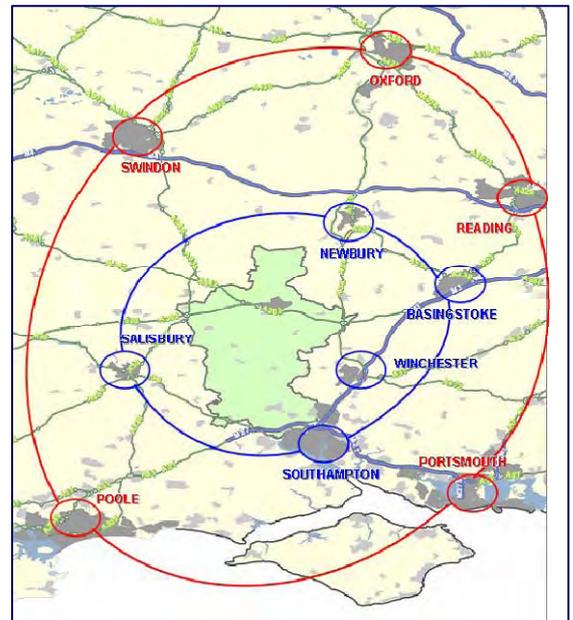


“The Centre of Things”

A Long-Term Economic Strategy
for Test Valley



A report for Test Valley Borough Council

October 2007

“The Centre of Things”

A Long-Term Economic Strategy for Test Valley

Test Valley Borough Council

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Approved by: Tim Sydenham
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Date: 2007

Executive Summary

The position today

In April 2007, Test Valley Borough Council commissioned Experian to review its *Long-Term Economic Strategy*, previously prepared in 2000. Test Valley is an attractive place which offers a great deal to residents, businesses and tourists. However, whilst Test Valley's economy has performed well in recent years, broader measures of competitive economic performance are mixed. This is largely due to the Borough's significant inequalities between Andover and its southern/rural parts which provide different challenges and opportunities.

In Andover, the characteristics (highly-skilled people, high-value jobs, quality employment sites, strong university links and a quality social and cultural infrastructure) associated with a competitive economy are lacking. The *Leitch Review's* warning that higher-level skills are fundamental to future economic prosperity is of great concern for Andover. However, there are real opportunities arising for Andover:

- the innovative *Andover Vision* project has considerable momentum and buy-in, led by business and geared to creating a step-change in the town's aspirations and offer; the Council is embarking on an innovative relationship with the private sector to regenerating Andover's major industrial estates; the prestigious Sparsholt College, Hampshire, is re-developing the Andover College for the 21st Century.

In southern Test Valley, the economy is adapting well to the 21st Century challenges set out in the *Regional Economic Strategy*, building on its high-value business parks, strong road and rail links, its proximity to higher education institutes and its location at the gateway to Urban South Hampshire:

- the University of Southampton Science Park continues to expand its high-value, science-based, R&D employment, making a huge contribution to the GVA growth ambitions of the Partnership for Urban South Hampshire; Adanac Park is attracting high-profile employers such as the Ordnance Survey; the high quality of southern Test Valley's environment provides graduates, home-workers and highly-skilled people in Urban South Hampshire with an attractive place to live, work and visit.

Looking forward

Test Valley presents significant opportunities. Southern Test Valley is located at the very gateway to western PUSH, and is key to the future of this South East "Diamond". Andover is at the centre of things in southern England, within 30 minutes easy drive of over 1million people and 50,000 business sites accounting for over 600,000 jobs. However, getting the ingredients in place to improve Andover's economy will take time. There is a sequence in which jobs today are important, education and training improvements today and tomorrow are important and turning around the fortunes of the existing estates and the town's social and cultural offer is vital for tomorrow's economic success – in the long-term, it is possible to imagine a higher value economy with higher levels of highly skilled jobs across Test Valley.

Actions set out in this economic strategy to achieve these aspirations include marketing Test Valley, engaging with business, linking support with value, delivering the *Andover Vision*, improving our industrial estates, attracting higher-education provision, improving our schools, securing a skills/employability centre, branding skills/employability activity, supporting our college, working with PUSH, supporting our science park, capitalising on southern Test Valley and marketing our countryside.

Introduction

The Test Valley

It is seven years since the previous *Long-Term Economic Strategy* for Test Valley was prepared.

During that period, there have been significant developments in the Test Valley economy, and in the wider economic and policy world within which the Test Valley exists. Indeed, the policy environment continues to evolve with the July 2007 publication of HM Treasury's *sub-national review of economic development and regeneration*.

Viewed as a whole, the Test Valley is currently a prosperous and attractive place; it is accessible via major road and rail networks to surrounding centres such as Salisbury, Newbury, Basingstoke, Winchester and Urban South Hampshire; and it is growing. However, the picture is not consistent across the Borough:

- The south of the Borough – in and around Romsey – is adapting well to an evolving 21st Century economy, building on its high-value business parks, strong road and rail links, its proximity to higher education institutes and its inclusion in the Urban South Hampshire sub-region.
- In the north of the Borough, Andover's economic circumstances look somewhat different. Currently lacking many of the characteristics associated with a competitive economy – highly-skilled people, high-value jobs, quality employment sites and strong links with universities – Test Valley's principal town is still in the process of establishing a vision and role for itself.
- Beyond Test Valley's two principal towns, the Borough's villages are set in pleasant rural areas which continue to diversify economically and whose residents currently look both within and outside Test Valley for services, work and play.

This is the present-day picture. But the economic prosperity and competitiveness of a place is evolutionary, and cannot be viewed in isolation. Over time, changes in places elsewhere alter the relative position of a local economy, and external influences can push a locality in an unwanted direction. Looking beyond today, the evidence set out in this document suggests that the Test Valley faces a number of challenges – but opportunities, also. Understanding these trends, drivers and uncertainties, and setting out a preferred direction, enable a place like the Test Valley to shape its own future. This is the overall aim of the new *Long-Term Economic Strategy*.

Previously ...

The previous *Long-Term Economic Strategy* provided the framework for the Borough Council's economic development activity since its publication in 2000. Key aims and broad actions for the Test Valley economy were identified, and set out to reflect the distinct geography of the Borough – (a) Andover and the North (b) the South (c) the Rural Areas. Over the past seven years, detail has been added to these broad actions and taken forward by the Borough Council and partners. Key achievements include:

- establishing the *Andover Vision* and its high profile Board, a business-led initiative that has captured the imagination of Andover residents and stakeholders and has considerable momentum behind it;
- establishing *Andover Live*, the centre-piece of a promotional campaign and an annual programme of events which have included the Sports Fair, Summer Sounds, the Food Fayre and specialist food markets;
- establishing the Basepoint Business and Innovation Centre in East Portway;
- enhancing Andover's town centre, through developments such as *The Lights* theatre and the new 4-screen cinema and other developments;
- developing the Andover Business Park;
- supporting business through the launch of the annual Test Valley business awards, the e-Hampshire promotion of broadband and the regeneration of the Walworth Industrial Estate using Local Authority Business Growth Incentive grant funding;
- establishing the Basepoint Business and Innovation Centre in East Portway;
- developing the University of Southampton Science Park (formerly the Chilworth Science Park);
- promoting Adanac as a strategic site, with the Ordnance Survey re-locating there;
- participating in the Partnership for Urban South Hampshire, a regionally important economic sub-region, the footprint of which includes southern Test Valley;
- supporting the ongoing diversification of the Borough's rural areas, with a particular focus on tourism marketing; and
- increasing total employment in the Borough by 3,000.

More detailed information on economic development activity in the Test Valley can be found on the Borough Council's website at www.testvalley.gov.uk. It is now time to define an updated set of aims, objectives and actions which reflect the circumstances of the Test Valley economy in 2007.

A new Long-Term Economic Strategy

In April 2007, the Test Valley Borough Council commissioned Experian to review the *Long-Term Economic Strategy* for Test Valley. Experian is proud to be a partner to the region (the South East of England Development Agency, the South East of England Regional Assembly and the South East of England Intelligence Network) and the county (Hampshire County Council), and pleased to now be a partner to Test Valley.

The aim of Experian's work with the Borough Council has been to generate an evidence base to inform policymaking in the Test Valley (including the *Local Development Framework*, the *Community Plan* and *Andover Vision*) and to develop with stakeholders a new *Long-Term Economic Strategy* for Test Valley – and ensure the Borough's future economic prosperity is in its own hands.

1 Test Valley – The Evidence

1.1 Headline indicators*

	Test Valley	Hampshire ¹	South East
Profile			
Total population (000s)	112	1,672	8,174
Gross Value Added (£mn, current prices)	1,962	28,525	150,214
Total employment, (000s)	60	874	4,338
Key Performance Indicators			
Average annual growth in GVA, 2000-2005	2.9%	2.7%	2.8%
Gross Value Added (GVA) per worker, (£000s)	32.6	32.6	34.6
Employment rate - working age, 2005-2006	85%	82%	79%
Average (median) gross weekly earnings - workplace based, 2006	£345	£350	£355
People			
Average annual population growth, 2000 to 2005	0.5%	0.4%	0.4%
% of the w/a population with degree level qualifications, 2005-2006	26%	27%	30%
% of the population aged 16-24 with no qualifications, 2005-2006	12%	10%	10%
Economy & Business			
% of employees in high-value manufacturing	1%	2%	1%
% of employees in Knowledge Intensive Business Services (KIBS)	7%	8%	10%
VAT registrations per 10,000 adult population	45	37	42
% of VAT registered businesses still registered after three years	77%	75%	73%
Place			
ILO unemployment rate, 2005-2006	2%	4%	4%
% of the population in low income households, 2004	6%	9%	9%
* All data for 2005 unless indicated otherwise			

1.2 An introduction to Test Valley

The Test Valley is situated in Hampshire, central southern England, between the M4 corridor to the north and the M27/Urban South Hampshire sub-region to the south. The Borough is located in the South East of England – one of the UK's few genuinely competitive European regions – just within the region's border with the South West.

¹ The figures presented for Hampshire (unless explicitly stated otherwise) are based on the former county of Hampshire and therefore include the unitary authorities of Southampton, Portsmouth and the Isle of Wight.

The Test Valley is home to 112,000 people (113,600 people according to 2006 mid-year estimates). Just over 60,000 people work in the Borough, primarily in Andover and Romsey. Test Valley could be described as being comprised of three distinct parts:

- the north of the borough, around Andover;
- the south of the borough, around Romsey; and
- the rural parts of the borough.

Test Valley lies in the centre of a wider sphere of economic activity, with Basingstoke and Newbury to the north, Winchester to the east, Southampton to the south, and Salisbury to the west. The south of the Borough forms part of what the South East of England Development Agency (SEEDA) describes in its *Regional Economic Strategy* as Urban South Hampshire – a ‘Diamond for Investment and Growth’.²

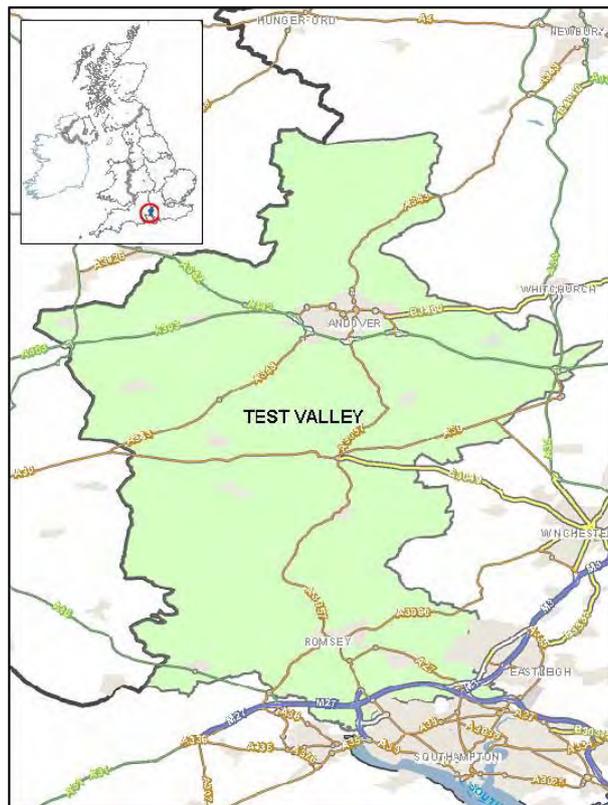


Figure – The Test Valley

1.3 Key findings

1.3.1 Headline Economic Performance

The Test Valley economy has performed well in recent years, with economic output – or *Gross Value Added (GVA)* – expanding by 2.9% on average each year over the past five years – slightly better than the county (2.7%) and region (2.8%).

However, broader measures of competitive economic performance are mixed. While Test Valley benefits from extremely high rates of employment – 85% of the active population are in employment, compared to 82% of all Hampshire residents and 79% of people across the South East – the Borough has rates of productivity and earnings below county and regional

² *The Regional Economic Strategy 2006-2016: A Framework for Sustainable Prosperity*, SEEDA, 2006

benchmarks. This really highlights that Test Valley tends to perform better against residence based measures than it does against workplace based measures, suggesting that while as a whole the Borough is currently an attractive place to live, it is less so a place to work (related in part to out-commuting to London and other large employment destinations). However, there are differences within the Borough – particularly in Andover – which are discussed below.

	Test Valley	Hampshire	South East
Average annual growth in GVA, 2000-2005	2.9%	2.7%	2.8%
Gross Value Added (GVA) per worker, (£000s)	32.6	32.6	34.6
Employment rate - working age	85%	82%	79%
Average (median) gross weekly earnings	£345	£350	£355
Source: Experian 2007; Annual population Survey 2005/06; Annual Survey of Hours & Earnings 2006			

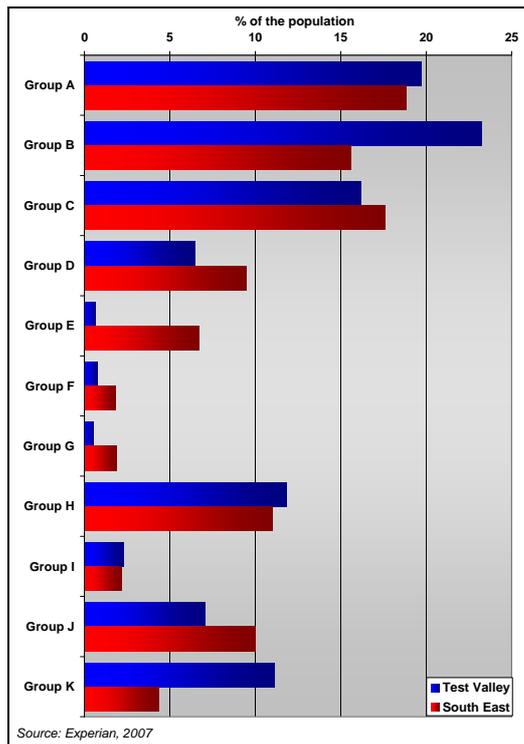
Figure – Key performance indicators

The following sections analyse the strengths and weaknesses of the Test Valley. The analysis is structured around the tenets of the “competitiveness pyramid” concept, which was used to underpin both the UK Government’s *State of the Cities Report* and the Experian *Diamonds for Investment and Growth: the Evidence* report. There are seven drivers of competitiveness identified in the pyramid concept: (1) innovation/creativity (2) investment (3) human capital (4) economic diversity/specialisation (5) connectivity (6) quality of life and (7) decision-making. The analysis combines these drivers into three broad areas:

- people – human capital;
- economy & business – innovation/creativity, investment, economic diversity/specialisation;
- place – connectivity, quality of life, strategic decision-making capacity.

1.3.2 People

The Borough benefits from a significant presence of people in higher socio-economic groups. Experian’s ‘Mosaic Public Sector’ socio-demographic system suggests an over-representation of career professionals living in sought after locations and younger families living in newer homes (Mosaic groups A & B), with lower socio-economic groups (Mosaic groups F & G) heavily under-represented in the Borough.



- A: Career professionals living in sought after locations
- B: Younger families living in newer homes
- C: Older families living in suburbia
- D: Close-knit, inner city and manufacturing town communities
- E: Educated, young, single people living in areas of transient populations
- F: People living in social housing with uncertain employment in deprived areas
- G: Low income families living in estate based social housing
- H: Upwardly mobile families living in homes brought from social landlords
- I: Older people living in social housing with high care needs
- J: Independent older people with relatively active lifestyles
- K: People living in rural areas far from urbanisation

Figure – The Mosaic Public Sector profile of the Test Valley

The limited number of lower socio-economic groups that do live in Test Valley are concentrated in Andover, home to a significant number of upwardly mobile families living in homes brought from social landlords (Group H), as well as younger families living in newer homes (Group B). In contrast, Romsey tends to be heavily dominated by career professionals and older families living in suburbia (Groups A & C respectively). Outside of the two towns, there are high concentrations of those living in rural areas (Group K) and pockets of career professionals and older people (Group J). There is a general impression that Andover has found it difficult to attract higher socio-economic groups for a variety of reasons – including the quality of schools in the town, its low-value job offer and its paucity of cultural and social attractions – and that the higher socio-economic groups living in the areas around the town tend to look to other towns for services and entertainment. However, there is an impression that this is now beginning to change with the developments underway in Andover.

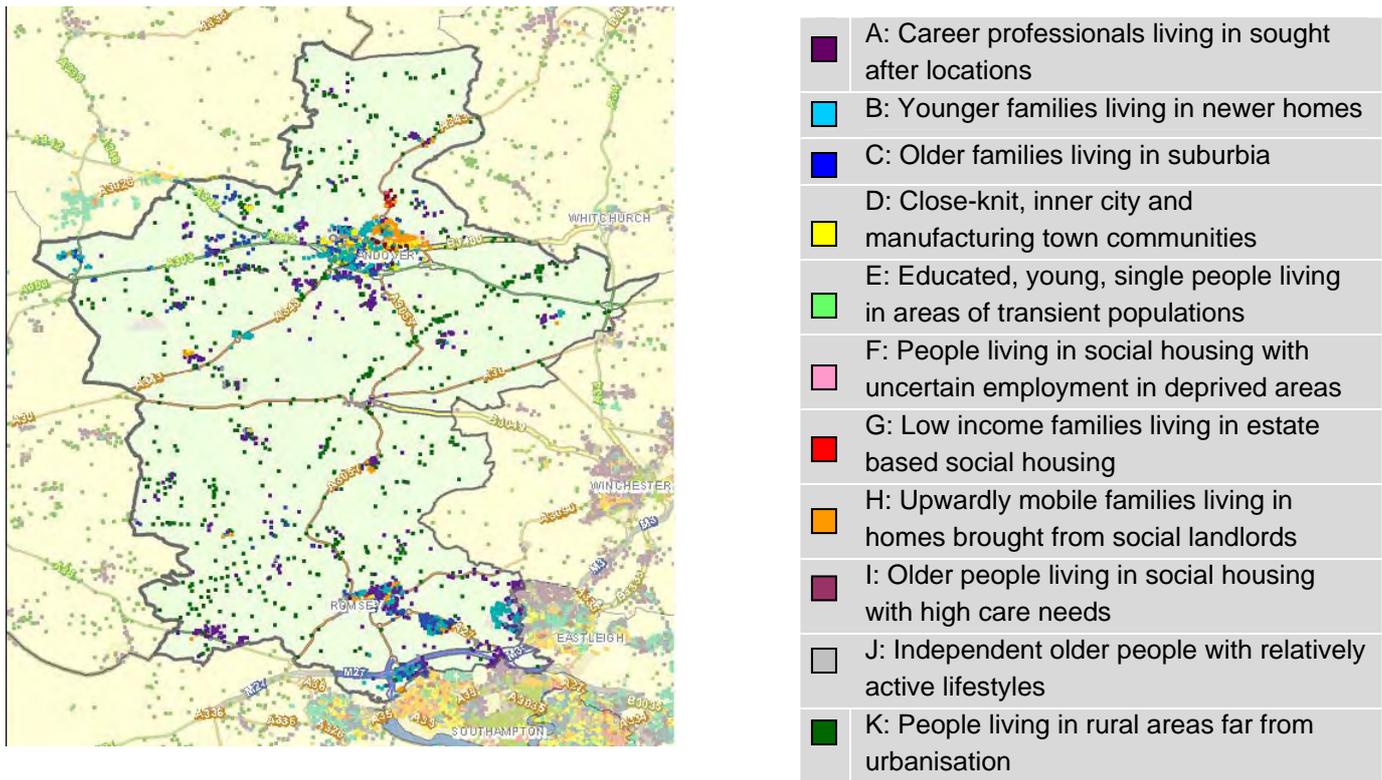


Figure – The Mosaic Public Sector profile of the Test Valley

While the Borough as a whole benefits from a significant presence of higher socio-economic groups, the demography of the Test Valley’s population gives cause for concern, as it suffers an under-representation of young adults. According to Mosaic, educated, young single people (mostly students and graduates) make-up less than 1% of the Borough’s population – this is less than any other district in Hampshire. People aged between 16 and 34 are generally under-represented in Test Valley, ranking 7th out of the 11 Hampshire local authorities.

However, the picture within the Borough is again mixed. Although the picture may have changed over the past seven years, the 2001 Census suggests the under-representation of young people is most pronounced in the southern and rural parts of Test Valley. In these parts of the Borough, there is a significant falling off in population at the university/labour market entry age which does not revive to county/regional averages until people are well into their 30s. These patterns are a likely reflection of the lack of a formal higher education presence in the Borough and the significant net out-migration of young people from the Test Valley in recent years, combined with a relative lack of graduate-level jobs.

However, in Andover the falling off in population at the university/labour market entry age is much less pronounced. This suggests, and is supported by evidence on university admissions, that the socio-economic make-up of Andover is contributing to a much poorer level of progression to higher education. This means that the young adult population (16-30 year-old) remaining in the Borough is likely to be lower-skilled, employed in lower-value jobs or starting lower-value businesses – a pattern that is supported by the evidence on Andover’s low residence skills-levels and low-value industrial structure. More positively, the fact that Andover is able to retain a higher proportion of its young people demonstrates a commitment on their behalf to live and work in the town, and provides a foundation for the future – in which the focus

needs to be on raising the skills and aspirations of the resident population and – in the long-term – the value of the jobs on offer from businesses.

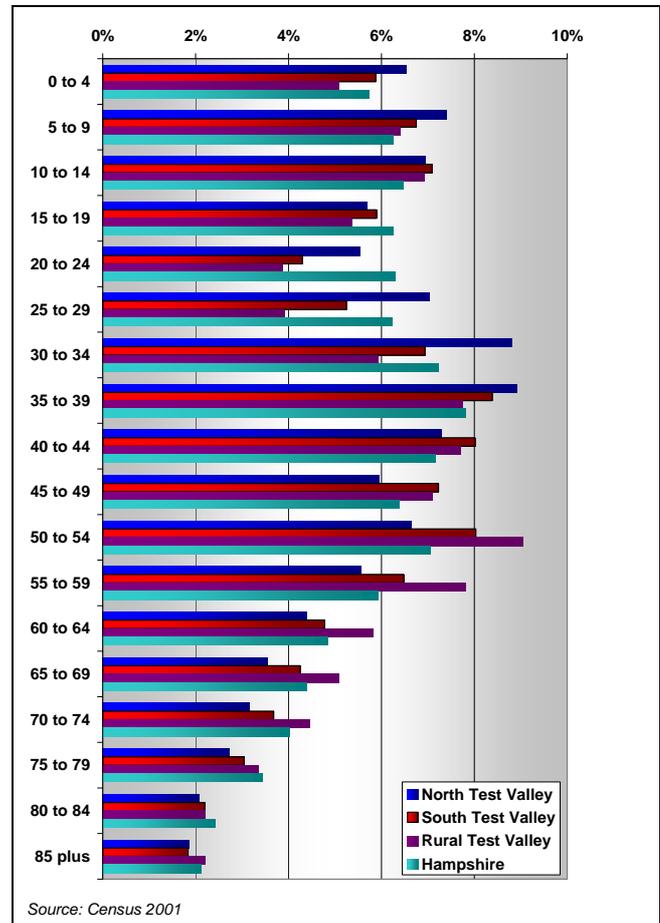
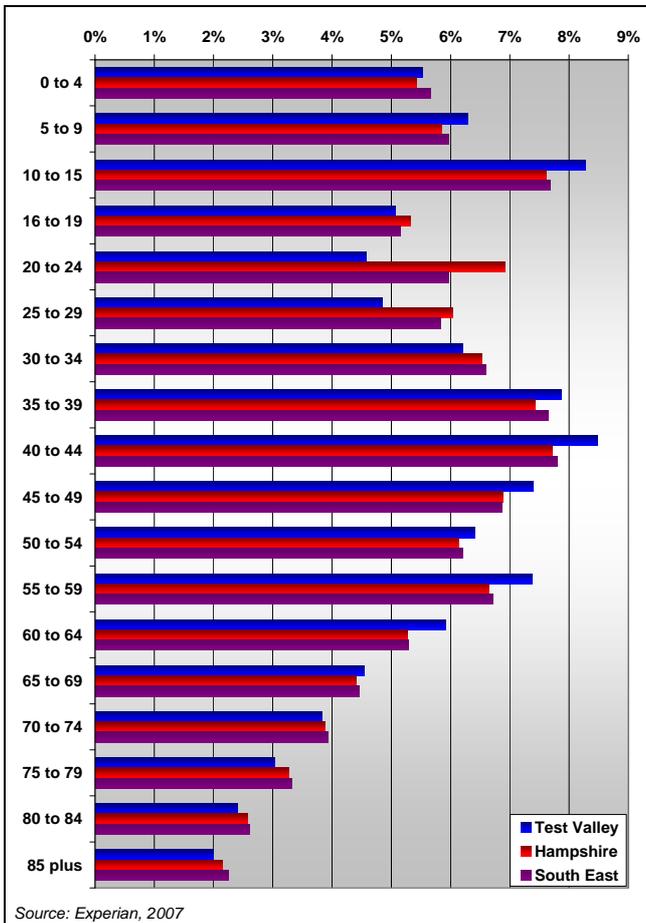


Figure – Age profile of the population



The Test Valley faces considerable demographic challenges in relation to its young adult population, but these challenges differ across the Borough



As touched on above, another area of concern lies in the skills profile of the local population. The most significant area of concern is a lack of Andover and northern Test Valley residents qualified to degree level and above. This skews the picture for the Borough as a whole, where a little over one in four Test Valley residents are qualified to NVQ level 4 and above, which is significantly below county and regional benchmarks (29% and 32% respectively). **An objective set out in the Leitch Review of Skills is to exceed 40% of adults qualified to level 4 and above by 2020 – higher-level skills are key to future economic prosperity and competitiveness but currently a real weakness in Andover and northern Test Valley.**

Those young people continuing to live in the Test Valley (particularly in Andover) are generally poorly qualified, with 12% of 16 to 24 year olds holding no formal qualifications at all, a higher proportion than is average across Hampshire and the South East (both 10%). This in part reflects the performance of schools in Andover which, although mixed, include a small number

that have been described as “inadequate” by Ofsted. Schools are important because they set the foundation for the future supply of labour in the Borough (acknowledged by the 14-19 Agenda activity underway in Test Valley), but also because the quality of schools is often an important factor in where people (and therefore businesses) choose to locate – currently, around 400 children a day in Test Valley leave the Borough to attend school, as parents look elsewhere for their children’s education.

The 2001 Census suggests that the lack of high-level skills generally and a concentration of low-skilled young people are more severe in the north of the Borough, and that the southern and rural parts of the Test Valley actually benefit from a more highly qualified population than Hampshire and the South East. Because Andover is the principal employment centre in Test Valley (around 50% of the Borough’s total employees are based in and around Andover), the town’s poor statistical performance has a significant negative impact on the Borough’s performance as a whole. Altogether, the low skills base in Andover and northern Test Valley is of real concern for the Borough. It is a significant constraint on the economic development of the area, continuing the cycle of predominantly low-skills, low earnings and low-value jobs which characterise Andover and northern Test Valley.

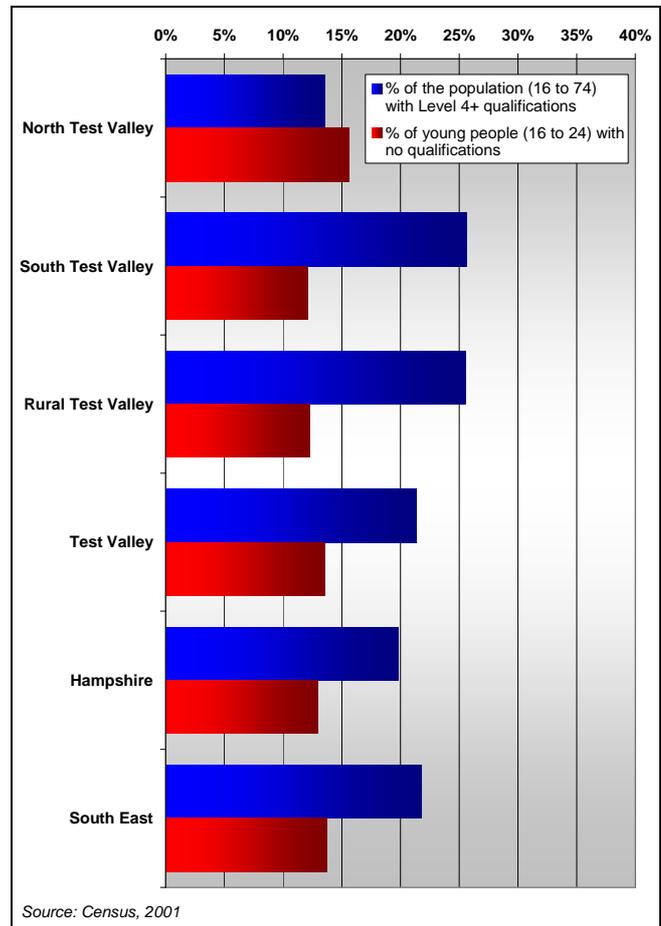
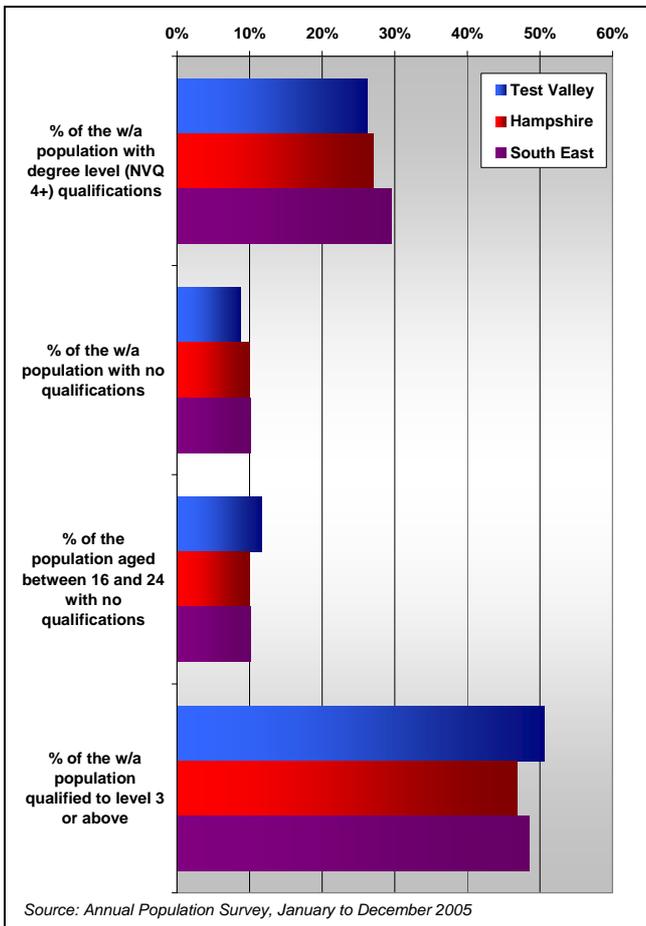


Figure – Qualifications profile of the population



A lack of degree-level qualifications and the general absence of formal qualifications amongst young people in Andover and northern Test Valley are key challenges for policy makers



Encouragingly, the recent merger of Sparsholt College (Winchester) and Cricklade College (Andover) means that 'Sparsholt College, Hampshire' now has the financial and resource capacity to invest significantly in its campuses, facilities and learning infrastructure. The Learning & Skills Council is working with Sparsholt College, Hampshire and its partners to fund the re-development of the new Andover College (formerly Cricklade College). Importantly, the college is viewed positively by the local business community, due in part to the college's ongoing engagement activities with local businesses. Plans are being put in place to build on this reputation and the investment going into the Andover College to develop high-quality learning provision in high-quality, 21st Century buildings.

The college's relationship with the University of Winchester, together with Sparsholt's HE programme, means that, despite the physical absence of any resident university in the Borough, higher education courses continue to be delivered locally. This is an important first step in enhancing level 4 provision in Andover and northern Test Valley to fill the higher-skills gap. In the south of the Borough, links remain strong with Urban South Hampshire universities and through the University of Southampton Science Park – around 130 local university graduates currently work on the site, out of a total 1,000 workforce.

The Borough's learning providers play an important part not only in the education of young people, but in helping up-skill and re-skill the existing workforce, in line with the evolving demands of businesses. The Borough's role in *progress2succeed*, Hampshire's Lifelong Learning Network, is beneficial in this respect. The Lifelong Learning Network is focusing on linking further and higher education providers across the county to improve lifelong progression into and within higher education for work-based, non-traditional, vocational learners, including re-engaging adult learners in education. Sparsholt College, Hampshire, is the lead institution for 'business and management' – one of seven curriculum groups – building on its status as a Centre of Vocational Excellence in 'management and leadership'. ***Encouraging Test Valley's population, particularly young people in Andover, to raise their skills through a variety of routes is key to the Borough's future.***

1.3.3 Economy & Business

The sectoral mix of the local economy, though broadly in line with that of Hampshire and the South East (largest sectors being wholesale and retail trade, business and professional services and manufacturing) represents significant challenges for the Borough going forward. In particular, although the Borough is home to a number of large employers – including Simply Health (HSA), Stannah and Twinings – its overall industrial structure remains low-value.

While generally speaking, this applies across the Test Valley, there exists some degree of variation in the sectoral make-up within the Borough. The north of the Test Valley is particularly low-value, characterised too by the manufacturing sector and by the presence of military/defence settlements nearby (including the new HQ for the British Army from 2009). Over the past seven years, Andover has failed to attract much in the way of higher-value employment, particularly in comparison to the rest of the fast-developing South East region. This has not been helped by the fact that Andover's major industrial estates, including Walworth and the Airfield, are in need of regeneration and suffering from high vacancy rates or yet to be developed.

In contrast, in southern Test Valley, the industrial structure is more obviously high-value, helped by strategic employment sites such as the University of Southampton Science Park and by the presence of businesses such as Roke Manor Research, CTC Aviation Group and Merck Chemicals and, in future, the Ordnance Survey national HQ. In particular, the University of Southampton Science Park (formerly Chilworth) is making a significant contribution to the Test Valley economy – in terms of high-value jobs, links with the global knowledge economy nationally and internationally and profile-raising for Test Valley as part of the Urban South Hampshire diamond. Hosting a range of science and R&D based businesses, around 1,000 people are currently employed on the Science Park (including over 100 graduates from local universities). The Science Park is viewed as strategically important by SEEDA. Southern Test Valley’s proximity to strategic road/rail links, the Port of Southampton and Southampton Airport, means that wholesale trade and transport and logistics related activities are also strong.

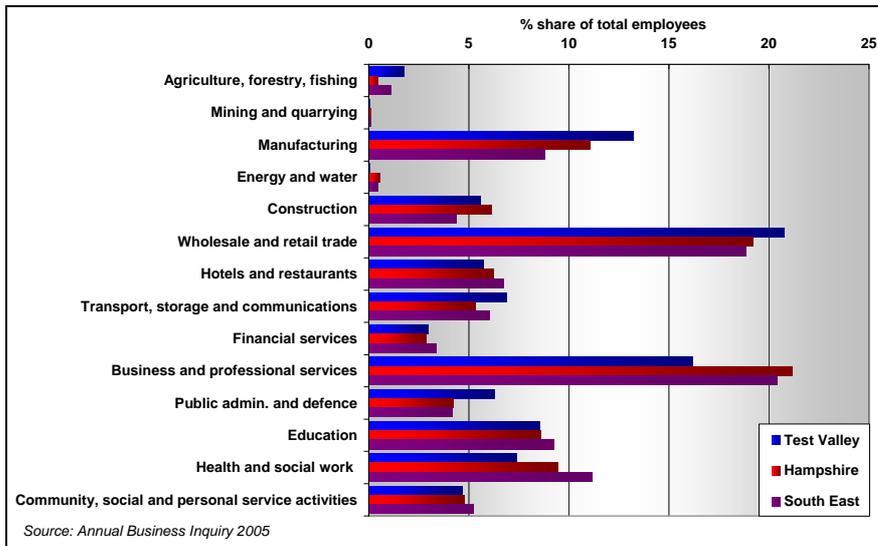


Figure – Sectoral make-up of the Test Valley economy

Across the Test Valley, manufacturing activities are well-represented and have traditionally been a strength of the local economy. However, the high-value added components of manufacturing, so important in a global economy where lower-value manufacturing faces strong competition from low-cost economies, are under-represented in the Borough. This is linked to the severe under-representation of Research & Development (R&D) employment in Test Valley – although the University of Southampton Science Park is beginning to make real in-roads into these high-value sectors, including the manufacture of pharmaceuticals and optical equipment, through its dealings with the university and Southampton General Hospital.

Where there is less evidence of in-roads being made right across the Borough is in business and professional services employment, which has been a key growth sector in the South East, nationally and internationally in recent years. Although the sector is growing in the Borough, it remains under-represented, particularly at the high-value end in so-called Knowledge Intensive Business Services (KIBS) which includes R&D, IT, business and management consultancy, legal, financial, accountancy and advertising. Business and professional services employment – particularly KIBS – is expected to continue playing a key role in driving the future expansion of the South East and national economy. This is linked to the growth of the creative and cultural industries which currently employs around 2,000 people in Test Valley.

In a global economy, in the face of low-cost competition from emerging economies, particularly in manufacturing, advanced economies such as the UK are required to shift their focus to high value-added, knowledge-intensive activities. As emerging economies develop their capabilities, and competition even in these activities becomes more pronounced, the importance to advanced economies of enhancing productivity, skills and innovation will continue to grow. Higher-value, knowledge-intensive activities therefore need to increase as a proportion of employment in places across the UK, including the Test Valley. However, it should be noted:

- Some places are more equipped than others in (1) business environment (2) educational base (3) physical infrastructure (4) social/cultural infrastructure/networks and (5) strategic decision-making capacity. The south of Test Valley, with its skilled workforce, good connectivity, proximity to the university and hospital, IT/technical infrastructure and quality of environment, is in a favourable position; Andover and the north currently less so. In Andover, there needs to be acceptance that high-value jobs cannot be conjured today; they will take time to develop as the right ingredients (skills, employment sites and a quality cultural offer) are put in place. In the short-term, it is important to attract all types of jobs.
- The ‘knowledge economy’ will continue to account for an increasing proportion of the economy (around 11% of jobs and 16% of GVA in the South East region will be in ‘knowledge intensive business services’ by 2020), but not all jobs will be high-value and knowledge intensive. As places become more prosperous and people more wealthy, local services and the ‘experience economy’ grows with people spending more money on social and cultural activities and experiences – jobs in these service-oriented sectors tend to be lower-skilled although businesses and entrepreneurs will still need to innovate and develop in the face of local competition. However, Test Valley should not expect all new jobs to be of high-value which is unrealistic, but to ensure that in the future a greater proportion of employment is high-value than hitherto.

Currently, the comparatively *low value* of the Test Valley economy – particularly in Andover and the north – makes it vulnerable to changes in the global economy, as most developed economies continue to push themselves up the value-chain in order to remain competitive.

	Test Valley	Hampshire	South East
% of employees in high-value manufacturing	1%	2%	1%
% of employees in Knowledge Intensive Business Services (KIBS)	7%	8%	10%
% of employees in creative industries	5%	5%	6%
R&D employees (SIC 73) per 1,000 employees	2.9	7.3	7.4

Source: Annual Business Inquiry, 2005

Figure – Representation of high value sectors of the economy

The Test Valley economy does have strength, however, in its dynamic business environment, with the Borough benefiting from high rates of business density and business start-up. Indeed VAT registrations per 10,000 of the adult population (a proxy for the business birth rate) is 3 points higher in the Borough than across the region (45 and 42 respectively), and significantly above the average across Hampshire (37). Moreover, the high rates of business start-up, coupled with high rates of business closure (VAT de-registrations), suggests a dynamic and competitive business environment in the Borough – particularly in conjunction with its high

proportion of businesses still registered after three years. Going forward, a dynamic business environment such as this – particularly if it can be converted to higher-value start-ups – will play an important role in the economic development of Test Valley.

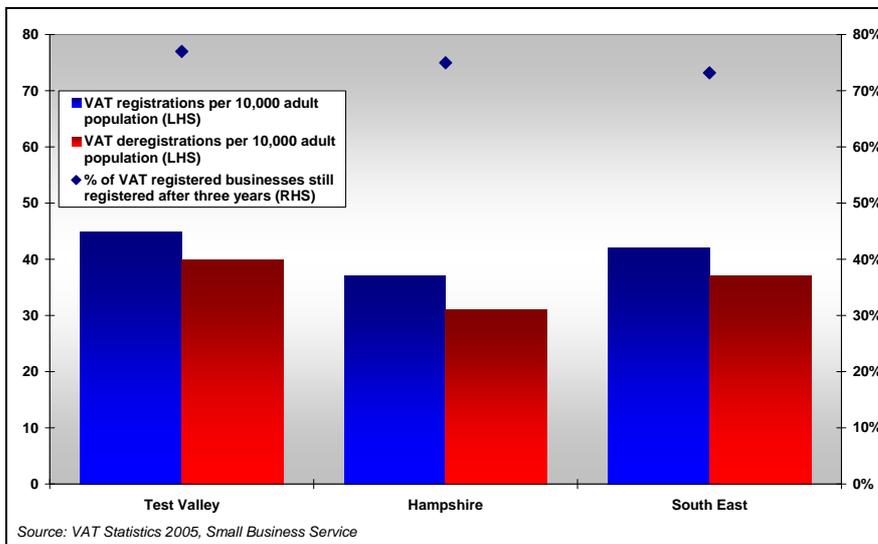


Figure – The business environment in the Test Valley



The Test Valley benefits from a dynamic and competitive business environment, with high rates of business start-up and survival.



1.3.4 Place

The concept of ‘place’ is fundamental to competitiveness. It plays an essential role, not only in providing physical, social and cultural infrastructure for businesses, but in attracting and retaining a workforce for the future. The ‘offer’ of a place, particularly its social, cultural, leisure and night-time offer, has been recognised as a key piece of the economic development jigsaw.

In terms of retail and local services, Andover and Romsey primarily serve their local catchment areas. However, with regards to Andover and the north in particular, households living in the suburbs or rural areas often look outside the Borough for retail, entertainment and even schools. The Test Valley towns cannot expect to *compete* as retail destinations with the larger surrounding towns. Nor should they try to do so. Instead, the towns need to strengthen their current offers in order to retain and attract back households in their traditional catchment areas, to spend *more of their money more of the time* – this is particularly important for Andover, as recognised in the *Andover Vision*. Andover and the rest of northern Test Valley is in a great location for households who wish to live in or around a growing, increasingly vibrant market town, surrounded by attractive countryside and with easy access if and when needed to a range of surrounding major destinations.

The Test Valley scores highly against measures of quality of life and the living environment – this is clearly one of the Borough’s strengths and attractions for residents, visitors and businesses alike. The Borough is predominantly rural, on a heritage trail between Winchester and Salisbury and has attractive countryside including the New Forest National Park and North Wessex Downs Area of Outstanding Natural Beauty. The Test Valley offers a broad variety of tourism attractions, ranging from museums and stately homes to theme parks and theatres. As a result, its share of the Hampshire tourism market has grown in recent years (accounting for

10% of all visits to the county), with hoteliers experiencing above average occupancy rates. Paultons Park is the biggest year-round attraction in the area, while Thruxton Race Circuit also attracts large numbers of visitors during British Touring Car Championship race meetings.

As a whole, the Borough continues to attract significant net inflows of migrants from other parts of the UK, many of whom are from higher socio-economic groups, thus helping to boost the skills base and disposable income of the local area. Economic inactivity and unemployment rates are significantly below county and regional benchmarks, and just 6% of the population live in low income households (the county and regional average is 9%) – many of these in Andover.

	Test Valley	Hampshire	South East
% of the w/a population economically inactive (LHS)	13%	17%	18%
ILO unemployment rate (LHS)	2%	4%	4%
% of the population in low income households (LHS)	6%	9%	9%
Housing affordability index	4.6	n/a	4.6
<i>Source: Annual Population Survey 2005/06; Indices of Multiple Deprivation 2004; JRF Housing Affordability Index 2003</i>			

Figure –The quality of life ‘offer’ in the Test Valley

Andover Vision is ambitious, focusing on creating a vibrant leisure, sports and health offer alongside 21st Century education and enterprise. Tied into this are innovative initiatives to regenerate and enhance Andover’s industrial estates, to meet the changing needs of business. The success of the *Andover Vision* is key to raising the aspirations of the town and attracting and retaining young people and businesses with the requisite skills and ambition. With the *Andover Vision*, there is now a gathering momentum which was not present seven years ago, and which recognises that the issue is moving forward from a town that sometimes sees itself as only functional rather than enjoyable.



Without trying, we will certainly not succeed in improving Andover, but if we have a go we might well create a truly wonderful and inspiring place to live.

Andover – It’s our Time (Andover Vision 2006-2026)



So as a whole, the Test Valley is a good place to live, and getting better. Andover is the subject of a truly visionary project with buy-in from businesses and stakeholders based in the Borough and beyond – the benefits of which should be felt in future years as the project is put into action. Romsey and the southern parts of Test Valley benefit economically from their position in the wider Urban South Hampshire sub-region. Stockbridge and the rural parts of the Borough are attractive, pleasant places to live and to visit. There is still work to do. But these are positive foundations on which to build this new *Long-Term Economic Strategy* for the Test Valley.

2 Test Valley – In Context

2.1 Trends, drivers and uncertainties

The Test Valley is not an island, entire of itself. The Borough is subject to trends, drivers and uncertainties – over all of which it has greater or lesser control. These may be:

- **endogenous**, “originating internally”, which relate to the intrinsic characteristics of the Borough’s economy; or
- **exogenous**, “originating externally”, which relate to social, technological, economic, environmental or political influences, and which are covered below.

Across a range of *present-day* indicators, Test Valley is relatively prosperous, although there are significant variations between Andover and other parts of the Borough.

Economic competitiveness is not a static phenomenon; it is dynamic and constantly evolving. As such, it is important to understand Test Valley in its wider context – because looking into the *future*, parts of the Borough in their current shape look vulnerable.

2.1.1 An overview

The future *long-term prosperity* of the Test Valley will be shaped by a number of external influences which are likely to push the Borough in certain directions over the coming years. The preparation of a *Long-Term Economic Strategy* (in conjunction with the development of the *Local Development Framework* and the *Sustainable Community Strategy*) is a window of opportunity for the Borough to shape its own future.

The process of preparing the strategy has provided a genuine attempt to think seriously about the challenges of globalisation and to ensure that local choices reflect those challenges – building on a clear realisation that “doing nothing is not an option”, and that understanding and guiding the nature of change can help to ensure that it is what the Borough wants and not simply what fate and external influences impose.

Key trends, drivers and uncertainties likely to influence the future Test Valley economy are:

Economic	Social	Environmental
Single Global Market	Longevity	Climate Change
Knowledge Economy	Educated Britain	True Cost Economics
Network Economy	Localism	Playground Countryside
Experience Economy	Healthy Environment	Cult of the Home

These trends, drivers and uncertainties are summarised below, and inform the identification of challenges in ‘Test Valley – Challenges’.

2.1.2 Economic

The move towards a [Single Global Market](#) is one of the major effects of the process of globalisation. Businesses compete in global market-places, and the movement of labour is progressively internationalised, particularly in the European Union but also in other key sectors where labour or skills shortages are acute. Innovation, off-shoring and out-sourcing are all part of the search for competitive advantage, in a UK economy where low-cost advantages have been severely eroded by the emerging economies of Eastern Europe, Brazil, Russia, India and China.

- Test Valley, with its relatively low-value industrial structure, is particularly vulnerable to emerging, low-cost economies. A range of interventions are required to improve the Borough's choice and quality of employment sites, cultural infrastructure and educational base.
- The labour market is also becoming increasingly mobile, so the Test Valley also needs to make itself more attractive as a place for people (particularly highly-skilled people) to live, in order to establish a workforce and skills base ready for businesses locating here.

The emergence of these economies has focused the minds of UK businesses and policy-makers on the [Knowledge Economy](#), in order to compete more effectively. The knowledge economy is a phenomenon where "the role of knowledge (as compared with natural resources, physical capital and low-skill labour) has taken on greater importance" (OECD), where "economic success is increasingly based on the effective utilisation of intangible assets such as knowledge, skills and innovative potential" (ESRC), from "high tech manufacturing and ICTs through knowledge intensive services to the overtly creative industries such as media and architecture" (Kok). At the heart of the knowledge economy are skilled people and technology.

- Skills are the currency in the 21st Century economy. Test Valley – and Andover especially – needs to raise its skills base, particularly at degree-level and above, in order to be competitive.
- New sectors are developing rapidly through the emergence of a 'knowledge economy'. These sectors will not wholly replace more traditional ones, but Test Valley must prepare to get its share of the new sectors by addressing their specific needs which include highly-skilled people, university links, IT/technology, connectivity and quality accommodation.

Modern communications technologies are becoming an increasingly integral part of 21st Century life, creating a virtual communications infrastructure intertwined with individual activity at home, work and play. This [Network Economy](#) is not only facilitating business interaction, but making it easier for people to work remotely in particular sectors and occupations. At the same time, rising affluence is boosting the [Experience Economy](#) as people (residents and tourists) spend an increasing proportion of their discretionary income on "experiences" such as social, cultural and leisure activities.

- Test Valley must capitalise on its quality environment which is and will continue to be a 'pull factor' for many people, keen to move to the Borough to enhance their quality of life whilst working remotely some or all of the time.
- The experience economy is booming. Test Valley – and Andover in particular – needs to invest in and promote its cultural and leisure offer, to encourage greater numbers of people (residents and tourists) to spend greater sums of money in the Borough.

2.1.3 Social

People in the UK are expecting to live longer and be healthier for longer. [Longevity](#) means that well-off citizens are likely to be economically and culturally active for longer than in the past. However, those who are less wealthy may struggle as increased life expectancy puts pressure on healthcare and private/state pension provision. A decline in the ratio of economically active to retired people would slow the growth in employment, since there will be fewer people to work – the growth in jobs would also be likely to slow, or there will need to be a continuing increase in migration and commuting in order to fill job vacancies where they exist.

- Test Valley’s relatively well-off 50+ year-old population – concentrated in its rural and southern parts according to Experian’s Mosaic system – provides a significant market for the Borough’s cultural and leisure offer, benefiting as the cohort does from ever greater wealth and leisure time.
- The Borough needs to retain and attract young people to live and work locally – and in particular to ensure that Andover’s young people have the motivation and skills to participate in the town’s economy.

Greater university participation, though serving to create an [Educated Britain](#), is masking a widening gap between those who are academically successful and those who are not. Those who are, are well-equipped for an increasingly flexible, knowledge-intensive labour market – providing the skilled workforce of the future. Those who are not, are susceptible to being left behind in an economy where academic and vocational skills are valued so highly. Places, like businesses, are increasingly competing to attract and retain highly skilled labour.

- The recent college merger, given the enhanced financial/resource capacity now at the disposal of the Andover campus, presents Test Valley with a fantastic opportunity to engage young people and the existing workforce in learning, up-skilling and re-skilling.
- It is also essential that higher education links are strengthened in the Borough, building on the Cricklade College/University of Winchester collaboration in the past, particularly in Andover where both skills and provision at NVQ4+ are disproportionately low.

There is a growing rise in [Localism](#), particularly among more affluent consumers who are progressively interested in locally produced goods and heritage attractions. Linked to the trend towards localism is a [Healthy Environment](#) trend, with consumers demonstrating an increasing interest in natural pursuits that involve minimal environmental impact, and in active pursuits which enhance their health and well-being.

- Given Test Valley’s quality of environment and the impetus behind the Food Fair and farmer markets, there is a real opportunity to strengthen the “Test Valley” brand and exploit this growing consumer trend towards localism and countryside pursuits.
- The *Andover Vision*’s emphasis on leisure, lifestyle, sport and health, the Borough’s high ranking in Sport England’s *Active People Survey* and Test Valley’s quality environment are a strong foundation to exploit the growing healthy environment lifestyle trend.

2.1.4 Environmental

There are growing concerns over the impact of [Climate Change](#). The localism and healthy environment trends in consumers are mirrored in policy terms by a growing focus on sustainability – a concept sometimes considered at odds with economic growth although viewed as going hand-in-hand with economic prosperity in the Government-sponsored *Stern Review on the Economics of Climate Change*. [True Cost Economics](#) are likely to become a direct

response to the concerns over the environmental consequences of rising consumption, as a new fiscal system is put in place to reflect the “true” cost of goods and services. Low-carbon goods and services will decrease in price; resource-intensive ones will become more expensive.

- Test Valley needs to grow and develop, but not at the expense of its quality environment. A number of key policies and strategies now in development are laying the foundation for the future of Andover and the Borough, importantly in this respect in the area’s own hands.
- Environmental considerations reinforce the importance to Test Valley of embracing the knowledge economy, in line with the *Regional Economic Strategy*’s emphasis on smart growth (productivity) and sustainable prosperity (quality of life).

CAP subsidies are changing, moving towards a system of rewarding farmers for environmental management rather than agricultural production. Rural areas, traditionally dependent on agriculture, are diversifying into new economic sectors. Increasingly, a [Playground Countryside](#) is emerging in which citizens – particularly more affluent ones – spend their leisure time. The UK population is increasing, contributing to rising demand for housing as the [Cult of the Home](#) continues. The increase in population, steered by housing policy towards large towns and cities, creates a potential market for businesses in rural areas. However, it also exacerbates housing affordability issues, as the demand for housing in high-quality environments leads to rising prices.

- Test Valley’s rural areas – though not facing the severe issues of some of the UK’s remote rural communities – need to continue diversifying into other sectors including agri-tourism, leisure and creative/cultural activities.
- Housing policy in the Borough, in line with the *South East Plan*, needs to provide a mix of units concentrated in areas of rising population – the south of the Borough, in the Urban South Hampshire sub-region, but most importantly in Andover. There is real opportunity to attract skilled people and home-workers to Test Valley, given its attractive environment.

2.2 The policy environment

The future of the Test Valley is also being shaped by a wider policy environment which is devolving certain economic powers back to regional and local areas. HM Treasury’s July 2007 *Sub-National Review of Economic Development and Regeneration* recognises that activities must be undertaken at a range of spatial levels to reflect the fact that places are different – their economic pasts are different, their assets and weaknesses are different and the challenges they currently face also differ. **The HM Treasury review also proposes that a formal duty be placed in future on each upper-tier local authority to analyse its economy and develop a distinctive economic vision for the local area – timely, therefore, that the Test Valley Borough Council is preparing a new Long-Term Economic Strategy.**

The HM Treasury *Sub-National Review of Economic Development and Regeneration* also announces changes in the structure of policy-making at the regional level. Currently, the future of the Test Valley economy is framed by two regional organisations and two regional strategies. Firstly, the South East of England Regional Assembly (SEERA) is responsible for preparing a Regional Spatial Strategy – the *South East Plan* – which provides a spatial planning framework to 2026. The *South East Plan*’s implications for the Test Valley economy (particularly its housing allocations) are discussed below. Secondly, the South East of England Development Agency (SEEDA) is responsible for preparing a *Regional Economic Strategy* which sets out the challenges faced by the region over the next decade, and how the region intends to achieve (1)

global competitiveness (2) smart growth (3) sustainable prosperity. In the future, these organisations and strategies will be combined to deliver a single Integrated Regional Strategy.

A string of high-profile UK Government reviews have recognised the centrality of the economy, including the *Leitch Review of Skills*, the *Barker Reviews of Housing and Planning*, the *Eddington Transport Study* and the *Stern Review on the Economics of Climate Change*. Local areas are being encouraged to view their own economies as integral to their overall prosperity and quality of life.

In the Test Valley itself, the local economy is placed in its wider policy context through documents including the *Local Development Framework (LDF) Core Strategy*, the *Community Plan* and the *Andover Vision*. Importantly, Romsey and the southern wards of the Test Valley are part of Urban South Hampshire – an area set to receive considerable attention and investment in future years, as the Partnership for Urban South Hampshire (PUSH) seeks to achieve its ambitious economic growth aspirations. The economic policy context differs for northern Test Valley (with its focus on the *Andover Vision*).

Southern Test Valley is at the gateway to western PUSH, and therefore key to the future of the sub-region. Southern Test Valley sits at the intersection of Urban South Hampshire's key transport routes – M3/M27, rail, Southampton Port and Southampton Airport. Moreover, Southern Test Valley's strategic employment sites – University of Southampton Science Park, Adanac, Nursling and others – are already attracting the sort of high-value investment to which PUSH aspires, including the Ordnance Survey's national HQ. Businesses that are setting up in or locating to the area are also trading on links with the nearby university and/or hospital. The area is key to the future economic prosperity of Test Valley and the growth ambitions of the PUSH sub-region, and needs to be developed to its full potential.

Andover and northern Test Valley are not covered by any specific wider policy frameworks. However, the relatively low-base from which the town is developing and the enthusiasm and momentum behind the *Andover Vision*, means that development of the town is likely to have disproportionately high positive impacts on county and regional growth. The priorities for the future of the town set out by *Andover Vision* support the wider priorities of the Borough's stakeholders, including SEEDA's, the Learning & Skills Council's and the Higher Education Funding Council for England's – as described below. What is more, a range of innovative, business-led projects are being taken forward by the *Andover Vision* Board and the Borough Council, on issues such as estates management and education provision, which provide best practice examples for local authorities across the South East.

In broad terms, the following strategic priorities run through the local, regional and national policies outlined above, and provide a contextual framework for the *Test Valley Long-Term Economic Strategy*:

2.2.1 Raising skills

- The [Leitch Review of Skills](#) states that skills are fundamental to a competitive 21st Century economy, and proposes a greater focus on higher-level skills, economically valuable skills and greater employer involvement in the skills and training process. It forecasts a loss of 600,000 unskilled jobs in the UK between 2006 and 2011.
- The [South East Plan](#) places a high priority on skills, training and re-training.
- The [Regional Economic Strategy](#) places skills at the heart of the smart growth concept.

- [PUSH](#) identifies skills as one of the three major issues facing the sub-region.
- In the Test Valley, raising skills is key to the [LDF](#), [Community Plan](#) and [Andover Vision](#).

2.2.2 Providing land and premises

- The [South East Plan](#) emphasises the regional importance of a good range of technology-enabled employment sites, premises and facilities which reflect economic needs.
- The [Regional Economic Strategy](#) promotes the provision of housing and employment space of the right quality, type and size to support the region's competitiveness, including mixed-use developments.
- [PUSH](#) is seeking to address shortages in starter/move-on business premises to stimulate enterprise, as well as promoting high-quality employment sites in mixed-use schemes.
- In the Test Valley, the [LDF](#) protects existing employment land where it contributes to meeting identified needs.

2.2.3 Promoting enterprise and innovation

- The [Regional Economic Strategy](#) builds its concept of global competitiveness on Research & Development, innovation and creativity, and supports its concept of smart growth with an ambition to increase the business stock.
- [PUSH](#) is developing business networks in key growth sectors, promoting knowledge transfer mechanisms between higher education institutions, further education providers and businesses, establishing a unit responsible for place marketing and investment support, improving access to finance for small businesses and developing ways to create an enterprise culture.
- In the Test Valley, enterprise is an important component of the [Andover Vision](#), and small business support is a key objective of the [Community Plan](#).

2.3 Neighbours and benchmarks

2.3.1 The Test Valley as part of the South East

The Test Valley's location within the South East – one of the few UK regions that can genuinely claim to be competitive on a global stage – brings both opportunity and risk.

The Borough is surrounded by dynamic towns and cities which offer the supply linkages, competitive environment and international reputation that boost the Test Valley's ability to attract inward investment, both from elsewhere in the UK and overseas. Moreover, the substantial expansion expected in these surrounding economies will potentially bring knock-on benefits for the Borough. For example, their expansion increases the market size (both in business-to-consumer and business-to-business activities) for Test Valley based businesses who are ideally placed being in their midst and with easy access to them all.

However, benefiting from these opportunities will require the Borough's business population to be responsive, innovative and flexible – and consequently, failing to attract these types of firms could mean that the Test Valley is left behind.

2.3.2 Test Valley and the 'polycentric' economy

A key characteristic of the South East is its polycentricity, which contrasts with the northern UK regions which are dominated by large urban conurbations. The South East economy is driven by a large number of cities and towns that, though physically separate, are functionally intertwined, both with each other and with Greater London.

This phenomenon is evident in microcosm around the Test Valley, which sits within a sphere of neighbouring bases of economic activity. Currently, the Test Valley loses more workers to neighbouring areas than it gains. The picture does, however, vary within the Borough. Andover and northern Test Valley unsurprisingly tend to look to the northern towns of Newbury, Basingstoke and London, although Andover retains a comparatively high proportion of its workforce. In contrast, the south of the district is heavily intertwined with the Urban South Hampshire economy, with only 35% of those resident in Romsey remaining in the town to work.

Moreover, the presence of neighbouring bases of economic activity is not unique to the Test Valley and Experian has identified a number of other areas that share similar characteristics with the Test Valley, in terms of size, economic make-up and socio-demographics. Benchmarking Test Valley's economic performance and competitiveness against these areas usefully highlights the Borough's challenges. The Borough does compare favourably when considering the propensity for residents to travel outside of the area to work, largely reflecting the ability of Andover to retain workers albeit in lower-value sectors. Once again, though, while the Test Valley performs fairly well against measures of headline economic performance, it **lacks** the presence of **high value added activities** and **highly skilled workers** which will be so important in the future.

	Test Valley	Tonbridge & Malling	Horsham	Fareham	Eastleigh	East Hampshire
Average annual change in GVA, 2000 to 2005	2.9	3.4	1.5	2.7	2.9	2.6
Average annual change in employment, 2000 to 2005	0.7	1.9	-0.6	0.7	1.4	0.8
Earnings - residence based (£, median, excluding overtime)	377.1	385.6	452.2	358.7	360.8	402.5
Earnings - workplace based (£, median, excluding overtime)	345.0	316.3	370.9	323.8	321.8	334.6
% of employees in Knowledge Intensive Business Services	7.0	8.6	8.9	5.9	7.1	7.5
VAT registrations per 10,000 adult population	45.0	42.0	46.0	33.0	43.0	47.0
% of the working age population with degree level qualifications	26.2	27.9	32.6	29.1	26.8	31.7
% of the working age population with no qualifications	8.7	8.3	5.5	6.9	8	5.6
% residents in work remaining in area	59%	48%	59%	46%	47%	54%

Sources: Experian Business Strategies, Annual Survey of Hours and Earnings 2006, Annual Business Inquiry 2005, Annual Population Survey 2005/06, Inter Departmental Business Register 2005, Census 2001.

Figure – Benchmarking the Test Valley against comparator areas

Andover's economic geography is an important influence on its economic development. The town is ringed by other areas, all about 17 miles away: the cathedral and county towns of Winchester and Salisbury and larger commercial areas of Basingstoke, Newbury and Southampton. Historically, these have tended to serve some of Andover's "natural rural catchment population". Thus Andover residents have looked to Basingstoke for their cinema and all four areas for comparison goods shopping.

However, the distance to these other areas is also a great opportunity for Andover. By upgrading its educational, recreational, retail and cultural facilities, Andover is not only providing what is needed for its own growing population but also allowing its rural population greater opportunities to use the town. This is central to the *Andover Vision* – the new Andover College, The Lights theatre, new cinema, hotels and improved town centre are already showing how this is happening. Also, because Andover is 30 minutes from those neighbouring centres, its residents need as many higher order facilities on their doorstep as possible (unlike urban areas which lie closer together and are very accessible by road and public transport, such as the M27 corridor). Andover now is beginning to demonstrate its own critical mass of population (and expenditure) to secure the facilities which would normally be associated with a town of its size.

As pressures from economies of scale continue to prompt reorganisations and consolidations in both public and private services and as those other centres grow, Andover too must continue to develop as a sustainable community with new employment and its own full range of recreational, retail, educational and cultural facilities. This is to attract back the town's natural rural catchment population but also to maximise the latent commercial potential of its geographical location at the heart of a polycentric economy. Businesses located in Andover are within 30 minutes easy drive of over 1 million people and 50,000 business sites accounting for over 600,000 jobs. In this sense, Andover is at the centre of things.

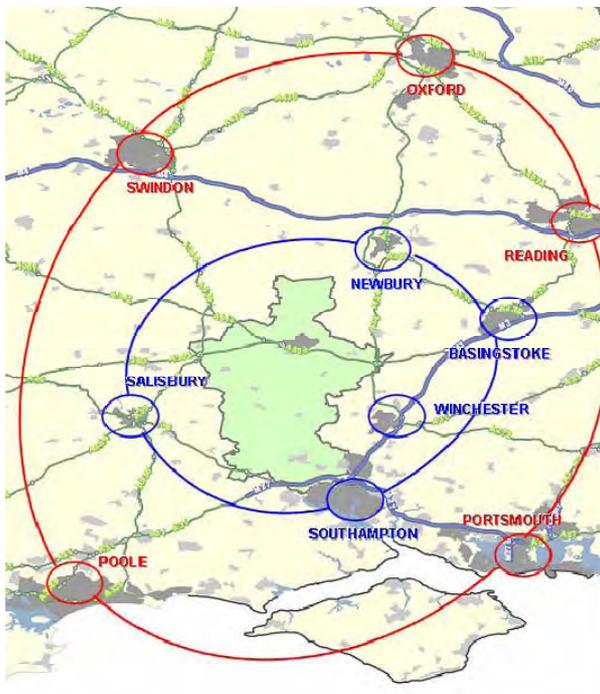


Figure – The Test Valley in its 'polycentric' economy



Andover has long been a trading and travelling crossroads of England, linking London with the South West and the North with the South Coast ports. *Andover – It's our Time (Andover Vision 2006-2026)*



3 Test Valley – Challenges

3.1 Forecasts

3.1.1 Demographic trends and the South East Plan

The *South East Plan* outlines expectations for significant housing growth in the South East and the Test Valley over the next 20 years. The Test Valley falls within two of the *South East Plan*'s housing sub-regions – the south of the Borough forms part of South Hampshire and the rest of the Borough is incorporated within Central Hampshire and New Forest (termed the “Rest of Hampshire”). The housing provision planned for the Test Valley and its composite parts are as follows:

Housing provision (net additional dwellings) ³			
	Each Year	By 2020	By 2026
Test Valley	446	6,625	8,910
Southern Test Valley	Phased ⁴	3,125	3,910
Rest of Test Valley	250	3,500	5,000

Source: “A Clear Vision for the South East – The South East Plan”, SEERA 2006

Figure – South East Plan housing allocations for the Test Valley

This indicates that the Test Valley will witness significant population growth over the next 20 years. However, as is the case across the UK, the Test Valley population is ageing and population growth is expected to be concentrated within older age cohorts, particularly those aged 65 plus. Indeed, the working age population is likely to increase at a lower rate than the population as a whole.

3.1.2 Forecasts for the Test Valley economy

Forecasts are a useful guide and starting point when discussing the future of an area's economy. Test Valley's forecast is based on the area's past performance, existing supply-side factors (demographics, education, skills, migration patterns, etc) and relationship with the wider South East and UK economy. Partly because the Borough is now under-represented in many of the supply-side factors, like education and skills, that are considered to be key to future economic prosperity, its rate of economic growth is expected to slow in comparison with surrounding areas. It is therefore important for the Borough to try to exceed its forecasts.

Over the period 1985 to 2000, the Test Valley economy expanded at an average annual rate of 4.7% each year, faster than both the county and regional economy. It is only over the past five years that Test Valley's economic performance has been more muted, as economic growth has

³ This table does not reflect amendments to housing allocation figures outlined in the Examination In Public (EIP) report (published 29th August 2007) – these amendments allocate 30 extra dwellings each year to Rest of Test Valley, an extra 600 by 2026 in addition to the numbers set out here.

⁴ Housing provision in southern Test Valley will occur in four tranches:
 2006 to 2011: 130 dwellings per annum;
 2011 to 2016: 275 dwellings per annum;
 2016 to 2021: 275 dwellings per annum;
 2021 to 2026: 102 dwellings per annum.

been driven by higher-value sectors, meaning other parts of the South East with more favourable industrial structures (Oxford and Reading for example) have forged ahead.

Over the next 15 years, the Test Valley economy is forecast to increase at an average annual rate of 2.7%, below both county and regional benchmarks (2.8% and 2.9% respectively). Similarly, the workforce is forecast to expand by 0.5% on average each year, slightly slower than the rate of growth forecast for Hampshire and the South East, and also slightly slower than that seen over the past decade. It should be noted that although the Borough is forecast to perform poorly relative to county and regional benchmarks, job growth in the Test Valley is still expected to significantly exceed growth in the Borough's own working age population.

In summary, **between 2005 and 2020, total employment in Test Valley is expected to increase by almost 5,000.** This figure is net, i.e., it may well reflect the difference between 7,500 job gains and 2,500 job losses as the economy runs its usual course – this is particularly beneficial if the replacement jobs are of higher-value than the ones they are replacing. The important message is the net difference – an additional 5,000 jobs in the Borough will require employment sites and premises, appropriately skilled people to fill the vacancies and so on. These jobs may in future be accommodated on a range of sites including Adanac Park, the Andover Airfield, the Walworth Extension and the University of Southampton Science Park development.

	Employment as a % of total		Absolute net change 2005 to 2020	Average annual change 2005 to 2020
	2005	2020		
Agriculture, Forestry & Fishing	3%	2%	-450	-2.2
Mining and quarrying	*	*	*	*
Manufacturing	13%	12%	-55	0.0
Energy and water	*	*	*	*
Construction	8%	7%	-140	-0.2
Wholesale and retail trade	20%	20%	1,085	0.6
Hotels & Restaurants	6%	6%	650	1.2
Transport, storage and communication	6%	5%	-160	-0.3
Financial services	3%	3%	65	0.2
Business and professional services	17%	19%	1,930	1.2
Public Admin. & Defence	4%	3%	-70	-0.2
Health	7%	8%	570	0.8
Education	8%	8%	410	0.6
Community, social & personal services	6%	7%	1,160	1.9
Total Employment	100%	100%	4,970	0.5

Source: Experian, 2007

Figure – Employment growth forecasts for the Test Valley

While [sub-local forecasts](#) need to be treated with caution given the paucity of robust data available at that geography, over the past few years employment creation has been concentrated in the north of the Borough. Indeed, Andover and its surroundings accounted for 55% of the employee jobs created between 2003 and 2005, reflecting the role of the town as the Borough's primary employment centre. Using these recent trends as a basis for projections, over 50% (2,500-3,000) of the 5,000 net increase in jobs forecast for the Borough could be expected to be located in Andover and its surroundings.

There has been a significant increase in employment in the Borough's rural areas over recent years, due in part to the ongoing diversification of the rural economy. The economic outlook for the rural areas is expected to remain healthy. However, with policymakers intent on concentrating employment growth in urban hubs and strategic sites, it is expected that much of the Borough's remaining growth in employment will (or should) be located in southern Test Valley. On this basis, around a third of the net increase in total employment could be expected to be located in the Test Valley component of the PUSH sub-region (equivalent to 1,500-2,000 jobs). If these jobs are in high-value sectors, continuing the trend established by the University of Southampton Science Park and the development of Adanac led by the Ordnance Survey, then southern Test Valley will make a significant contribution to PUSH's GVA growth ambitions.

Turning to the [sectoral breakdown of the Borough's economic growth](#) – over the next 15 years, expansion of the Test Valley economy will need to be led by the strong performance of the **business and professional services** sector, which is expected to expand at an average annual rate of 4.6% – in line with the trend at both the county and regional level. The **community and personal services** sector (which incorporates recreational, cultural and sporting activities and waste management) is also expected to increase rapidly (by 3.3% each year), along with the **transport, storage and communications** sector (3.6%).

Turning to the [sectoral breakdown of the Borough's job growth](#) – over the next 15 years, job creation is also expected to be concentrated in the service sector, particularly **business and professional services, wholesale and retail trade, and community, social and personal services** sector (1,160 between 2005 and 2020). Indeed, almost four in every ten jobs created in the Test Valley over the next 15 years (a total of nearly 2,000 additional jobs over the period) are likely to be within the business and professional services sector. At the regional level, this will be led by substantial expansion in the so called 'Knowledge Intensive Business Services (KIBS)', particularly IT (6.4%), technical testing and analysis (4.3%) and research and development (3.5%). Growth in these industries will in-turn drive expansion of supporting business services such as legal services, accounting and auditing, market research, and business, management and tax consultancy (3.9%). Test Valley, particularly Andover, is at present severely under-represented in these industries.

The community and personal services sector will also generate significant numbers of additional employment opportunities (1,160 between 2005 and 2020), as will the wholesale and retail trade sector (1,085). In contrast, despite forecasts for strong GVA expansion of transport and communications, employment in the sector is expected to decline slightly over the period. The employment decline seen in the manufacturing sector over the past decade is expected to slow (in the Test Valley at least) and employment in the manufacturing sector is forecast to remain largely static over the next 15 years, while sector GVA expands moderately over the period (by 2.0% on average each year). That said, this is likely to mask significant variation within the sector and at a regional level high-value manufacturing sectors (pharmaceuticals, optical and electrical equipment) are expected to expand rapidly, while lower value sectors (particularly food and drink, publishing, metals) are expected to remain largely static.

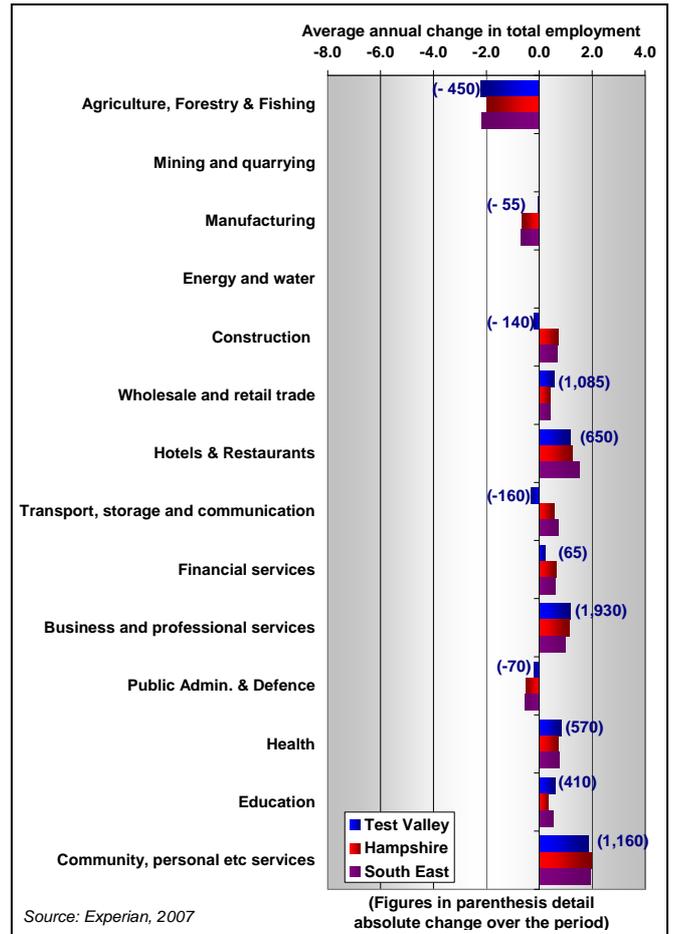
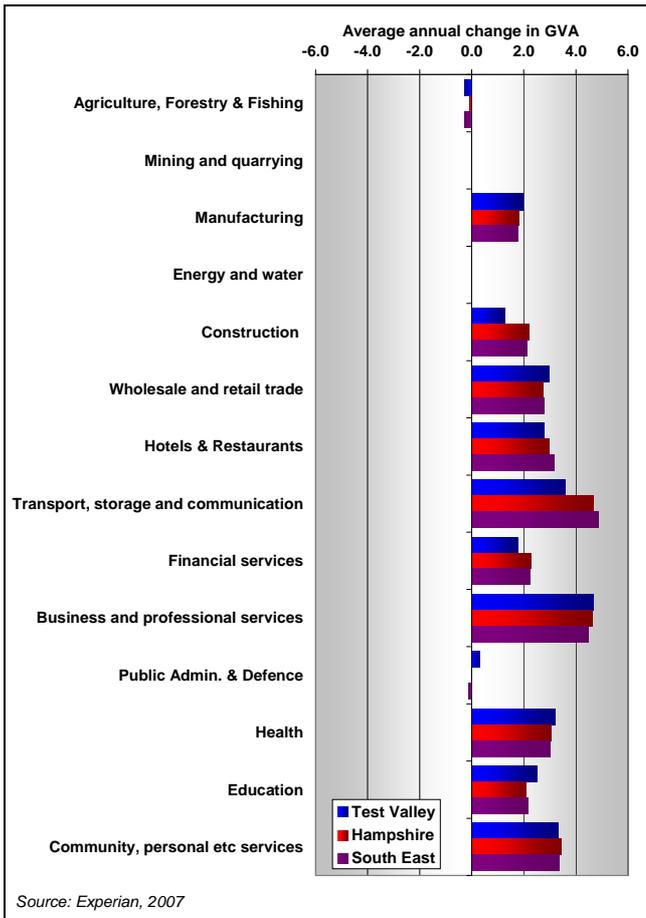


Figure – Growth forecasts for the Test Valley, 2005-2005

These trends have important implications for the sectoral makeup of the Test Valley economy, with the most notable change being the continued shift away from agriculture/manufacturing, towards the service economy – particularly business and professional services, which are expected to increase their share of the workforce to 19% by 2020. Wholesale and retail trade will also account for an increasing proportion of the workforce, as will community, social and personal services.

The broad implications of the above forecasts are identified below.

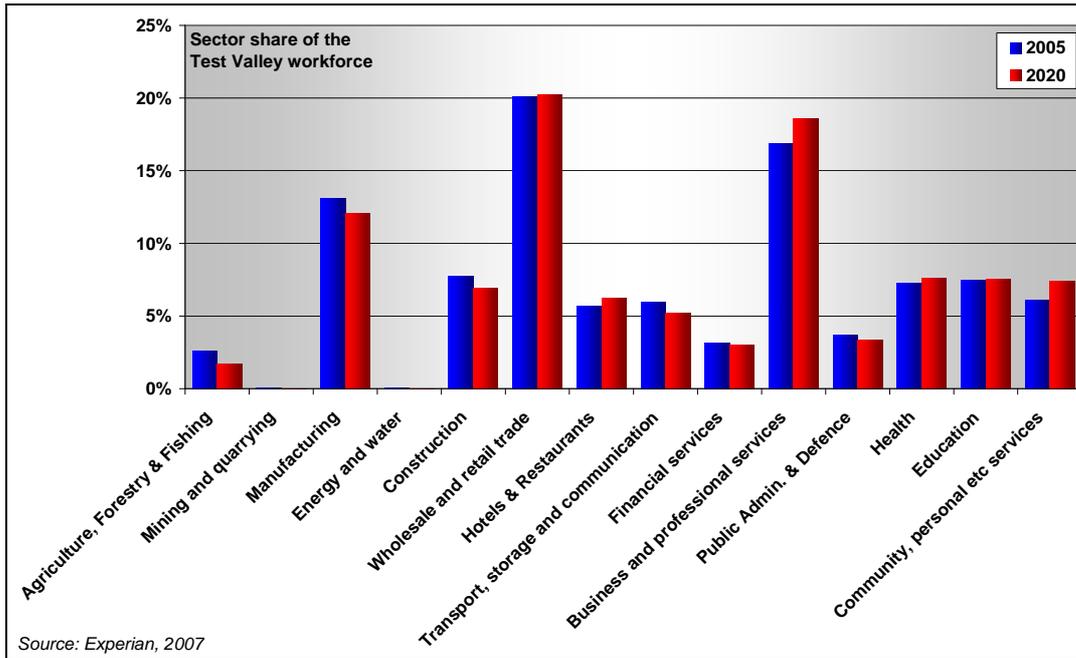


Figure – Sectoral make-up of the Test Valley economy, 2005 vs 2020

3.1.3 Implications for the Test Valley

The major implication of the forecasts for Test Valley relates to economic ‘value’. One of the most significant changes in the economy over the past 5 years has been the increased focus on high value-added activities to secure [competitive advantage](#), while relatively low value industries have suffered from the emergence of low cost competitor locations. Some local economies have been better equipped to deal with this change and have managed to adapt relatively quickly. Test Valley generally has not and aspects of its economic performance have suffered (and continue to suffer) as a result.

Economic ‘value’ is also essential for the Test Valley through its links with [productivity](#) benefits. Improving productivity will enable the Borough to remain competitive. Productivity gains are also essential for the Test Valley because they enable the Borough to develop economically without increasing its ecological footprint and whilst protecting its quality environment – this concept is key to SEEDA’s vision for the future of the South East region as set out in *The Regional Economic Strategy 2006-2016: A Framework for Sustainable Prosperity*. In the Test Valley, there is scope for real gain in productivity given the Borough’s currently low-value base.

Finally, economic ‘value’ is important for the Test Valley because, with the growth of the knowledge economy, [towns and city-regions](#) are becoming the centres of wealth creation. Towns and cities are important locations for clusters of firms, particularly in the ‘knowledge intensive business services’ sector, which gain from networks and other agglomeration effects. ***Andover in its own right, and Romsey as part of the Urban South Hampshire sub-region, are in a position to build on this but must present a flexible and supportive environment for business – this includes a more attractive physical environment, higher-specification business premises and an appropriately skilled workforce. This is because, as HM Treasury’s sub-national review of economic development and regeneration points out, “it is not necessarily larger cities that will prosper in a knowledge economy.”***

The forecasts presented above for Test Valley show that certain parts of its future economic growth will be built on its current economic base, but other parts (the higher valued-added activities) must be built on new ground. This is particularly true of Andover. This is important because by 2020 in the South East region, around 11% of jobs (and 16% of GVA – demonstrating the productivity of the sector) will be in ‘knowledge intensive business services’. The hugely productive high-value manufacturing sector’s GVA contribution will be almost four times greater than its employment contribution.

Across the Borough, there are sectors which will grow in importance (some in terms of jobs, some in terms of GVA, some in terms of both). Business and professional services will grow significantly. Wholesale and retail trade will grow too, alongside the hotels and restaurants sector, particularly in Andover as the town develops through the *Andover Vision*. Similarly, community, social and personal services will grow as the population increases. As mentioned above, high-value manufacturing will increase its share of local and regional GVA. The transport, storage and communications sector will grow significantly in terms of its contribution to the Borough’s GVA, in Andover and in southern Test Valley, drawing on the transport infrastructure and connectivity of both areas.

The forecasts have implications for the Test Valley under three broad themes, discussed below:

- workforce skills;
- employment land; and
- quality of place.

The level and type of [workforce skills](#) required by employers in the future will change. In part, this reflects the overall shift in the Borough’s employment towards service-sector activities – including retail, hotels and restaurants if the area, particularly Andover, is to be successful in creating a quality offer for residents and visitors. More fundamentally, this reflects the growing importance of high-level (degree equivalent) skills to business and professional services, R&D and manufacturing sub-sectors such as pharmaceuticals and optical and electrical equipment. Workforce skills are a key ingredient in the Borough’s future economic prosperity.

There will also be change in the quantity and type of [employment land](#) required by employers in the future. The challenge is reconciling differences between the current demand for premises and the structural change in the economy over the longer term. Ultimately, a range and choice of sites needs to be allocated. As the forecasts suggest – new, high-value sectors are growing and need to be supported by quality, high-specification sites; but other sectors are growing too, requiring very different types of land and premises. Over the next 20 years, there is sufficient land available in the Borough to allay any concerns that lower-value allocations will obstruct higher-value investment.

In terms of phasing, it is important to attract investment now whilst the other ingredients are gathered together. Manufacturing is forecast to remain an important part of the Borough’s economy – any decline in employment is likely to be off-set by GVA growth. The transport, storage and communications sector is growing across the South East region and is of particular importance to a place like Test Valley where the south is at the gateway to Urban South Hampshire and the north is at the cross-roads of major transport routes and surrounding towns and cities. Attracting serious investment from big firms on B8 land can send a signal to the market that the Test Valley is a good, well-connected place to be, can help unlock investment in

the other ingredients through Section 106 and other mechanisms and can maintain economic growth whilst the ingredients for attracting higher-value activities are gathered together.

In the medium to long term, the expansion of strategic sites within the Borough – particularly the University of Southampton Science Park – and other B1 allocations will be key to supporting the forecast growth in business and professional services, including R&D. The regeneration of existing estates, particularly Walworth, is essential. This is key to sustaining southern Test Valley's ongoing contribution to PUSH's GVA growth ambitions through high-value rather than bulk job growth, and can be accommodated by the Adanac site and the expansion of the University of Southampton Science Park. It must also be viewed as a key ingredient in Andover's re-vitalisation and growth, alongside skills and investment in the town's attractiveness as a place to live, work and visit.

Finally, the forecasts for Test Valley have implications for its [quality of place](#). This is already a strength for the rural and southern parts of the Borough due to their attractive natural environment. It is essential that this quality of environment is protected, marketed and made accessible. In Andover, the investment in the town made under the auspices of the *Andover Vision* is already gathering a momentum which needs to be sustained. It needs to be a place that attracts residents from its natural rural catchment area to work, shop and visit, let alone people from further afield. This means building on the new development of the cinema and supermarket, and the re-development of the Ford Cottage site, the theatre and the college. A vibrant, attractive town needs shops, restaurants, cafes, drinking establishments, hotels, leisure facilities and areas to walk and relax – an attractive environment for pedestrians and cyclists. This is the final ingredient required to achieve, or indeed exceed, Test Valley's forecasts.

3.2 The business view-point

The business community plays, *and will continue to play*, a major role in the economic prosperity of Test Valley. Businesses based in the Test Valley provide many of the jobs for Test Valley residents, many of the attractions and services for visitors to the Borough, as well as important links with local schools and colleges.

CTC Aviation Group plc, Nursling

In September 2004 CTC Aviation opened a new state of the art Crew Training Centre at Nursling. The 18,000 sq.ft. centre represented an investment of £6m and rivalled simulator training provision anywhere in the UK.

Just three years later in January 2007 CTC gained permission for a second flight simulator unit adjacent to its original one. At that time CTC's Group Chairman Captain Chris Clarke remarked that he was delighted with the planning consent saying:

"This very significant additional capacity will allow us to continue to respond to the ongoing requirements of the airline industry. Demand from our clients continues to grow and shows no sign of abatement – we are now well positioned to react to both new, and existing, clients and we are set to continue our impressive growth, which in recent years has been in excess of 25% annually."

CTC's HQ is at Dibden Manor, in New Forest National Park but faced with the need to expand and find space for new simulators it looked to the nearby Nursling Estate. Although restricted to warehousing and distribution activities by a longstanding planning policy CTC have, over the last 3 years, been able to grow in Test Valley, close to their HQ, to become one of the most successful airline training companies in the world.

CTC Aviation Group trains 1,200 commercial pilots a year. In 2003 CTC secured a \$100m 8-year training contract with Easy Jet – believed to be the largest ever awarded for commercial airline training.



It is therefore essential to build into the new *Long-Term Economic Strategy* the view-point of businesses, gathered directly through surveys of businesses themselves and indirectly through business representative bodies – businesses based locally and also businesses based elsewhere whose general views on which factors are important in choosing where to locate provide useful signposts for positioning the Test Valley's future economic offer. *Creating the right conditions* to attract and retain businesses, and enable them to grow, is fundamental.



Ace Liftaway, Romsey

Only 5 years ago, Ace Liftaway was operating from cramped farm buildings in the village of Braishfield. Today it employs 58 people and is turning over more than £3m operating from brand new purpose built premises.

This fast-growing re-cycling company specialises in commercial waste reclamation and is run by Philip Liddell, who was recently president of Romsey Chamber of Commerce and now chairs the Economic group of the Test Valley Partnership.

Ace Liftaway won one of the sought after WRAP grants which is contributing towards a £3m investment at the Belbins site. When this is finished the company also has aspirations to expand into Andover. Ace Liftaway is committed to training its staff – some 15% are currently receiving training from local colleges, including several apprentices.

Businesses located in the Test Valley are generally positive in outlook, though there are slight differences in view-point between businesses based in the north and south. Businesses based in southern Test Valley are more positive about the *current* situation than businesses based in Andover and northern Test Valley. However, those businesses based in Andover and northern Test Valley are much more positive about changes in the *future*, expecting the area to become an increasingly attractive location over time.



Telsecure, Nether Wallop

Telsecure is a growing company and has established a first class global infrastructure in collaboration with leading edge companies. Telsecure is responsible for devising ways of making transactions over the internet more secure and thereby reducing fraud. Based near Nether Wallop, the rural charm of its surroundings masks the sophistication of the technology it is bringing to bear through a variety of internet business applications. Among their achievements Telsecure won ISO 9001 accreditation in a record time of just over 3 months. It has recently written a Total Fraud Management Standard which is being adopted by BSI.

Telsecure was formed in January 2003 to exploit, develop and deploy a technology solution for verifying and authenticating when a debit or credit cardholder is not present at the time of making the purchase via the Internet or by Mail Order and Telephone Order (MOTO) collectively referred to as CNP (Cardholder-Not-Present). Since its incorporation the company has become a multifaceted organisation and developed a number of products, now being marketed globally through collaboration.

With its head office located near Stockbridge, situated on the famous River Test, the company has direct representation in Vancouver, New York, Dubai, Istanbul, Sydney and has global reach through its collaborative partners.

In terms of factors currently contributing to the competitiveness of businesses in the Test Valley:

- The quality of life and environment offered by the Test Valley is viewed extremely positively by businesses, particularly in the more affluent areas in the south.
- The availability of good premises in the Test Valley, particularly in the southern parts of the Borough, is recognised by businesses as contributing to their competitiveness at present.
- Proximity to a growing customer base in Andover and northern Test Valley is also considered important.
- Good accessibility is recognised as an asset, in Andover and in southern Test Valley.

- However, whereas across the South East region as a whole, a high level of workforce and management skills is viewed by businesses as integral to competitiveness, these factors are not viewed similarly by businesses in the Test Valley at present.
- Moreover, the other factors typically identified by businesses across the South East to be contributing to their competitiveness at present – namely innovation, creativity, technology and flexible working patterns – register only weakly in the Test Valley.



Freepower Ltd, Andover

Freepower are a small company new to Andover but with massive potential. They are in one of the fastest growing technology sectors of the economy – sustainable fuel use. The company has grown from 9 to 25 people in just the last few months and has longer-term ambitions to employ 150 people eventually. Freepower is currently seeking AIM Listing. It is using bi-fuel generators to contribute 6-8 mega watts to local grid in Andover.

Freepower brings together individuals with over 100 years multi disciplined expertise in technical innovation and engineering excellence in turbines and power generation. The team unites around a vision using sound ecological principles for generating electricity, by both using renewable resources and taking advantage of wasted heat from a variety of different sources.

Freepower is at the forefront of small scale turbine technology and several years have been spent perfecting the company's patented, unique technology using Organic Rankine Cycle (ORC) in a sealed system to provide a totally clean, electricity generating solution that uses no fossil fuels, and emits no exhausts. This equipment will provide people across the globe with affordable choices, and a better way of life.

In terms of factors viewed as inhibiting growth by Test Valley businesses, the most important is a lack of investment and facilities in the Borough's industrial estates, particularly Walworth.



Orvis, Stockbridge/Andover

The Orvis Company celebrated its 150th anniversary in the US last year (and its 25th in the UK). In 1981, Orvis started a mail order business in the UK based at a converted water mill in Nether Wallop after taking over the successful 'Dermot Wilson' fly-fishing tackle business on Mr Wilson's retirement.

Since then, the business has thrived and the expansion has included the opening of 19 full price and 2 outlet retail stores across the UK with a move to larger HQ and distribution premises in Andover. Stockbridge plays host to the company's flagship shop. The company's roots in fly fishing are closely bound up with the world famous River Test but its growth in Andover also reflects that Test Valley is a good place to do business. Andover's accessibility within southern England and to south coast ports means it is well placed to continue to grow.

Orvis is now the largest, truly authentic, specialist country living retailer in the UK with an exciting and unique product offer available from its retail stores, mail order catalogue and website.

3.3 Key challenges

There are, then, a number of challenges facing the Test Valley economy, despite the general sense of prosperity across much of the Borough at present. Although performing fairly well on a number of present-day economic indicators, the Borough will face new, evolving economic challenges in the future. These challenges present the Test Valley with two broad issues:

- The Borough is – at present – simply poorly equipped to meet some challenges.
- The Borough does have the assets to meet other challenges, but needs to capitalise on them in such a way as to maximise their value.

The key challenges facing the Test Valley economy are identified here. The rest of this document sets out the strategy required to meet them.

3.3.1 Equipping the Borough for the future – the challenge

- Enhancing the competitiveness of Test Valley as a location, allowing for the significant differences between the Borough's constituent parts, and accepting that Andover cannot attract high-value jobs today – the process will take time.
- Attracting greater numbers of high-value jobs through a range of interventions around Test Valley's skills, locational attractiveness and employment sites, whilst accepting that these high-value jobs will only form a small proportion of total jobs.
- Allocating a range and choice of employment sites across the Borough, including high-specification and start-up premises for sectors which are growing and/or higher-value.
- Raising the overall level of earnings on offer in Andover, whilst raising the aspirations of local people and businesses.
- Increasing the proportion of residents with degree-level skills, and ensuring the Borough's workforce has the economically valuable skills likely to be required in the future.
- Retaining and attracting the 16-30 year-old cohort to live and work in southern Test Valley, whilst up-skilling this cohort in Andover from school-age and upwards.
- Moving Andover forward from a town that sees itself as only functional rather than enjoyable, by delivering the *Andover Vision* and enhancing its cultural offer to exploit the Experience Economy trend and attract back its natural rural catchment population.

3.3.2 Maximising the Borough's current assets – the challenge

- Protecting and maximising the Borough's quality of life and rural/environmental assets, and strengthening the 'Test Valley' brand, by:
 - *exploiting the Localism consumer trend towards locally produced goods and heritage, building on the impetus behind Food Fairs and farmers' markets in the Borough;*
 - *exploiting the Healthy Environment lifestyle trend towards healthy and active pursuits, building on the Borough's high ranking in Sport England's Active People Survey and an improved accessibility to the quality environment.*
- Developing and diversifying the Borough's rural economy, exploiting the opportunities offered by the Playground Countryside and Network Economy trends.
- Supporting the GVA growth potential of southern Test Valley whilst protecting the quality environment which helps to attract people and businesses there in the first place.
- Making the most of the recent college merger and using it as the basis to attract more NVQ4+ provision to the Borough.
- Building on the Borough's highly entrepreneurial traits and dynamic business environment to establish a similarly dynamic environment at the higher-value end.
- Regenerating the Borough's industrial estates, premises and facilities, and reducing high vacancy rates, in line with Test Valley's anticipated sector growth.
- Forging a clear role for Andover and southern Test Valley, and raising awareness of this, particularly in the business community.

4 Test Valley – Economic Strategy

4.1 Strategic aims

The strategic aims of the *Test Valley Long-Term Economic Strategy* are designed in direct response to the challenges identified above. Importantly, the strategic aims have been informed by two particular strands of thought.

Firstly, Test Valley is a prosperous and attractive place. There are not the issues of severe deprivation and the requirements for large-scale regeneration that are of such concern in some local areas across the UK. But economic prosperity and competitiveness are not static. Changes in places elsewhere will alter the relative position of Test Valley, and external influences push the Borough in an unwanted direction. Test Valley's economy, particularly Andover's – comparatively low-value and low-skilled as it is – looks vulnerable in the long-term.

Secondly, Test Valley lies in the centre of a wider sphere of economic activity. To date, the Borough has tended to assume a subordinate role to the larger employment bases which surround it – Urban South Hampshire in the south, major visitor/employment locations in the north. In fact, its position – particularly Andover's position – at the heart of a polycentric economic geography is a latent, as yet unrealised, opportunity. Southern Test Valley is located at the very gateway to western PUSH, and is key to the future of this South East "Diamond". Andover is at the centre of things in southern England, within 30 minutes easy drive of over 1 million people and 50,000 business sites accounting for over 600,000 jobs. With the right ingredients in place, the Test Valley is an attractive proposition for businesses.

In light of the above, the *Test Valley Long-Term Economic Strategy* has two strategic aims:

- Achieve a step-change in Test Valley's economy, pushing it up the value-chain.
- Forge a higher-profile role for Andover and the Test Valley as a whole.

The path to achieving these aims is sequential and requires intervention in a range of inter-linking areas over a long period of time. This is particularly true in the case of Andover where market failures are much more obvious and severe (Romsey and southern Test Valley already being many steps ahead and therefore requiring less intervention). Andover's skills base reflects its previous industrial structure and needs further investment in preparation for the jobs of the 21st Century. This is already being addressed through the work of the:

- Hampshire local education authority inspectorate working in schools, particularly secondary schools, to raise attainment;
- Andover and District Consortium on the 14-19 Agenda, led by Andover College, which is both working with schools and employers over the introduction of the new vocational Specialised Diplomas; and crucially
- Andover College, in workforce development, community education, FE and HE provision – the new academic and work skills centres of excellence are evidence of this.

However, all of this takes time, especially attempts to improve adult skills. Currently, Andover is better suited to some kinds of employment, both in terms of its workforce and excellent road communications. However, in the longer term, it is possible to imagine a higher value-added local economy with higher levels of highly skilled jobs, requiring NVQ4+ professional qualifications. To achieve this, several things need to happen, including ...

- Opportunities need to be taken now, using existing land allocations, to attract new and better jobs to Andover for reasons cited elsewhere for the need to create a sustainable and balanced community. In turn, these employment opportunities will provide training and will attract further higher-order investment.
- The areas around Andover are already well-represented in higher skills but many people choose to commute elsewhere for employment. There is the potential to create local employment opportunities to draw some of this out-commuting back, in addition to encouraging higher socio-economic groups to spend more of their time and money in the town which will itself create jobs.
- Finally, the rejuvenation of Andover's industrial estates is vital. They need to become better equipped to compete for today's scarce footloose investment and jobs in services and higher value activities by providing attractive, high quality, higher specification buildings and a more landscaped environment.

There is therefore a sequence in which jobs today are important, education and training improvements today and tomorrow are important and turning around the fortunes of the existing estates is vital for tomorrow's economic success.

4.2 Objectives

The objectives of the *Test Valley Long-Term Economic Strategy* are set out here.

4.2.1 Equipping the Borough for the future – objectives

- Raise the overall value of jobs and level of workplace earnings on offer in the Borough – through a range of interventions around Test Valley's skills, locational attractiveness and employment sites – sustaining southern Test Valley's performance and creating a step-change in Andover's.
- Attract presence from high-profile business, known for valuing accessibility in location decision-making, to send a signal to the business community that Test Valley is a hub.
- Allocate a range and choice of employment sites across the Borough, regenerate existing sites around Andover and support the expansion of sites in southern Test Valley (including high-specification and start-up premises for sectors which are growing and/or high-value).
- Tackle skills deficiencies to establish Andover as an "NVQ Level 3 Town", with learning routes which offer learners progression and employers responsiveness to changing needs.
- Increase the proportion of residents with degree-level skills; increase the proportion of 16-30 year-olds living and working in southern Test Valley; reduce the proportion of 16-24 year-old residents in Andover with no qualifications to below 10%.
- Deliver the *Andover Vision*, with new employment and its own full range of recreational, retail, educational and cultural facilities.

4.2.2 Maximising the Borough's current assets – objectives

- Increase the Test Valley population whilst increasing employment proportionately, thereby safeguarding current job densities.
- Support the GVA growth potential of southern Test Valley whilst protecting the quality environment which helps to attract people and businesses in the first place.
- Strengthen the 'Test Valley' brand, ensure that development across the Borough maintains or enhances the environment and maximise the Borough's quality of life and rural/environmental assets.
- Develop enhanced links with further and higher education located in and around the Borough, make the most of the recent college merger and attract more NVQ4+ provision.
- Convert the Borough's highly entrepreneurial traits and dynamic business environment to increase the proportion of higher-value businesses.
- Establish the reputation of Test Valley, and Andover in particular, as a business hub.

4.3 Priority themes

Three priority themes run through the *Test Valley Long-Term Economic Strategy*. These themes capture priority areas for intervention:

4.3.1 Theme A: Skills

Skills are fundamental to the future prosperity of the Test Valley, and therefore a priority theme for the *Long-Term Economic Strategy*. Achieving a step-change in Test Valley's economy – one of the two strategic aims – is dependent on skilled people living and working in the borough, starting businesses, running businesses and fostering a culture of creativity and innovation.

Skills are the economic currency of the future, as the *Leitch Review of Skills* makes clear:

In the 21st Century, our natural resource is our people – and their potential is both untapped and vast. Skills will unlock that potential. Without increased skills, we would condemn ourselves to a lingering decline in competitiveness, diminishing economic growth and a bleaker future for all. The case for action is compelling and urgent. *Leitch Review of Skills*.

The skills theme encompasses a range of actions, with a particular focus on young people – those young people aged 16-24 with no qualifications, and those highly-skilled young people aged 16-30 who are currently under-represented in the Borough. Raising skills should help to attract more businesses – and indeed more higher-value businesses – and raise average workplace earnings, therefore helping to achieve a wide range of the objectives of the *Test Valley Long-Term Economic Strategy*. Of greatest importance in this theme is raising the skills of residents, and the skills demanded by employers, to degree-level and above.

These demand-side factors need to be taken forward in conjunction with the supply of education and learning in the Borough. Therefore, further and higher education providers are also an important part of the skills theme. This encompasses building on the further education strengths of the Borough, further enhancing the links with higher education providers and forging improved links between businesses and providers. Skills need to be learned, so the

skills theme views businesses, campuses and community centres all as future places of learning. So fundamental are skills to the future prosperity of the borough that the skills theme should be a thread which runs through Test Valley Borough Council policy as a whole, not only the *Long-Term Economic Strategy*.

4.3.2 Theme B: Enterprise

The enterprise theme encompasses the entrepreneurial strengths of the Test Valley economy and the commercial requirements of businesses generally. In essence, this theme is concerned with creating the conditions in the Borough for business and enterprise to flourish. The Test Valley's business start-up rates are already strong, which means that this theme builds on the Borough's strengths whereas the skills theme is, in part, concerned with tackling a weakness of the Borough. Where the themes interact is around the strategic aim to push the Borough up the value-chain. Therefore, in the future, the entrepreneurial strengths of the Borough need to be converted to higher-value activities.

In order to keep pace with the anticipated population growth in Andover and the rest of the Borough, the Test Valley also has to generate significant numbers of new jobs over the coming years. The enterprise theme signals that an important element of this will be attracting and generating entrepreneurs who can start new businesses, who can diversify and grow existing businesses and who can take forward innovations to move local businesses up the value chain. A culture of enterprise can start at school, continue through further and higher education and onwards through an entrepreneur's working life. Test Valley needs to continue to nourish its entrepreneurs.

In addition to people and skills, businesses need infrastructure. The Test Valley is well-connected and will need to ensure its transport infrastructure remains resilient to the expected future growth in population and economic activity. The enterprise theme is more concerned with the industrial estates, premises and facilities on offer in the Test Valley. New start-ups – particularly those in rural areas and those in higher-value and creative sectors – will require start-up sites and premises of high-quality, with 21st Century technology and connectivity and with leasing arrangements which are affordable and reward risk. Existing businesses, including those looking to invest in places like the Test Valley, will be seeking high-quality estates, premises and facilities if they are to choose the Borough over other parts of Hampshire and the South East – or, indeed, places even further away. It is therefore important to highlight the Test Valley's strategic locational advantage – its accessibility and its bandwidth. The Borough sits on the course of many high band-width routes and major data highways, and this enhanced technical connectivity is of great advantage to IT, software and data centres, in addition to the wider business community.

The enterprise theme highlights the importance of enterprise and business to the future prosperity of the Borough – nourishing enterprise, reducing industrial estate vacancy rates and ensuring that planning policy delivers sites of sufficient quantity and with the appropriate land-use allocation. This is essential to pushing the Borough up the value chain, and to forging a distinctive role for Andover and the Test Valley as a business hub.

4.3.3 Theme C: Place

Place, the final theme, is concerned with creating the conditions necessary to shore up the skills and enterprise themes. Attracting and retaining people, and indeed businesses, will be helped or hindered by what the Test Valley – as a *place* – has to offer. This theme recognises the

Borough's quality of life and environment, and the important role that these strengths have played in the Test Valley's development to date. However, the theme also recognises that the Borough exists in a wider context in which other places are evolving, and investing in themselves. It also recognises that Andover, as the major town in Test Valley, has not yet established itself as "the place to be" in the common perception – although the *Andover Vision* initiative has already started the ball rolling.

This theme is integral to forging a distinctive role for the locality as a hub for businesses and residents. The Borough's environmental assets, and rural areas, are an attraction for residents and visitors. Diversifying and developing the rural economy further is an important factor in the place theme. However, Andover's offer – cultural, retail, leisure and night-time economy – will play the greatest role in the future economic prosperity and competitiveness of the Borough. This is because Andover is where residents will look to – or, at least, would hope to be able to look to – for their immediate needs. Andover's position at the hub of the polycentric economy means that residents can look to the surrounding places of Salisbury, Newbury, Basingstoke, Winchester and Southampton for variety.

The cultural, retail, leisure and night-time offer of Andover, and the Test Valley more generally, will be essential if more young people, and indeed more highly-skilled young people, are to be retained and attracted to the area. The Borough's creative, cultural and leisure sector contributes directly to the Test Valley economy, but just as importantly it plays an integral role in attracting people to visit and work and settle in the area. Assets which are good for attracting tourists are, in the long run, equally good for attracting businesses. Moreover, a healthy workforce is good for the economy and Test Valley's population is more active than most.

Important too are the right types of housing, for higher earners and families, but importantly for first-time buyers leaving college or university and wishing to locate themselves in Andover and the Test Valley. This is also important in the context of the Urban South Hampshire sub-region, where population growth in Romsey and southern Test Valley will require significant housing development in future years – it is important that the type of housing development is suitable for university graduates and first-time buyers, as well as young families moving further out from the core urban centres of Urban South Hampshire.

Finally, the place theme, which glues the three themes together, is about making the Test Valley a location that people want to visit, want to live in, want to work in and want to do business in. It is about joining up policies in the Borough, through the *Andover Vision*, *Corporate Plan*, the *LDF*, the *Community Plan* and the *Long-Term Economic Strategy*, in order to achieve this. The future health of its economy is of great importance to the Test Valley, linking as it does so many policy themes together – the public realm, the quality of environment, education, the regeneration of Andover to name a few. The process of delivering economic development will in itself help deliver other policy priorities too.

5 Test Valley – Taking Action

5.1 Strategic Action Plan

A Strategic Action Plan has been developed to guide the delivery of the strategic aims and objectives of the *Test Valley Long-Term Economic Strategy*.

There is a great deal of momentum behind economic development in the Test Valley, a momentum which simply was not present when the previous long-term economic strategy was launched in 2000. This in itself is testimony to the impact of the previous strategy, and to the importance of delivering this one. In particular, there is currently huge momentum behind the *Andover Vision*, with an Andover Vision Board consisting of influential members from within and without Test Valley, all of whom express great enthusiasm for this “innovative”, “unique”, “visionary” project. In the south of the Borough, PUSH is gathering momentum drawing on support from the *South East Plan*, the *Regional Economic Strategy* and the *HM Treasury sub-national review of economic development and regeneration* which is guiding partners towards one of the region’s first Multi Area Agreements (MAAs). The message is – build on this momentum, do not miss the boat.

The *Andover Vision* is about building ambition and instilling belief in local people. It is built on the idea that if people believe something can happen, it generally will. In this sense, it is about creating a self-fulfilling prophecy (and indeed this concept can be applied to the whole Borough). During the 18th Century, Andover was one of the most important coaching towns in England outside London. It was at the centre of things, and can be so again. This economic strategy is about instilling the belief that the Test Valley is a great place to do business, and the Test Valley Borough Council and its partners great to do business with.

Test Valley Borough Council has lead responsibility for the Strategic Action Plan. However, all Test Valley stakeholders will need to contribute to the delivery of the actions, as detail is added to them over the course of the coming years. The Strategic Action Plan has been designed to ensure that each action is set out within its wider context, providing information on:

- **Action** – actions are numbered and set out in terms of whether they apply to the Test Valley as a whole (TV), Andover and its immediate environs (A), Romsey and the south of the Borough (S) or the rural parts of the Borough (R).
- **Title** – each action is individually titled.
- **Rationale** – the rationale, justification and objectives of actions are summarised.
- **Activity** – broad guidance and detail for each action is provided.
- **Impact** – an indication of the likely scale of economic development impact is provided measured by high (H) medium (M) low (L).
- **Phasing** – actions are set out with reference to (S) the short-term – up to 1 year (M) the medium-term – 1 to 5 years (L) the long-term – over 5 years.

The actions are summarised up-front in an “impact-time” matrix:

Activity Required →

	Short	Medium	Long
High	A1	TV2	A1
	A2	A1	A2
		A2	A3
	A5	A3	
	A7	A5	A7
	A7	S2	S2
	S2		
Med	TV1	TV4	TV4
	TV4	TV5	
	A4	A4	
	A6	A6	
	S1	S1	S1
	S3	S3	S3
	R1	R1	R1
Low	TV3	TV3	TV3
	S4	S4	S4

↑ Impact Level

Figure – Impact-time matrix

Test Valley Long-Term Economic Strategy – Strategic Action Plan									
Action	Title	Rationale	Impact			Activity	Phasing		
			H	M	L		S	M	L
TV1	Championing our economic strategy	The future health of its economy is of great importance to the Test Valley, linking as it does so many policy themes together – indeed, the process of delivering economic development will in itself help deliver other policy priorities too. The path to achieving these aims is sequential and requires intervention in a range of inter-linking areas over a long period of time. The ingredients required to secure the Borough’s future economic prosperity need to be gathered from areas which cut across a range of Council departments, and this sequence of broad actions needs to be championed, led and co-ordinated.		x		Nominate a lead (Council Officer) and/or champion (Council Member or external stakeholder, e.g., from the business community), each with a cross-cutting remit to champion and deliver a theme (skills, enterprise, place) or an action. This is to ensure that the various ingredients required to achieve the strategic aims are properly brought together – skills (schools, learning provision, etc), enterprise (business support, employment land, etc) and place (cultural offer, public realm, housing, environmental access, etc). Ensure that the activity of theme leaders/champions complements the delivery of the <i>Andover Vision</i> .		x	
TV2	Marketing Test Valley	Test Valley’s position – particularly Andover’s – at the heart of a polycentric economic geography is a latent, as yet unrealised, opportunity. Southern Test Valley is located at the very gateway to western PUSH, and is key to the future of this South East “Diamond”. Andover is at the centre of things in southern England, within 30 minutes easy drive of over 1million people and 50,000 business sites accounting for over 600,000 jobs. The aspirations and ambitions in this long-term economic strategy require a stronger brand for Test Valley and a visible manifestation, both for local people and for non-local businesses and visitors.	x			Develop an outward-looking policy of marketing Test Valley (complementing any marketing activity arising from the <i>Andover Vision</i>). This should be aimed at (a) businesses (b) visitors. Marketing activity for businesses should establish Andover/Test Valley at “the centre of things”. Marketing activity for visitors should establish the “Test Valley” brand in active, healthy, countryside pursuits (drawing where appropriate on its position in Hampshire Countryside and the Salisbury-Test Valley-Winchester cultural/heritage trail). This marketing activity should be complemented by a re-branding of signage, industrial estates and gateways to Andover and the Test Valley.			x
TV3	Spreading the news	In order to support the delivery of the long-term economic strategy, local partners will require ongoing information on a range of developments in the wider			x	Provide a regular news bulletin which brings together developments in the Borough for a range of key stakeholder groups – for schools and Andover College on	x	x	x

Test Valley Long-Term Economic Strategy – Strategic Action Plan									
Action	Title	Rationale	Impact			Activity	Phasing		
			H	M	L		S	M	L
		economy. Regular information on these developments will also help to continue the current momentum in the Borough and ensure that partners remain motivated by progress.				growing sectors/forthcoming inward investment; for businesses on training, work placement and business support opportunities; for regional stakeholders (SEEDA, LSC, Business Link, etc) on all the above.			
TV4	Engaging with business	The local business community is a key partner in the delivery of the long-term economic strategy, and in achieving a step-change in Test Valley’s economy, pushing it up the value-chain. There are already great examples of business engagement (through the <i>Andover Vision</i> , the education/business partnerships, etc), important for the continuing engagement of regional partners such as SEEDA and the LSC given the importance placed on employer-responsiveness by government policy in documents such as the <i>Leitch Review</i> and the <i>sub-national review of economic development and regeneration</i> . Business should play an important role in disseminating best practice in enterprise, innovation, skills development, etc. Test Valley should make it as easy as possible for businesses to engage.		x		Continue to engage the local business community in the economic development of the Borough, and continue to promote the fact that Test Valley is open and responsive to business. This should include: <ul style="list-style-type: none"> improving the marketing of the Borough’s “single-point-of-contact” for any business inquiry, supported by the internet; nominating business ambassadors to champion business causes and disseminate best practice in skills, training, work placements, etc; nominating a co-ordinator of enterprise and business support agency activity and a rolling programme of business events. 	x	x	x
TV5	Linking support with value	Raising the overall value of jobs, the overall level of workplace earnings and the overall level of skills is integral to the delivery of the long-term economic strategy – Test Valley Borough Council should take advantage of any leverage it has to achieve these objectives.		x		Explore the potential to link business engagement – through mechanisms such as Section 106 Agreements, the Business Incentive Grant Scheme, leaseholds, etc, and through working with Business Link – with requirements to up-skill the workforce and to deliver higher-value, higher-wage jobs.		x	
A1	Delivering the Andover Vision	Andover is Test Valley’s principal town and the place where market failures are most obvious and severe – and where, therefore, opportunities for improvement	x			Advocate, support and deliver the <i>Andover Vision</i> : <ul style="list-style-type: none"> capitalise on its gathering momentum, and the stakeholder enthusiasm over its unique, innovative, 	x	x	x

Test Valley Long-Term Economic Strategy – Strategic Action Plan							
Action	Title	Rationale	Impact			Phasing	
			H	M	L		
						S M L	
		<p>are most available. Moving Andover forward from a town that sees itself as only functional rather than enjoyable, and attracting back the town’s natural rural catchment population, is essential to the economic development of the north of the Borough. The challenges and ambitions have already been set out in the <i>Andover Vision</i>, which has significant momentum behind it with buy-in from local and regional partners. The revitalisation of the town is key to its future economic prosperity and the success of its industrial estates – and to forge a higher-profile role for Andover at “the centre of things”.</p>				<p>business-led potential, to engage regional stakeholders and funding bodies as Test Valley’s main route-to-market (SEEDA, LSC, HEFCE, etc) – working with regional partners to identify what they can contribute;</p> <ul style="list-style-type: none"> • corral initiatives together under its banner to establish a palpable feeling of momentum, supported by visible signs of progress such as the new college, landmarks, buildings, signage, etc. <p>The <i>Andover Vision’s</i> concept of place and public realm is an essential ingredient in the town’s economic development, laying the foundations to make Andover a “place to be”. The following actions are of particular importance to the long-term economic strategy:</p> <ul style="list-style-type: none"> • enhancing the town’s cultural, retail, leisure and night-time offer (continuing the momentum engendered by The Lights theatre, the new cinema, etc), exploring options for a new leisure centre and more restaurants as part of a town centre complex with at least one quality department store, to provide a number of very good reasons to visit the town; • improving access into and around the town, with a riverside walkway and attractive, healthy, environmentally-friendly alternatives to car use including improved bus services and cycle paths to encourage and empower access by young people; • building on Andover’s growing reputation in sport and the creative/cultural industries through 	

Test Valley Long-Term Economic Strategy – Strategic Action Plan									
Action	Title	Rationale	Impact			Activity	Phasing		
			H	M	L		S	M	L
						centres/facilities and a programme of events;			
						<ul style="list-style-type: none"> delivering a range and choice of accommodation for (a) visitors in the shape of hotels, etc (b) residents in the shape of attractive, landscaped, housing developments with a mix of owner-occupied, private rented and affordable/social-rented units. 			
A2	Improving our industrial estates	Andover's industrial estates are in need of regeneration before they can expect to reduce vacancy levels and raise the value of businesses occupying them. Since their creation, manufacturing has declined in importance and the growth sectors of the future are not suitable to the industrial estates in their present state. Radical options are required to prepare Andover for the 21 st Century economy.	x			<p>Develop a long-term strategy for the regeneration of the Andover industrial estates (Walworth, the proposed Walworth extension, East and West Portway), engaging a private sector partner to help fund and implement it, a strategy which is strongly supported by SEEDA. Promote the fact that the regeneration of Andover's industrial estates is equally important to the future of the town as the revitalisation of the town itself is key to the future success of the industrial estates. The following is of particular importance to the long-term economic strategy:</p> <ul style="list-style-type: none"> a range and choice of sites is made available, with as much flexibility in planning use allocation as possible; any additional capacity is concentrated in B1 and B8 to reflect the decline in traditional manufacturing and the anticipated growth in sectors such as business services, R&D/light industry, transport, storage and communications; inward investment is secured (on the Andover estates or others such as the Airfield) from a high-profile business known for valuing accessibility in deciding where to locate, to send a signal to the 	x	x	x

Test Valley Long-Term Economic Strategy – Strategic Action Plan						
Action	Title	Rationale	Impact			Phasing
			H	M	L	
					market that Andover is at “the centre of things”;	
					<ul style="list-style-type: none"> the estates are landscaped more attractively, re-branded and linked by cycle paths and walkways to the town centre where retail should remain concentrated. 	
A3	Attracting higher education provision	Andover is heavily under-represented in NVQ Level 4+ skills. Degree-level skills will be essential for employers in the future, and essential for economic competitiveness as stated clearly in the <i>Leitch Review</i> . Andover currently retains a significant proportion of young people, but they are relatively low-skilled. Raising educational aspirations is an explicit objective locally in the <i>Andover Vision</i> and nationally in <i>Aimhigher</i> – which stresses the importance of progression from NVQ Level 3. But Andover currently has little higher education provision which is an obstacle to its economic development and ambitions.	x		<p>Explore options for a more formal higher education presence in the Borough:</p> <ul style="list-style-type: none"> a “multiversity” presence in Andover, bringing together provision from a range of higher education institutions (beginning with the University of Winchester before supplementing with input from other institutions in the future); and/or an increase in NVQ4+ provision through Sparsholt College, Hampshire, on the Andover campus, building on precedents such as the previously strong links between Cricklade College and the University of Winchester. <p>This provision should be related to the economic forecasts for the Borough and the future needs of its employers – including Foundation Degrees and other vocational courses – underpinning activity to close the NVQ4+ gap, up-skill 16-30 year-olds wishing to remain in the Borough rather than move away to study at university and strengthen/extend links between local employers and local people through company-sponsored qualifications.</p>	x x
A4	Improving our schools	<p>School performance is essential for two reasons:</p> <ul style="list-style-type: none"> schools are generating the workforce of the 		x	Support Hampshire County Council's efforts to raise standards across Andover schools, raise aspirations in the town from a young age and involve the town's young	x x

Test Valley Long-Term Economic Strategy – Strategic Action Plan									
Action	Title	Rationale	Impact			Activity	Phasing		
			H	M	L		S	M	L
		<p>future, and play a huge role in the early development of young people, their education, skills and aspirations;</p> <ul style="list-style-type: none"> schools are an increasingly important factor in where people (and therefore employers) choose to locate, and well-performing schools can help to attract people to live and work in an area. <p>In Andover, the performance of schools, although mixed, includes a small number that have been described as “inadequate” by Ofsted – currently, around 400 children a day leave the Borough to attend school, as parents look elsewhere for their children’s education. The long-term economic strategy provides an opportunity to effect a fundamental change in Andover’s educational performance – many of the people entering the workforce in 20 years time are not yet born.</p>				<p>people in a wide range of vocational and other activities. This should include:</p> <ul style="list-style-type: none"> setting up support groups for under-performing schools, led by the County; supporting the County’s efforts to create a “Curriculum Fit for the 21st Century” – personalised, innovative, creative, vocational, skills-focused and linked to literacy and numeracy; engaging in the County’s best-practice sharing group and delivering the involvement of business leaders, the college, the Andover Vision Board and further/higher education strategic partners. 			
A5	Securing a skills/employability centre	<p>Tackling skills deficiencies and establishing Andover as an “NVQ Level 3 Town”, with learning routes which offer learners progression and employers responsiveness to changing needs, is an important objective in the overall long-term economic strategy. The 14-19 Agenda is an integral part of skills and employment policy, and has a great deal of momentum behind it in Test Valley. Businesses in the Borough are less likely to view skills as important than businesses across the region as a whole, and this needs to change going forward. In response to these issues, local partners are keen to establish a</p>	x			<p>Explore delivery/funding options (including Section 106) for a skills/employability centre in Andover which complements the college’s own strategic planning and is sustainable into the long-term. Ideally, this centre should be located on an industrial estate, servicing schools, the college, training providers and businesses. The centre should be used to:</p> <ul style="list-style-type: none"> engage school students (particularly 14-16 year-olds) outside the traditional classroom environment in vocational learning; 	x	x	

Test Valley Long-Term Economic Strategy – Strategic Action Plan									
Action	Title	Rationale	Impact			Activity	Phasing		
			H	M	L		S	M	L
		specific centre for skills and employability.				<ul style="list-style-type: none"> deliver LSC-funded vocational training at NVQ Levels 1/2/3, with a focus on construction, high-value manufacturing and IT; deliver business-funded courses, particularly bite-sized and other non-standard provision. 			
A6	Branding skills & employability activity	There is a range of skills and employability activity underway in the Borough, not always joined up, and this activity will be increased going forward. Test Valley has high rates of business start ups and survival, but many of these businesses remain low value, and surveys suggest that local businesses currently place little importance in skills which are in fact key to competitiveness going forward. Supporting businesses to invest in themselves and drive themselves up the value chain is key to achieving the goals of <i>Andover Vision</i> , the economic strategy and SEEDA's regional ambitions regarding smart growth and global competitiveness. In the same way that the <i>Andover Vision</i> corrals initiatives together under its banner to establish a palpable feeling of momentum and unity, it is important to brand the future skills and employability activity to support the Andover/Test Valley branding, to promote the town to business and to help establish Andover as an "NVQ Level 3 Town".	x			<p>Explore options to formally brand skills and employability activity in the borough, linked to the <i>Andover Vision</i> and bringing together the ongoing work of partners such as Andover College, First Partnership, IBP Training & Employment, Business Link, etc. This branded solution should act as an umbrella for activities to prepare local residents and businesses for the 21st Century economy, including:</p> <ul style="list-style-type: none"> a skills and training brokerage service, including re-skilling and up-skilling the existing workforce; regular skills/employability away-days for schools; the marketing of vocational learning, including new 14-19 diplomas; a work-placement scheme, supplemented by business-sponsored qualifications such as apprenticeships and Foundation Degrees; a partnership with Business Link to convert Test Valley's high enterprise/low value character to high enterprise/high value, focusing on businesses with aspirations to grow and improve productivity; business leader/education provider networking 	x	x	

Test Valley Long-Term Economic Strategy – Strategic Action Plan									
Action	Title	Rationale	Impact			Activity	Phasing		
			H	M	L		S	M	L
						events, drawing on the Sparsholt College model.			
A7	Supporting our college	Andover College (part of Sparsholt College, Hampshire) is central to the skills and employability objectives of the long-term economic strategy. The college's enhanced financial and resource capacity, and re-development, are of huge benefit to the town. The college has established a strong reputation with learners and businesses, and needs to be supported to ensure that its potential is harnessed for the benefit of the Test Valley economy and the future needs of the town's employers.	x			Support Sparsholt College, Hampshire, and its strategic planning for the future of the Andover campus. Take advantage of the college's enhanced financial and resource capacity, providing support to: <ul style="list-style-type: none"> • broaden the A-Level offer in Andover; • broaden the vocational learning offer in Andover, including 14-19 diplomas, apprenticeships and Foundation Degrees; • ensure the provision of learning reflects the economic forecasts for the Borough and the future needs of its employers, including courses in hospitality, leisure, culture, construction, IT, etc; • increase the number of employers in the town who engage in training, taking advantage of the college's Centre of Vocational Excellence status in management and leadership. 	x	x	x
S1	Working with PUSH	In the future, a great deal of investment – particularly SEEDA's – in the South East region will be focused on designated "diamonds" such as the PUSH sub-region. It is essential that Test Valley derives maximum benefit from its inclusion in the diamond, particularly since its southern parts are located at the very gateway to the western half of PUSH. Southern Test Valley is and will continue to make a significant contribution to the Borough's own, as well as	x			Work more closely with PUSH core partners to: <ul style="list-style-type: none"> • establish Test Valley Borough Council as an integral partner in PUSH; • get southern Test Valley recognised as the western gateway to PUSH; • involve Test Valley in the development of the PUSH business plan and Multi-Area-Agreement; 	x	x	x

Test Valley Long-Term Economic Strategy – Strategic Action Plan									
Action	Title	Rationale	Impact			Activity	Phasing		
			H	M	L		S	M	L
		PUSH's, GVA growth ambitions (as well as job growth ambitions), given its high-value economy. This is an important time for PUSH, as it begins business planning and the process of agreeing a Multi-Area-Agreement, and Test Valley must ensure it is fully involved to maximise its share of funding and investment.				<ul style="list-style-type: none"> facilitate inward investment into southern Test Valley; raise awareness of southern Test Valley's companies, jobs and strengths as a place to live and work. 			
S2	Supporting our science park	The University of Southampton Science Park is key to the future economic prosperity of southern Test Valley, located as it is at the western gateway of PUSH. Through the park, the Borough is securing high-value jobs, graduate-level employment, GVA and productivity growth, university links and a momentum for inward investment from other innovative, high-value employers. Forecasts for employment growth in southern Test Valley remain encouraging, and there is scope to exceed forecasts on the back of investment in PUSH. The park needs to be allowed to develop to its full potential.	x			<p>Support the University of Southampton Science Park's progress from semi- to full-development by:</p> <ul style="list-style-type: none"> supporting the development of Benham Campus and other areas; providing a range and choice of sites, including start-up/early-stage, grow-on and sole-occupancy space; preparing a formal, long-term strategic development plan for the site, to provide a vision for it and get local buy-in for its future development; getting the University of Southampton Science Park recognised as PUSH's pre-eminent innovation park; working with the park to identify further space beyond its current site for when it out-grows it in around 10 years time. 	x	x	x
S3	Capitalising on southern Test Valley	As forecasts for employment growth in southern Test Valley remain encouraging, and since there is scope to exceed forecasts on the back of investment in PUSH, it is essential that enough space for employment is allocated. This is particularly important		x		<p>Establish a range and choice of sites and premises in southern Test Valley, to raise overall GVA in the Borough and in the PUSH sub-region generally. The following is of particular importance to the long-term economic strategy:</p> <ul style="list-style-type: none"> continuing the momentum behind sites such as the 	x	x	x

Test Valley Long-Term Economic Strategy – Strategic Action Plan									
Action	Title	Rationale	Impact			Activity	Phasing		
			H	M	L		S	M	L
		in the context of PUSH's own growth ambitions for the sub-region. Supporting the GVA growth potential of southern Test Valley is a key objective of the long-term economic strategy.				University of Southampton Science Park and inward investment such as the Ordnance Survey's national HQ on the Adanac site; <ul style="list-style-type: none"> a range and choice of sites is made available, with as much flexibility in planning use allocation as possible; planning use allocations reflect the anticipated growth in high-value sectors such as knowledge-intensive business services, R&D and high-value manufacturing, as well as the transport, storage and communications sector – B1 supported by B8. 			
S4	Supporting Romsey	Romsey and its immediate environs and quality environment are important factors in attracting people and businesses to southern Test Valley in the first place. It is important to secure this attractiveness whilst developing the town's retail and cultural offer, for workers to visit and for residents and visitors generally.			x	Support the continuing development of Romsey as an attractive place to live, visit and shop – and promote the town's retail and cultural offer to businesses considering locating in southern Test Valley. Develop proposals under SEEDA's Hampshire Market Towns Programme, and deliver a range and choice of accommodation for visitors and residents with a mix of owner-occupied, private rented and affordable/social-rented units.	x	x	x
R1	Marketing our countryside	Test Valley's quality environment and countryside are key strengths. Its rural areas are inhabited for the most part by higher socio-economic groups, and much of the rural economy has diversified in recent years, a process which is continuing today. Large growth sectors, particularly in tourism, are linked to consumer trends towards localism and a healthy environment. Test Valley is well-placed to strengthen its brand and take advantage of these growing			x	Develop an outward-looking policy of marketing Test Valley's rural areas to visitors, establishing the "Test Valley" brand in active, healthy, countryside pursuits (drawing where appropriate on its position in Hampshire Countryside and the Salisbury-Test Valley-Winchester cultural/heritage trail). This should join-up tourist attractions relating to food, heritage, culture, leisure and sport. This should also include:	x	x	x

Test Valley Long-Term Economic Strategy – Strategic Action Plan									
Action	Title	Rationale	Impact			Activity	Phasing		
			H	M	L		S	M	L
		markets.				<ul style="list-style-type: none"> improving access to the water environment; increasing and improving hotel and tourist accommodation; promoting attractive market towns such as Stockbridge; establishing creative/cultural facilities in villages and community centres; exploring the potential for European funding. 			



Appendix A

The Council's brief for the review
of the *Test Valley Long-Term
Economic Strategy*

1. Purpose

The new Strategy will perform a number of roles:

- provide the evidence base for the Local Development Framework (which is running with the South East Plan to 2026) notably the Core Strategy and Action Area Plans
- inform debate on detailed actions for the Council and its partners
- provide a broad framework for future policy making and actions by the Council in relation to the local economy in the:-

short term (5 years)

medium term 10-15 years) and

long term (20 years).

One of the 6 priorities in the Council's new corporate programme is "Enabling a Prosperous Economy."

The Review will also need to take account of and be compatible with an emerging Tourism Strategy which the Council will be preparing independently.

- preparation will need to seek the wider support of the local business community for example through workshops in both the north and south of the Borough
- preparation will be in parallel with, and therefore need to connect with, a Review of the Test Valley Community Strategy including the key economic development and education and learning priorities for the Borough

2. Background

In 2000 the Council adopted a long term economic strategy based on work done by DTZ Peda. This has formed the context for economic development activity over the past 6 years. Since then there has been significant change not only within the local economy but also within the governmental, institutional and regulatory context in which economic activity takes place.

Both to review the original strategy and as part of preparation of the evidence base for Local Development Framework the Council now wishes to pursue this as rapidly as possible, as development of the local economy is one of their primary objectives. The Council is currently insufficiently resourced to achieve this in-house.

3. Characteristics

The Borough is to some extent unusual, comprising three quite distinctive sub-areas therefore the Review will need to be clear what separate or joint considerations apply to each:

Andover and its catchment (6 wards, including Charlton)

Romsey and the south Hampshire catchment (8 wards within South Hampshire sub-region - Partnership for Urban South Hampshire or PUSH area – including Chilworth, Nursling etc) and

the rural villages (10 wards).

There is a population of some 113, 000, an economically active population of 61,400 and some 51,700 jobs (2004 Annual Business Inquiry, excluding self-employed) in the Borough. Test Valley is covered by 3 Travel-To-Work Areas: Andover; Southampton and Winchester and Salisbury to the west. Progress has been made in generating a single business voice for the Borough through the formation of the Test Valley Partnership Economic Development action group, although its role and activity is not well developed. While perceived as rural, employment in land-based industry is now low (some 3%) and access to employment (by car) is generally good. Tourism is very important in Test Valley: In 2005 it represented 7% of jobs (3,500) and generated an estimated £135m. The unemployment claimant is low at 0.8% (June 2006) but incomes from jobs in the Borough are lower than incomes from residents living in the Borough and commuting to jobs elsewhere.

4. Potential Issues

The Review should identify all relevant issues of which some may include:

- the need to regenerate Andover's commercial role, in particular, on the industrial estates
- the relationship between what the Review identifies and the Andover Vision and the emerging Andover Industrial Estates Strategy
- potential skill shortages
- The proper representation of divergent business community
- Changing economic structure and impact on earnings
- The role of the southern part of the Borough within the within the south Hampshire sub-regional economy which is expecting significant growth, particularly in housing.
- Tourism accounts for some 7% of employment in Test Valley. The Council will be preparing a Tourism Strategy in 2007 which will focuses on both developmental and management issues. While no further work on tourism is expected as part of this commission, the two strategies will obviously need to be as far as possible compatible.
- South East Plan housing land supply requirements

Test Valley North lies in the Rest of Hampshire (Central Hampshire and New Forest)

16,000 2006-26 (800 p.a.)
of which 5,000 in Test Valley North (3,700 greenfield)

Test Valley South in South Hampshire
80,000 2006-26 (4,000 p.a.)
of which 3,910 in Test Valley south (2,500 greenfield)

5. Available Material

5.1 Test Valley Economic Profile

The Review will be able to draw on relevant source material from the Borough Council. However, a great deal of material is contained in the Test Valley Economic Profile which has been compiled by Hampshire County Council. This covers:

education and skills
labour market
employment by sector and unemployment.

5.2 Related LDF Studies

The Review of the Test Valley Long Term Economic Strategy is being undertaken alongside a suite of other studies for the Local Development Framework. These include:-

- Andover and Romsey town centre office studies (to be available February 2007)
- Romsey and Southern Test Valley Business Survey (assessment of the need for additional industrial land in southern Test Valley (to be available late Spring 2007)
- Andover and Romsey Retail Studies to 2026 (update of 1998 Colliers Erdman Lewis Study) (to be available Spring 2007)
- Rural Business Survey (updating the original 1999 survey) (to be available late Spring 2007)
- Regeneration of Andover Industrial Estates: First Phase Consultation (BPS Consultants) work on-going

5.3 Other planning Documents

- DTZ Economic/Employment land studies for Central Hampshire and PUSH (Partnership for Urban South Hampshire)
- DTZ Town centre study for PUSH
- HEP (Hampshire Economic Partnership) Qualitative Study of Strategic Employment Sites
- Hill Taylor Andover Employment Needs Study (undertaken 2003 for Test Valley Local Plan Review)
- Employment Land Reviews for Central Hampshire and PUSH (not expected to be completed until Spring 2007)

I would be grateful if your response could specify:

- Any difficulty likely to be experienced as a result of the content outlined above.
- A price for the completion of such a strategy, inclusive of all costs, and including the production of 10 copies of the final report and summary documents, together with electronic versions of these.
 - A commitment to produce an issues paper for discussion by Council members no later than XXXXX and undertake a presentation of the results of the revised Strategy to Council members
 - A commitment to attend the Test Valley Partnership Economic Development action group to present the results on XXXX together with other meetings as considered necessary.
- A clear exposition of methodology and proposed timescales to meet the above, together with key dates and events.
- Who amongst your staff will be overseeing the project, and who will be responsible for day-to-day work.

Proposals to engage business leaders and representatives in the process of strategy production. Your submission should be returned to me on or before XXXX.

I would also be grateful if you could:

- (i) Give an assurance that any work undertaken for TVBC would not be used in any way in connection with work being undertaken currently for any other party.
- (ii) Give examples of similar work and client references

Tenders will be assessed against the above specification. A preferred timetable for production of the strategy is included. Tenderers are invited to comment on the timescale and are invited to comment on the timescale and provide their own proposals if thought necessary.



Appendix B

About Experian

Who we are

Experian's Business Strategies Division

Experian's Business Strategies Division provides an understanding of consumers, markets and economies in the UK and around the world, past, present and future. Its focus is consumer profiling and market segmentation, retail property analysis, economic forecasting and public policy research, supporting businesses, policy makers and investors in making tactical and strategic decisions. As part of the Experian group, it has access to a wealth of research data and innovative software solutions. The division's economic research team is devoted to analysing national, regional and local economies for a range of public and private sector clients. Its statisticians, econometricians, sociologists, geographers, market researchers and economists carry out extensive research into the underlying drivers of social, economic and market change.

For more information, visit www.business-strategies.co.uk

Experian

Experian is a global leader in providing analytical and information services to organisations and consumers to help manage the risk and reward of commercial and financial decisions. Combining its unique information tools and deep understanding of individuals, markets and economies, Experian partners with organisations around the world to establish and strengthen customer relationships and provide their businesses with competitive advantage. For consumers, Experian delivers critical information that enables them to make financial and purchasing decisions with greater control and confidence. Clients include organisations from financial services, retail and catalogue, telecommunications, utilities, media, insurance, automotive, leisure, e-commerce, manufacturing, property and government sectors.

Experian Group Limited is listed on the London Stock Exchange (EXPN) and is a constituent of the FTSE-100 index. It has corporate headquarters in Dublin, Ireland, and operational headquarters in Costa Mesa, California and Nottingham, UK. Experian employs more than 12,500 people in 34 countries worldwide, supporting clients in more than 60 countries. Annual sales are \$3.1 billion (£1.7bn/€2.5bn).

For more information, visit the Group's website on www.experiangroup.com

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