29,260.6	30,896.7	32,604.3	11.4%

Source: Experian

6.3.2 Some of the difference between very limited working age population growth and significant increases in workers will be met through people working until an older age. It is clear, however, that, with continuing high levels of economic activity and low unemployment, Test Valley will experience increasing levels of in commuting of workers on a daily basis going forward.

Figure 6.2 Forecast employment growth 2015-2035



Source: Experian 2015

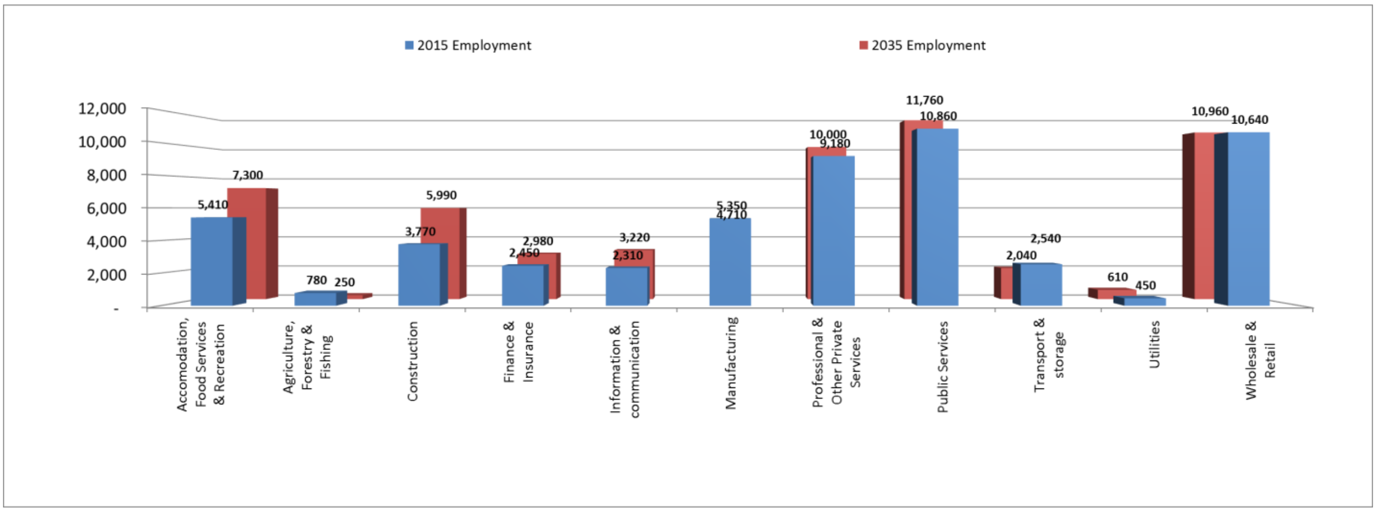
6.3.3 Figure 6.3 shows that much of the forecast growth will be driven by the ‘construction’ and ‘accommodation, food services and recreation’ sectors. Much of the growth in construction jobs will be linked to the delivery of significant housing requirement targets set out in the emerging Local Plan. At the same time, the rise in tourism and leisure related employment will be linked to growth in the retired age population with disposable income, as well as the higher propensity of ‘time poor and cash strapped’ consumers to take short breaks.

6.3.4 Other growth is forecast in more knowledge based sectors like 'information and communications', 'finance and insurance' and 'professional and other private services', all of which will require higher skilled staff and will require office space.

6.3.5 In contrast, over the period 2015 to 2035 employment in 'transport and storage' and 'manufacturing' is forecast to decline. This will require intensification of uses on existing estates or the allocation of business parks in attractive and accessible locations.

6.3.6 In planning terms, the forecast growth in employment by sector highlights that there will be increasing demand for office space and less demand for warehouse and industrial space.

Figure 6.3 Forecast employment by sector 2015-2035



Source: Experian

6.4 Productivity growth

6.4.1 Figure 6.4 identifies the projected total GVA growth in the five focus areas. The projection data, sourced from Experian, shows that GVA in Test Valley is forecast to grow by 53.9% to £4,596m by 2035. Despite the significant overall GVA growth, however, it is forecast that Test Valley will lag behind the performance of benchmark areas.

Table 6.3 Total GVA 2015-2035 (£mn)

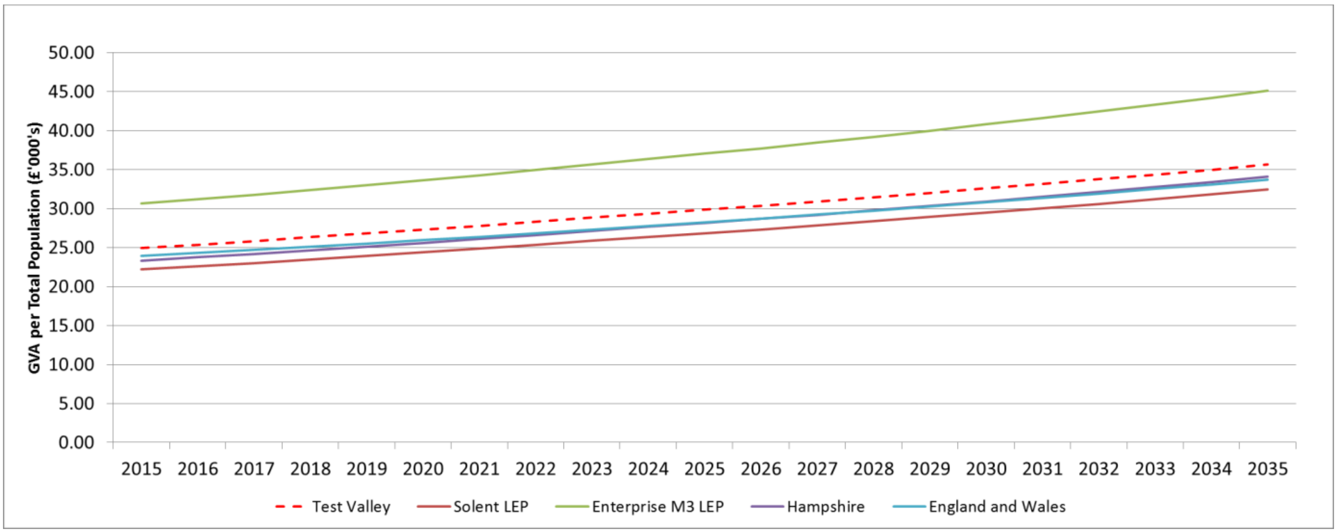
	2015	2025	2035	2015-2035 Change (%)
Test Valley	£2,987	£3,723	£4,596	53.9%
Solent LEP	£35,233	£45,140	£57,439	63.0%
Enterprise M3 LEP	£44,811	£58,063	£74,676	66.6%
Hampshire	£42,282	£54,279	£69,164	63.6%
England and Wales	£1,555,400	£1,957,100	£2,453,300	57.7%

Source: Experian

6.4.2 Between 2015 and 2035, growth in GVA is projected to rise to different extents across the various sectors. Most notably, Experian forecast that 'information and communication', 'construction' and 'utilities' are expected to increase rapidly over the next 20 years. In each of these sectors, Experian forecast growth considerably higher than the county and national benchmark areas.

6.4.3 Experian also note a number of sectors where GVA growth is forecast to grow at a lower rate than that forecast at the county and national level. These include ‘Finance & Insurance’, ’Professional & Other Private Services’ and ‘Transport & Storage’.

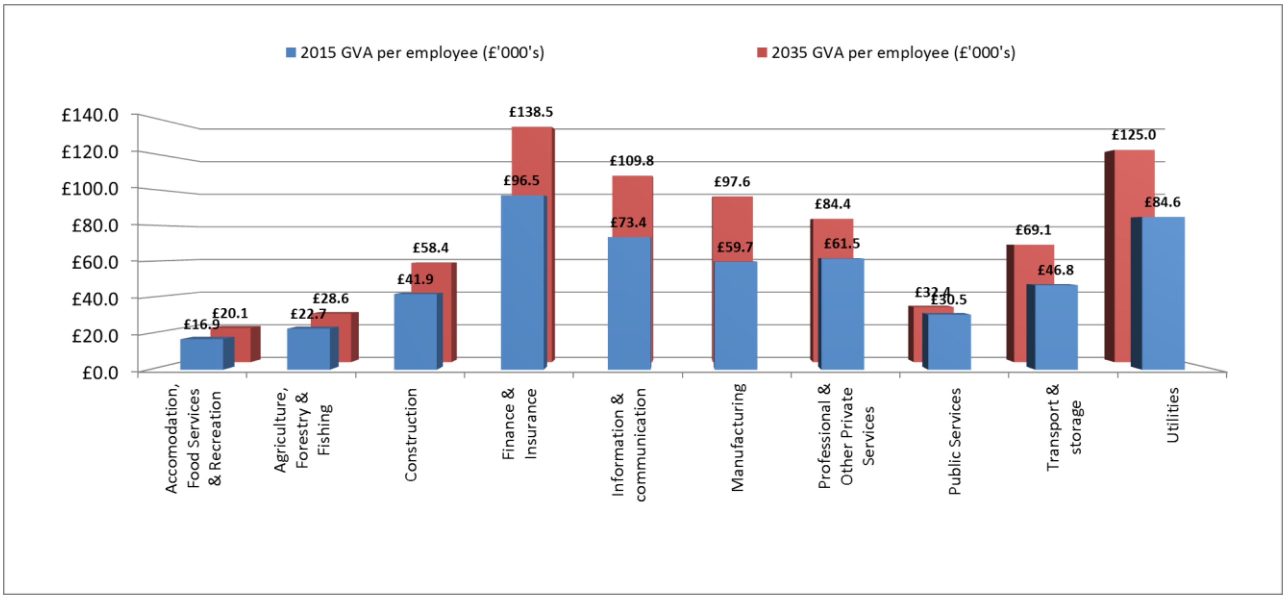
Figure 6.4 GVA growth



Source: Experian 2015

6.4.4 Figure 6.5, compares the projected increase in GVA to the projected increase in employment to provide an indication of GVA per job for the various sectors. ‘finance & insurance’, ‘utilities’, and ‘information & communication’ are considered as three sectors with the highest GVA per employee for both 2015 and in 2035. A comparison between 2015 and 2035 shows that the growth in GVA per employee is forecast to increase most notably in ‘finance & insurance’ (43%), ‘utilities’ (48%), and ‘information & communication’ (49%).

Figure 6.5 GVA per employee by sector



Source: Experian 2015

6.5 Issues

6.5.1 Analysis of the forecasts reveals that the working age population has stabilised, yet total employment and GVA will continue to grow. With rates on unemployment already low, this means that the Borough will need to encourage people to work beyond the age of 65 and will experience greater levels of net immigration of workers than today.

6.5.2 Although it is important to continue to focus on supporting the sectors that underpin the local economy today, most notably logistics and manufacturing, it would be pertinent to support those sectors, like 'construction' and 'accommodation, food services and recreation' that are forecast to grow most in terms of employment numbers. TVBC also needs to plan for forecast growth in knowledge based sectors, like 'information and communications', 'finance and insurance' and 'professional and other private services', which will all require higher skilled staff and office premises.

7 Key findings and policy challenges

7.1 Introduction

7.1.1 This chapter sets out conclusions drawn from the previous chapters in the form of key indicators and a SWOT analysis. Overall, this set of conclusions, particularly those identified as threats and opportunities in the SWOT, directly influences the choice and prioritisation of economic development interventions for TVBC.

7.2 Headline indicators

7.2.1 Table 7.1 sets out how Test Valley has been performing over the last five years against a range of key economic indicators. The table shows that in general terms the Borough is performing well, although it is lagging behind England and Wales for the proportion of workers in knowledge based sectors and housing affordability.

Table 7.1 Test Valley – Key Economic Indicators

Indicator	2014/2015	Change since 2009/10
Total employment	56,400	↑
Economically active	83%	↑
Full time workers	71%	↓
Self-employed	14%	↑
Unemployment rate	4%	↓
Employees in knowledge based economy	38%	↓
Gross Value Added (GVA) per worker	£23,239	↑
Average (median) gross earnings – workplace based	£27,854	↑
Average (median) gross earnings – resident based	£28,812	↑
Residents achieving NVQ 4+	44.3%	↑
Residents with no qualifications	3.7%	↓
Housing affordability ratio	8.5	↑
Comparison with national value	Better / Similar	Worse

7.3 SWOT analysis

Strengths	Weaknesses
• Strategic location with strong transport links • Diverse and relatively resilient economy with strengths in logistics and engineering • High quality environment that is attractive to commuters and visitors • Relatively high levels of education attainment in resident population • Significant stock of employment land and industrial/warehouse premises • High rates of entrepreneurship and business survival • Relatively resilient economy to market fluctuations • High levels of employment and economic activity	• Housing affordability - Linked to recruitment difficulties and staff productivity • Productivity lags behind neighbouring areas • Over reliance on sectors that do not typically require higher level skills • Underdeveloped knowledge based economy • Low levels of self-containment of the labour market, particularly in the south of the Borough • Pockets of high deprivation in Andover • Poor levels of education/skills attainment in parts of Andover • Limited stock of office premises
Opportunities	**Threats**
• Upskilling residents to meet future workforce demand • Building on high levels of self-employment and business start-ups • Use natural assets to further grow the visitor economy and attract inward investment • High Speed Broadband roll-out benefits KBE activity • House building targets will support construction jobs and help to attract working age residents to support economic growth • Andover is identified as a ‘Step Up’ town by the EM3 LEP • Welfare reforms to address reliance on benefits – work with private sector to support residents to work	• Lower resident skills levels in Andover in particular may hinder aspirations to diversify the economy towards higher value knowledge based sectors • Shortage of office premises due to viability issues associated with speculative development • Increasing gap between incomes and house prices could result in skills shortages • Ageing population – can the workforce meet the supply needs of business? • Uncertainty about EU Referendum - Impact on trade links and workforce • Welfare reforms - Most vulnerable becoming more marginalised from society

8 Priorities

8.1 Introduction

8.1.1 A number of priorities can be drawn from the analysis presented in the previous chapters. These priorities are key areas where economic development delivery bodies, including TVBC and the LEPs, may need to intervene to either enhance or capture the economic opportunities presented, or where action may be required to alleviate or minimise a potential barrier to growth.

8.2 Improving resident skills

8.2.1 Analysis of datasets reveals that although Test Valley as a whole has a high proportion of residents that are qualified to degree or higher there are high numbers of people living in and around Andover who have low educational attainment levels. This is part due to the legacy of lower skilled employment opportunities that have been on offer in manufacturing and warehouse operations. However, these sectors, and others, are increasingly becoming more computerised, and hence require higher skills levels.

8.2.2 Although elementary positions will still be available in the future it is important that the skills base is raised if Andover, in particular, is to continue to be attractive to inward investors and to support aspirations to diversify the economy towards one that is more knowledge based. Raising the aspirations of young people in particular through increasing levels of take-up of apprenticeships and progression to higher education is key to achieving this.

8.2.3 Previous Test Valley LEAs have raised this as an issue and TVBC, in partnership with the EM3 LEP and training providers, has made some positive steps towards trying to address it. The opening of a new Skills and Technology Centre at Andover College, the establishment of a Skills Fund and engagement with primary schools to demonstrate the benefits of progressing to university are just some of the actions that have been progressed to date.

8.3 Responding to an ageing population

8.3.1 Demographic trends and forecasts indicate that whilst the Test Valley resident population is increasing the working age population has stabilised.

8.3.2 The ageing of the population presents opportunities with regard to the provision of goods and services in the local economy. There will be particular demand for skilled staff in the health and care sectors, whilst town centres will need to cater for their retail and leisure needs.

8.3.3 However, with high levels of economic activity and low unemployment, businesses may find it increasingly difficult to recruit and sustain forecast growth aspirations. Whilst in commuting of workers from neighbouring urban areas can help to fill some of the shortfall it is clear that employers will need to adopt different approaches to recruitment going forward, including catering for the more flexible working requirements of older staff.

8.4 Supporting an entrepreneurial culture

8.4.1 Analysis of datasets reveals that 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.

8.4.2 The provision of business support and advice has become more patchy since the closure of Business Link. Initiatives being led by the LEPs and TVBC are however starting to fill the gap.

Communication and direct engagement is important to ensure that these initiatives are fully utilised by local businesses.

8.4.3 The presence of many retired people in the area who have the experience of successfully starting and operating businesses is a potential untapped opportunity. Linking owners of new start-up businesses with volunteer mentors could help to ensure greater levels of business survival, and, in turn, greater knock on benefits for the Borough through job creation.

8.5 Delivering construction targets

8.5.1 TVBC has identified a requirement for 10,584 net additional homes between 2011 and 2029, to be delivered at 588 dwellings per year. In order to achieve sustainable growth it is important that a significant quantum of employment land is allocated.

8.5.2 Meeting these targets is vital if Test Valley is to attract working age residents to sustain existing levels of self-containment. At the same time, the targets present a significant opportunity for those construction based businesses and employees already based in the Borough, as well as for young people currently at school or college.

8.5.3 It is important that TVBC 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. The latter can be achieved through s106 agreements and by linking developers with construction based programmes being operated by local colleges, including the new Technical and Skills Centre at Andover College.

8.6 Improving communications

8.6.1 The projected stabilisation of working age residents coupled with forecast increases in overall employment means that the area will need to achieve even greater levels of net in commuting in the future in order to achieve forecast GVA growth. At the same time neighbouring areas, including Southampton and Winchester, will continue to be large generators of KBE jobs that will be taken by a proportion of Test Valley residents. In order to sustain increasing levels of commuting continued investment in road and rail communications will be required.

8.6.2 The roll-out of superfast broadband is essential 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.

8.7 Promoting Test Valley as a short stay destination

8.7.1 Test Valley is already renowned for its high quality environment and recreational activity offer, and TVBC has actively helped to promote the area to visitors through a variety of mediums. Employment forecasts indicate that the sector will continue to perform strongly. This employment growth will be driven by both visitor and resident spend.

8.7.2 It is important that TVBC and partners continue to support the sector to tap into this potential through Borough wide promotion as well as responding to sector specific business needs. These business needs could include hospitality and customer care training and/or support with online marketing and sales.

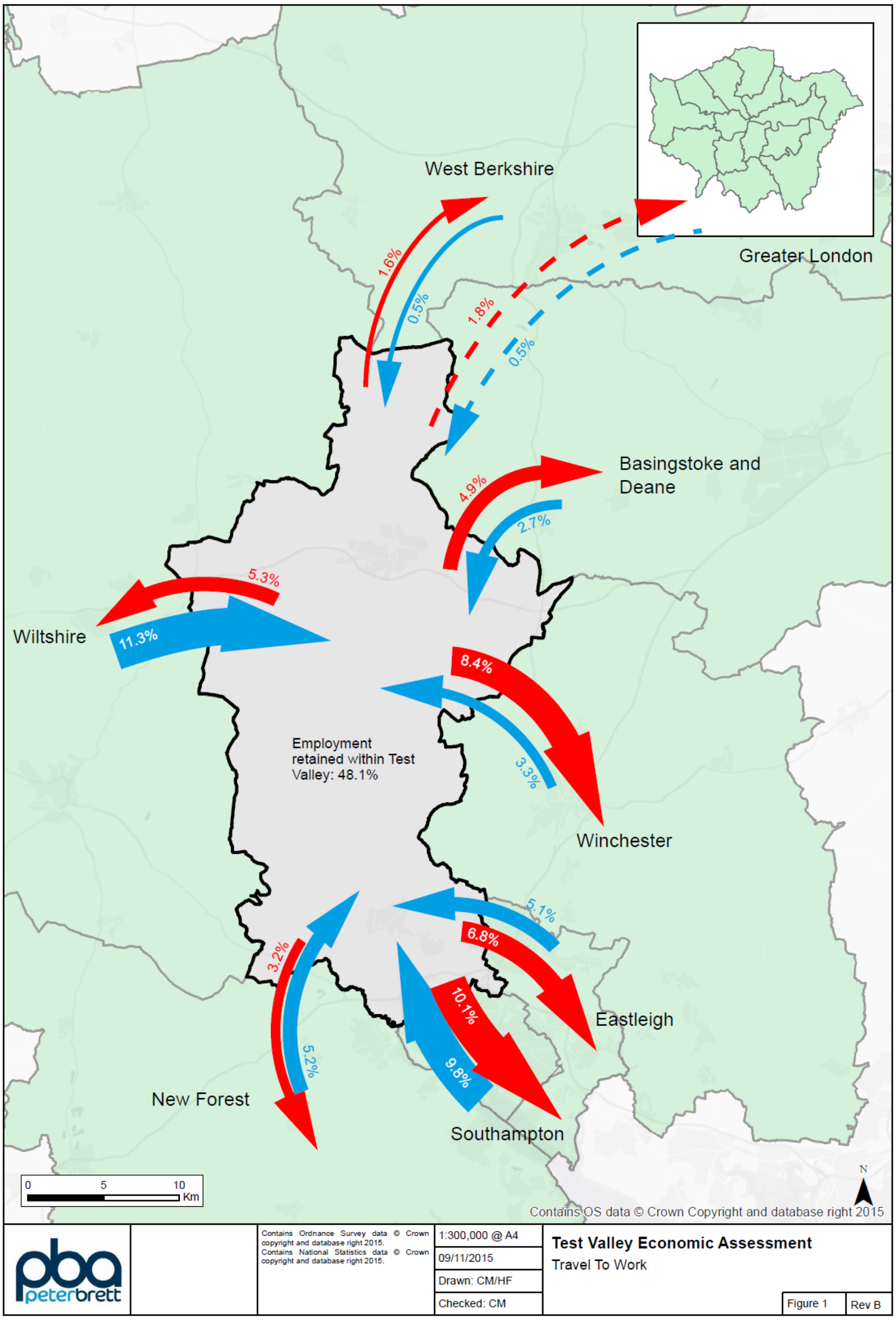
8.8 Investing in the built and natural environment

8.8.1 The state of the built and natural environment is one of the factors associated with perceived quality of life. It is a key consideration for inward investors and residents looking to move to an area.

8.8.2 The quality of environment in Andover and Romsey town centres in 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. TVBC and partners should therefore prioritise interventions linked to the enhancement of the public realm as well as the facilitation of regeneration priorities identified through the Andover Summit, Romsey Future and masterplanning exercises.

Appendix A Travel to work flows

Figure 1 - Travel to work flows



Source: Census 2911

Appendix B Knowledge Based Economy definition (SIC codes)

8610 : Hospital activities
8621 : General medical practice activities
8622 : Specialist medical practice activities
8623 : Dental practice activities
8690 : Other human health activities
7810 : Activities of employment placement agencies
7820 : Temporary employment agency activities
7830 : Other human resources provision
6810 : Buying and selling of own real estate
6820 : Renting and operating of own or leased real estate
6831 : Real estate agencies
6832 : Management of real estate on a fee or contract basis
8411 : General public administration activities
8412 : Regulation of the activities of providing health care, education, cultural services and other social services, exclu
8413 : Regulation of and contribution to more efficient operation of businesses
8421 : Foreign affairs
8422 : Defence activities
8423 : Justice and judicial activities
8430 : Compulsory social security activities
6010 : Radio broadcasting
6020 : Television programming and broadcasting activities
6201 : Computer programming activities
6202 : Computer consultancy activities
6203 : Computer facilities management activities
6209 : Other information technology and computer service activities
8510 : Pre-primary education
8520 : Primary education
8531 : General secondary education
8532 : Technical and vocational secondary education
8541 : Post-secondary non-tertiary education
8542 : Tertiary education
4211 : Construction of roads and motorways
4212 : Construction of railways and underground railways
4213 : Construction of bridges and tunnels
4221 : Construction of utility projects for fluids
4222 : Construction of utility projects for electricity and telecommunications
4291 : Construction of water projects
4299 : Construction of other civil engineering projects n.e.c.
7111 : Architectural activities
7112 : Engineering activities and related technical consultancy
7120 : Technical testing and analysis
5911 : Motion picture, video and television programme production activities
5912 : Motion picture, video and television programme post-production activities
5913 : Motion picture, video and television programme distribution activities

5914 : Motion picture projection activities
5920 : Sound recording and music publishing activities
6110 : Wired telecommunications activities
6120 : Wireless telecommunications activities
6130 : Satellite telecommunications activities
6190 : Other telecommunications activities
6311 : Data processing, hosting and related activities
6312 : Web portals
6391 : News agency activities
6399 : Other information service activities n.e.c.
6411 : Central banking
6419 : Other monetary intermediation
6420 : Activities of holding companies
6430 : Trusts, funds and similar financial entities
6491 : Financial leasing
6492 : Other credit granting
6499 : Other financial service activities, except insurance and pension funding, n.e.c.
6511 : Life insurance
6512 : Non-life insurance
6520 : Reinsurance
6530 : Pension funding
9101 : Library and archive activities
9102 : Museum activities
9103 : Operation of historical sites and buildings and similar visitor attractions
9104 : Botanical and zoological gardens and nature reserve activities
5110 : Passenger air transport
5121 : Freight air transport
5122 : Space transport
6611 : Administration of financial markets
6612 : Security and commodity contracts brokerage
6619 : Other activities auxiliary to financial services, except insurance and pension funding
6621 : Risk and damage evaluation
6622 : Activities of insurance agents and brokers
6629 : Other activities auxiliary to insurance and pension funding
6630 : Fund management activities
8020 : Security systems service activities
8030 : Investigation activities
8211 : Combined office administrative service activities
8219 : Photocopying, document preparation and other specialised office support activities
8220 : Activities of call centres
8230 : Convention and trade show organizers
8291 : Activities of collection agencies and credit bureaus
8299 : Other business support service activities n.e.c.
7500 : Veterinary activities

7311 : Advertising agencies
7312 : Media representation
7320 : Market research and public opinion polling
6910 : Legal activities
6920 : Accounting, bookkeeping and auditing activities; tax consultancy
5811 : Book publishing
5812 : Publishing of directories and mailing lists
5813 : Publishing of newspapers
5814 : Publishing of journals and periodicals
5819 : Other publishing activities
5821 : Publishing of computer games
5829 : Other software publishing
7211 : Research and experimental development on biotechnology
7219 : Other research and experimental development on natural sciences and engineering
7220 : Research and experimental development on social sciences and humanities
7410 : Specialised design activities
7420 : Photographic activities
7430 : Translation and interpretation activities
7490 : Other professional, scientific and technical activities n.e.c.

Appendix C Business survey results

Test Valley Business Survey

1. Which industry (the main one) is your business in?

Industry	%	Number
Agriculture, forestry and fishing	12.9%	13
Mining, electricity, gas or water	3.0%	3
Engineering	7.9%	8
Manufacturing	6.9%	7
Construction	8.9%	9
Wholesale, retail or motor trade	13.9%	14
Hotels or restaurants	3.0%	3
Transport, storage or communication	7.9%	8
Financial services	4.0%	4
Real estate, renting or business activities	4.0%	4
Public administration or defence	1.0%	1
Education	0.0%	0
Health and / or social work	4.0%	4
Other community, social or personal work	4.0%	4
Other	0.0%	0
Art / drama	3.0%	3
Hairdressing / barbers	3.0%	3
IT / computing	3.0%	3
Leisure	3.0%	1
Life science	1.0%	1
Recycling	2.0%	2
Solicitors / surveyors / architects	3.0%	3
Yoga / therapist	3.0%	3

2. Approximately how many years has your business been in operation?

Years in operation	%	Number
Less than 1 year	4.0%	4
Between 1 and 5 years	14.8%	15
More than 5 years	81.2%	82

3. **Including yourself and any working proprieters, approximately how many people does your business employ in Test Valley?**

Industry	Employees								
	1	2 - 5	6 - 10	11 - 25	26 - 50	51 - 100	101 - 200	201+	Don't know
Agriculture, forestry and fishing	15%	54%	8%	8%	0%	0%	8%	0%	8%
Mining, electricity, gas or water	0%	0%	33%	33%	0%	0%	0%	0%	33%
Engineering	25%	50%	13%	13%	0%	0%	0%	0%	0%
Manufacturing	14%	57%	29%	0%	0%	0%	0%	0%	0%
Construction	11%	11%	11%	33%	0%	22%	0%	0%	11%
Wholesale, retail or motor trade	14%	29%	21%	21%	7%	7%	0%	0%	0%
Hotels or restaurants	33%	0%	33%	33%	0%	0%	0%	0%	0%
Transport, storage or communication	25%	38%	13%	25%	0%	0%	0%	0%	0%
Financial services	0%	75%	0%	25%	0%	0%	0%	0%	0%
Real estate, renting or business activities	0%	50%	0%	50%	0%	0%	0%	0%	0%
Public administration or defence	0%	0%	100%	0%	0%	0%	0%	0%	0%
Education	0%	0%	0%	0%	0%	0%	0%	0%	0%
Health and / or social work	0%	50%	25%	25%	0%	0%	0%	0%	0%
Other community, social or personal work	25%	50%	0%	25%	0%	0%	0%	0%	0%
Art / drama	33%	67%	0%	0%	0%	0%	0%	0%	0%
Hairdressing / barbers	0%	100%	0%	0%	0%	0%	0%	0%	0%
IT / computing	0%	67%	0%	0%	0%	0%	33%	0%	0%
Leisure	0%	100%	0%	0%	0%	0%	0%	0%	0%
Life science	0%	0%	0%	0%	100%	0%	0%	0%	0%
Recycling	0%	0%	50%	0%	0%	50%	0%	0%	0%
Solicitors / surveyors / architects	33%	33%	0%	33%	0%	0%	0%	0%	0%
Yoga / therapist	100%	0%	0%	0%	0%	0%	0%	0%	0%
Total	17%	41%	14%	18%	2%	4%	2%	0%	3%

4. Please indicate whether your staff numbers have increased, decreased or stayed the same over the last 12 months

Industry	Change in employee numbers		
	Increased	Remained the same	Decreased
Agriculture, forestry and fishing	8%	92%	0%
Mining, electricity, gas or water	100%	0%	0%
Engineering	38%	63%	0%
Manufacturing	14%	57%	29%
Construction	22%	56%	22%
Wholesale, retail or motor trade	36%	29%	36%
Hotels or restaurants	67%	33%	0%
Transport, storage or communication	25%	75%	0%
Financial services	0%	100%	0%
Real estate, renting or business activities	0%	75%	25%
Public administration or defence	0%	0%	100%
Education	0%	0%	0%
Health and / or social work	25%	75%	0%
Other community, social or personal work	25%	50%	25%
Art / drama	33%	67%	0%
Hairdressing / barbers	0%	100%	0%
IT / computing	33%	67%	0%
Leisure	100%	0%	0%
Life science	0%	100%	0%
Recycling	50%	0%	50%
Solictors / surveyors / architects	0%	67%	33%
Yoga / therapist	0%	100%	0%
Total	25%	61%	14%

5. Compared with a year ago, how confident are you in the prospects for your business?

Industry	Level of confidence in comparison to last year			
	More confident	About the same	Less confident	(Don't know)
Agriculture, forestry and fishing	15%	77%	8%	0%
Mining, electricity, gas or water	67%	33%	0%	0%
Engineering	25%	50%	25%	0%
Manufacturing	57%	29%	14%	0%
Construction	56%	33%	0%	11%
Wholesale, retail or motor trade	43%	57%	0%	0%
Hotels or restaurants	33%	67%	0%	0%
Transport, storage or communication	25%	75%	0%	0%
Financial services	25%	75%	0%	0%
Real estate, renting or business activities	50%	50%	0%	0%
Public administration or defence	0%	0%	0%	100%
Education	0%	0%	0%	0%
Health and / or social work	50%	50%	0%	0%
Other community, social or personal work	50%	25%	0%	25%
Art / drama	33%	33%	33%	0%
Hairdressing / barbers	33%	0%	67%	0%
IT / computing	67%	33%	0%	0%
Leisure	0%	100%	0%	0%
Life science	100%	0%	0%	0%
Recycling	50%	0%	50%	0%
Solicitors / surveyors / architects	33%	67%	0%	0%
Yoga / therapist	33%	67%	0%	0%
Total	39%	50%	8%	3%

6. **What are the key factors restricting the growth of your business? Please provide no more than 3 things.**

Factors restricting growth	%	Number
Lack of consumer demand	5%	5
Lack of suitable staff	7%	7
Competition	3%	3
Regulations	0%	0
Transport connectivity issues	0%	0
Broadband availability	1%	1
Broadband cost	0%	0
Personal choice not to	4%	4
Other	0%	0
Attracting bigger companies to use us	1%	1
Availability of suitable premises	3%	3
Being contracted to another company	1%	1
Costs / overheads	5%	5
Getting people into the town	1%	1
High tax rates	1%	1
Lack of cheap land	1%	1
Lack of finance / credit / loans	5%	5
Lack of parking	2%	2
Location	1%	1
Market recognition	1%	1
Parking charges are too high	2%	2
Space available at current premises	5%	5
Staff wages	1%	1
State of the economy	3%	3
Weather	1%	1
There are no key factors restricting the growth of my business	45%	45
(Don't know)	4%	4

7. Please can you let me know which broadband provider you use?

Broadband Provider	%	Number
BT	47%	47
Virgin Media	4%	4
Sky	3%	3
Talk Talk	7%	7
EE	1%	1
Three	0%	0
AOL Broadband	0%	0
Plusnet	2%	2
Vodafone	2%	2
O2	0%	0
Other	0%	0
Don't know	7%	7
AB Computers	1%	1
Communication Systems	1%	1
Daisy	1%	1
Netgear	1%	1
Our own broadband	2%	2
Peach	1%	1
Tiscali	1%	1
Unicom	1%	1
Universal Telecom	1%	1
Vostron	1%	1
XLN	3%	3
Don't have broadband	15%	15

8. How do you currently receive broadband?

Method	%	Number
Phone line	63%	54
Leased line	9%	8
Wireless	19%	16
Cable	16%	14
Mobile	2%	2
(Don't know)	8%	7

9. Why did you choose to locate here? Please give 3 reasons in order of importance (with 1 being most important)

Factor	Number
Accessible to customers (for them to visit or to visit them)	8
Close to similar businesses	0
Convenient for owner / decision maker	32
Convenient for workforce	14
History - we've been in this building or area for a long time etc	10
Close to previous location or parent company	4
Price / value for money / we could afford it etc	4
Availability of suitable space	11
Nice area, attractive environment etc	7
Close to a Tesco distribution centre	1
Close to children's schools	0
Close to home	2
Convenient location	4
Free parking	1
I bought an existing business so it was already here	2
I like working from home	2
Near to a location which is important to my business (e.g. lakes / quarry / airfield)	3
Originally this town was a good location when I started the business	1

10. What kind of premises does your business currently operate from?

Premises Type	%
Rented office	13%
Owned office	11%
Rented light industrial space (workshop, plant etc)	11%
Owned light industrial space (workshop, plant etc)	5%
Rented warehouse space	8%
Owned warehouse space	5%
Home office	24%
Garage	1%
Rented shop	7%
Owned shop	5%
Other	0%
Farm (unspecified tenure)	3%
Hotel (unspecified tenure)	1%
Mobile business	1%
Owned portacabin	1%
Rented community hall	1%
Rented farm	0%
Science Park (unspecified tenure)	1%
Specialist agricultural processing facility (unspecified tenure)	1%
Currently looking for suitable space for my business	0%
Unsure if premises are rented or owned	1%
Refused	1%

11. How satisfied are you with your current business premises?

Level of Satisfaction	%
Very satisfied	52%
Satisfied	43%
Unsatisfied	3%
Very unsatisfied	2%

12. Why do you consider your current premises to be unsuitable?

Complaint	%	Number
Too small for existing activities / staff	40%	2
Want to expand in the future	0%	0
Poor condition of unit	20%	1
Unsuitable location for business	60%	3
Rent is too expensive	0%	0
Difficult vehicular access	20%	1
Other	0%	0
Drainage is poor / often flooded	20%	1
Base:		5

13. How likely are you to relocate outside the local market (10 mile radius) over the next 2 to 3 years?

Likelihood of relocation outside local market (10 mile radius)	%
Definitely	0%
Very likely	1%
Likely	4%
Unlikely	10%
Very unlikely	24%
Definitely not	60%
(Don't know)	1%

14. Is there a gap between the skills current staff have and those needed for the organisation to work as effectively as possible?

Industry	Skills Gap?	
	Yes	No
Agriculture, forestry and fishing	8%	92%
Mining, electricity, gas or water	0%	100%
Engineering	25%	75%
Manufacturing	14%	86%
Construction	22%	78%
Wholesale, retail or motor trade	0%	100%
Hotels or restaurants	0%	100%
Transport, storage or communication	25%	75%
Financial services	0%	100%
Real estate, renting or business activities	0%	100%
Public administration or defence	0%	100%
Education	0%	0%
Health and / or social work	50%	50%
Other community, social or personal work	0%	100%
Art / drama	0%	100%
Hairdressing / barbers	33%	67%
IT / computing	0%	100%
Leisure	0%	100%
Life science	0%	100%
Recycling	50%	50%
Solicitors / surveyors / architects	0%	100%
Yoga / therapist	33%	67%
Total	13%	87%

15. Over the past 12 months have you arranged or funded any training for employees at this site?

Yes	49.5%	50
No	49.5%	50
Don't know	1.0%	1

16. Is this because you can't afford to train staff?

Yes	4.0%	2
No	96.0%	48
Base:		50

17. Are you aware of the Andover Skills Training Fund - which provides £1,000 training per employee and up to £10,000 per business a year? (SP10 postcodes only)

Yes	36.4%	4
No	63.6%	7
Base:		11

18. Have you employed anyone on an apprenticeship programme in the last 3 years?

Industry	Apprenticeship?	
	Yes	No
Agriculture, forestry and fishing	8%	92%
Mining, electricity, gas or water	67%	33%
Engineering	13%	88%
Manufacturing	14%	86%
Construction	33%	67%
Wholesale, retail or motor trade	14%	86%
Hotels or restaurants	33%	67%
Transport, storage or communication	13%	88%
Financial services	0%	100%
Real estate, renting or business activities	25%	75%
Public administration or defence	0%	100%
Education	0%	0%
Health and / or social work	25%	75%
Other community, social or personal work	25%	75%
Art / drama	0%	100%
Hairdressing / barbers	67%	33%
IT / computing	33%	67%
Leisure	0%	100%
Life science	0%	100%
Recycling	0%	100%
Solicitors / surveyors / architects	0%	100%
Yoga / therapist	0%	100%
Total	18%	82%

19. Which of the local training providers do you have links with?

Industry	% reporting links with local training providers
Agriculture, forestry and fishing	38%
Mining, electricity, gas or water	67%
Engineering	50%
Manufacturing	14%
Construction	78%
Wholesale, retail or motor trade	7%
Hotels or restaurants	33%
Transport, storage or communication	13%
Financial services	50%
Real estate, renting or business activities	50%
Public administration or defence	0%
Education	100%
Health and / or social work	50%
Other community, social or personal work	50%
Art / drama	33%
Hairdressing / barbers	67%
IT / computing	33%
Leisure	100%
Life science	100%
Recycling	0%
Solicitors / surveyors / architects	33%
Yoga / therapist	33%
Total	38%

Training Provider	%
Andover College	4%
Basingstoke College of Technology	3%
Eastleigh College	8%
Wiltshire College	1%
Private training provider	23%
Other	0%
Brockenhurst College	1%
Highbury College	1%
South Gloucestershire and Stroud College, Filton	1%
Sparsholt College	2%
University of Southampton	2%
None	62%

20. Does your business currently have links with local schools?

Links with schools?	%
Yes	17%
No	83%

21. Do you feel your business would benefit from having greater linkages with local schools?

Feel business would benefit from having greater linkages to local schools	%
Yes	12%
No	74%
Maybe	12%
Don't know	2%

22. How would you like to receive information from Test Valley Borough Council?

Council website	1.0%	1
Email	49.5%	50
E-newsletters	5.9%	6
Facebook	0.0%	0
LinkedIn	0.0%	0
Local newspapers	1.0%	1
Networking events	0.0%	0
Paper based newsletters	3.0%	3
Post	25.7%	26
Twitter	0.0%	0
Texts	0.0%	0
A mobile App	0.0%	0
Other	0.0%	0
Phone call	1.0%	1
(Don't know)	3.0%	3
(Don't want to receive any information from Test Valley Borough Council)	15.8%	16

23. Which of the following would be valuable in improving your business stability / growth?

Which of the following would be valuable in improving your business stability / growth?	Definitely	Possibly	No
Suitable commercial premises	23%	18%	59%
Improved availability of highly skilled labour (e.g. managerial, professional and technical skills)	22%	11%	67%
Improved availability of other skills your business needs	22%	16%	62%
Better local training available	14%	20%	66%
Better access to business mentoring, coaching and networking opportunities for your business	10%	16%	74%
Assistance with E-commerce and internet-based technologies	11%	16%	73%
Free advice with tax and national insurance law and payments	18%	19%	63%
Support in dealing with Planning Regulations and related matters	20%	16%	64%
Support to help you in recruiting staff with the right skills	16%	16%	68%
Support with intellectual property	4%	13%	83%
Support to develop new markets in the UK	12%	11%	77%
Support to develop new markets outside the UK	10%	9%	81%
Better / cheaper car parking	2%	0%	0%
Better broadband	4%	0%	0%
Better telephone lines	1%	0%	0%
Cleaner streets	1%	0%	0%
Free training	1%	0%	0%
Limit the number of businesses allowed in my industry, there are too many new ones	1%	0%	0%
Lower business rates	4%	0%	0%
Make it easier to get planning permission	1%	0%	0%

24. If there was one thing that the Council could do to assist the growth of the local economy, what would that be?

If there was one thing that the Council could do to assist the growth of the local economy, what would that be?	%
Better / more car parking	3%
Better broadband	5%
Better communication with businesses regarding apprenticeships	1%
Better information about the availability of premises	1%
Cleaner streets	1%
Help find people that want a job	0%
Help in training younger people	1%
Improve the disabled access at our premises	1%
Improve the town centre	1%
Improved transport system	1%
Invest more money	1%
Keep the business rate low for small businesses	1%
Less regulation	2%
Lower business rates	10%
Maintain the zero business rates for businesses for the next year	1%
Make planning permission easier / quicker	2%
More funding for businesses	2%
More road signs	1%
More support / reduce costs for new businesses	3%
Offer better / larger premises	2%
Offer more help to the unemployed in finding work	1%
Offer more varied apprenticeships	1%
Provide more developments	1%
Provide value for money	1%
Release information about food handling	1%
Remove tax for companies that employ less than 5 people	1%
Use our company	1%
Don't know	57%

25. Would you be willing to communicate with the Council on behalf of the business community?

Would you be willing to communicate with the Council on behalf of the business community?	%
Yes	42%
No	58%

26. Is there anything else you would like to add or any comments you would like to make?

Is there anything else you would like to add or any comments you would like to make?	%

Help in finding suitable premises would be very useful	1%
I'm in a niche business so my market is limited	1%
The council could put signs up so people know where the fishery is	1%
The council should give more support to businesses	1%
There needs to be more advertising to encourage people to come into the town	1%
There should be more affordable training available	1%
No	94%