

# **Commission of Inquiry - Vision for Hampshire 2050**

## **Response by Test Valley Borough Council to the Economy and Work, Skills and Lifestyle themes**

**23<sup>rd</sup> August 2018**



## **Vision for Hampshire 2050**

The following comments are submitted by Test Valley Borough Council and cover both the Economy and Work, Skills and Lifestyle theme briefs.

### **Summary and Conclusion**

In our view close working is vital to delivering a better future economy for the whole of the County. And while predicting the future is almost impossible, taking reasonable steps to consider the impact of known trends is an effective way to plan: this needs to be both practical and aspirational. Leadership as ever is also essential and we can demonstrate this by our Romsey Future and Andover Vision projects.

### **Business Growth**

#### ***Q. What might happen in the future?***

Self employment (full and part time) is projected to increase, if not accelerate, as a proportion of total employment. This reflects many reasons including growth in sectors where self employment is stronger (eg health, business and cultural services) and the decline where it is not (eg manufacturing) together with factors such as the availability of broadband making it easier for people to start businesses from home. Between 2001-17 self employment grew from 12% to 15% of the jobs market (3.3m. to 4.8m. people).

Where it is not as well paid as employment this trend will have implications for benefits, age of the workforce etc.

Test Valley Borough Council (TVBC) focusses its business support on new and small businesses (eg grants, advice, accommodation etc) in part because it is best-placed to offer basic pro-active and regulatory help but also because of the scale. In doing so it complements existing generic support from LEP Growth Hubs: See [www.testvalley.gov.uk/business](http://www.testvalley.gov.uk/business) and more specialist support from other agencies.

#### ***Q. How will HCC and Partners need to react in the light of this?***

Given this scale of increase in self employment a more rounded business support programme is needed aimed at start-ups which enables more to become the successful companies of the future. It is not unreasonable that the GVA benefit of helping many small businesses to grow a little outweighs that of enabling a few to grow a lot.

This approach also supports the notion that business support should be targeted at the “long tail” of underperforming businesses responsible for the country’s poor productivity.

### **Raising Productivity**

### ***Q. What might happen in the future?***

The Government's 2017 Industrial Strategy "Building a Britain fit for the future" identified 5 foundations to raise the nation's relatively poor productivity: innovation, people, infrastructure, places and the business environment.

All are important and each can be tackled at a different scale, by different agencies, led by Government. Hampshire's 2050 Vision should consider those most relevant to its role and responsibilities.

## **Innovation**

### ***Q. How will HCC and Partners need to react in the light of this?***

Among the many threads, covering innovation *and* people, involved in addressing our underperformance are the need for educational and training organisations to reinforce innovation. In part this requires a closer working relationship between schools (led by the local education authority (LEA), colleges and universities and businesses, especially SMEs.

Businesses also require more encouragement and support to innovate and the work undertaken by the award-winning business support agency SETsquared at the University of Southampton Science Park (USSP) should extend across Hampshire.

Where businesses discover things that don't work this needs to be treated as a learning experience rather than failure.

## **Infrastructure**

### ***Q. How will HCC and Partners need to react in the light of this?***

Alongside conventional highways and utilities, symmetrical, accessible, affordable high bandwidth broadband is essential. Once the latest Hampshire Superfast Broadband contract is implemented in 2019 Test Valley will have the largest proportion of business and residential premises without superfast broadband.

Beyond broadband, a country-wide 5G wi-fi network needs to be created ideally as public infrastructure which would be supported by commercial applications.

While fast broadband coverage is now high, it is our belief that the small missing percentage has the potential to contribute to the Hampshire economy in far greater proportion than the figures suggest.

## **Skills (Section 3. Work, skills and lifestyle)**

In addition to its responsibility as the LEA for most of Hampshire, HCC also delivers community learning for young people (through Hampshire Futures) and

secures vocational training in construction (which will remain strong in Hampshire) through the CITB framework on the procurement of new buildings.

The challenges related to learning and skills will continue to change as the nature of employment (the demand for skills) changes. Technology and global competition (eg off-shoring on manufacturing, automation especially of lower skilled work, evolution of web –based commerce, especially retail etc) will probably accelerate. These trends have already seen the “hollowing out” of medium skill/medium pay jobs and the default creation of minimum wage and insecure employment (the “gig economy”) alongside a quantitatively small increase in advanced technology STEM-skilled jobs in sectors such as AI, biotech, aerospace etc.

The latest announcement that up to 15m. or 50% of all jobs could be lost through automation by 2050 contrasts with the much smaller number of highly skilled technological jobs that AI etc. will create. At 2011 only 4 out of 10 adults in Hampshire had qualifications above level 2 ie. good GCSE grades. 56% or 571,000 people had either no qualification, a level 1 or a level 2 qualification. This mis-match has enormous implications – social as well as economic.

Education, learning and training will become even more important for the wellbeing of individuals, as well as supporting the economy. Learning will need to become more flexible (portfolio careers).

It is also necessary to enable our businesses to better compete internationally and will be further emphasized if employers are required to try and recruit more local workers rather than in-migrants, post Brexit.

## **Vocational education**

Reflecting the point above about fostering a closer, mutually-productive relationship between schools and SMEs the issues of greater parity for vocational training (with academic), careers guidance (including work experience) will only grow in importance as the nature of employment changes.

### **Raising the parity of vocational qualifications to that of academic (A-levels).**

Unless **T-levels** are funded per capita on a par with A-levels and the needs of businesses required to offer work experience are addressed they cannot succeed.

It seems that the **Apprenticeship Levy** is not currently on course to achieve its target of 3m. apprenticeship starts by 2021, possibly because of the complexities of administering the levy. At January 2018, half way through that 2016-21 target period, apprenticeship starts are down 18% (266,000). There is local anecdotal evidence that some large employers have given up trying to negotiate business-specific apprenticeship frameworks and others have given up trying to re-cycle unspent levy on their supply chains.

Hampshire and its partners need to engage with Government and employers to support a more effective apprenticeship system - perhaps consider the extension of the levy into a broader skills levy?

## **Careers Guidance**

Improving careers guidance in schools is essential. The gulf between the class room and place of work has grown wider and the choices more confusing than ever. At the same time the provision of careers guidance has been fragmented between a variety of providers including the LEA offering a paid service with various initiatives coming through the LEPs.

The 4 Education Business Partnerships have had to consolidate into one but even here the service is insufficient and inconsistent between districts.

**Work experience** is essential (and a key part of T-levels). While most employers value work experience in potential recruits CIPD research indicates only 19% of employers are offering it.

## **Higher Education**

In 2017 student loan debt stood at more than £100bn. It seems unlikely that the current system will still be viable in 30 years time but HE provision remains essential for the economy to prosper. Therefore, HE will have to become more flexible with more degree apprenticeships; currently there are only 3 frameworks! Employers need to be encouraged to establish their own HE degree as BeWiser has done. In 2016, working with Peter Symonds College, it created an honours degree in Insurance accredited by the University of Chichester which enables and with tuition fees at £3000 not £9000. BeWiser's initiative enables people to move from level 2 to level 5 qualifications whilst earning.

### ***Q. How will HCC and Partners need to react in the light of this?***

HCC, partners and business employers should consider how to encourage vocational learning opportunities including careers guidance, work experience and degree apprenticeships.

***The following section addresses several of the Economy theme sub headings with respect to Andover.***

### **Andover - Attracting inward investment and retaining/attracting talent**

It is an objective of TVBC to maximise opportunities to retain and attract people and businesses from London as a priority in sustaining Andover's economy.

Andover is benefiting from significant investment in the form of new homes and commercial development and the Council and its partners, such as Kier and the LEP, is keen to attract more investment into the town - **ideally, higher value jobs for higher skilled workers.** This ambition will be carried forward from the existing local plan into its successor which will run into the 2020s.

It is important to attract inward investment in order to promote the social and environmental benefits of moving to north west Hampshire. Andover is an attractive place for families to be able to make a home given its relative affordability compared to neighbouring areas. Its education provision has vastly improved over recent decades both at secondary and tertiary level.

The enhancement of social infrastructure and community facilities coupled with an attractive physical environment will add to Andover’s locational attractiveness to people and businesses in order to generate and attract more and high quality jobs.

There is evidence that a growing number of the 6,000 new homes being built in Andover are attracting buyers, not just from Basingstoke, but further east, from the Thames Valley and London. Similarly the town’s labour market (illustrated by commuting trends) has become more integrated with adjoining areas.

Second, Andover’s infrastructure is robust and can sustain additional development. It reflects the historic planning of the Town Development Agreement, reinforced by continuing investment captured through the planning process from major new development.

Third, in seeking new investment, the Council considers that transport links are vitally important. As well as road investment, recent new parking facilities at Andover Railway Station have already led to a significant increase in commuting – much east into the M3 Corridor and to London.

Furthermore, Andover’s longer term future will reflect its improved accessibility through connections beyond EM3 LEP and London. The adjacent growth corridors of A303/Salisbury and A34/Didcot/Midlands will open up potential opportunities for north west Hampshire.

### **Andover - Infrastructure**

In terms of its potential for longer term growth, Andover demonstrates:

- Relatively minimal development constraints
- Local and political support for growth and
- The possibility that growth can continue to be achieved on a large scale.

Andover is already delivering an average of 400 new homes p.a. up to 2029 both for those working in the town and those commuting elsewhere. Test Valley has delivered the highest number of completions in Hampshire for three of the past four years, of which Andover has taken the bulk. Andover is building more homes than any Hampshire or Surrey town even compared to those with a bigger population.

In terms of jobs, there are “oven ready” sites at:

Site	Sq.m.
Walworth Business Park “Logistics City”	45,000
Andover Business Park (including: Centric 341 and Richs)	153,382

Food HQ 10,222 sq.m.	
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Andover is contributing to economic and employment growth.

Between 2010-15 Andover delivered an impressive 25% growth in jobs (22,500 to 28,200) and contributed disproportionately to Test Valley's 15% expansion - the largest rate of growth of any Hampshire district over that period. This occurred across a range of occupations: Professional, Scientific and Technical; Health; Public Admin. & Defence; Business Support & Admin.; Transport & Storage and Wholesale.

Similarly, in 2015 Test Valley experienced the third highest net annual growth in businesses in Hampshire.

Analysis shows that Test Valley's 5 year business survival rate (2012-17) compares well within the EM3 and Solent LEP areas (Test Valley 50.5%, Hants. 48.8% and Surrey 50.3%).

Andover's continuing development, with new jobs and homes, requires additional improvements to the town centre, including its public realm, in order to keep pace with its growth. Major commercial initiatives including:-

TVBC is committed to enhancing the business offer through preparation of a BID and is investigating the future retail offer which links to ambitions to preparing a town centre masterplan encompassing

1. the "Cultural Quarter" (comprising The Lights, Andover Magistrates Court and new Leisure Centre)
2. the future of The Chantry Centre and
3. Anton Riverside enhancement.

**Andover Vision**<sup>1</sup> is seeing major investment into the town's public realm to enable it to fully support the fast-growing community but more will be needed. Examples include:

- More than £16m. investment in a new Leisure Centre for Andover
- £25m. Section 106 contributions from new major developments delivering new facilities for communities, including £2m to improve access to the countryside
- Established cultural offer through The Lights Theatre who has just had its one millionth visitor
- Focused ambition to enhance the town centre and its offer including major environmental enhancements including a riverside walkway along the River Anton in the town centre.

In Romsey, Romsey Futures is delivering similar enhancement both in the physical environment (Bell Street, Market Place, to be followed by the South of

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<sup>1</sup> <http://www.testvalley.gov.uk/communityandleisure/andovervision>

Romsey project) as well as fantastic new community assets including Fishlake Meadows Nature Reserve.

***Q. How will HCC and Partners need to react in the light of this?***

To achieve these, continuing support from HCC and other partners is essential.