

Hertfordshire's Economic Outlook

1. The County's Economic Trajectory

Hertfordshire's rapid growth in the 20th century did not diminish its appeal as an attractive place to live and work

Its major growth spurt in the mid-20th century was associated with newer, cleaner industries and advances in planning (Garden Cities and New Towns). More recently, the 1990s saw rapid decline in engineering and spectacular growth centred on private sector services, often on modern business parks.

Growth in output in the mid- to late-1990s was spectacular; Hertfordshire's GVA per head was 21.8% above that of the UK by 2000.

Hertfordshire is still economically strong compared to the UK and EU on most measures, but as the UK's growth began to falter Hertfordshire fared even worse. The 2000s saw growth tailing off or virtually disappearing.

In 2001, 70% of resident workers were employed within the County, 20% in London

An increasing number of people are commuting outside the County to work.

Although the County suffered in the recent recession this was not disproportionate to the rest of the UK

Unlike in the 1990s, when Hertfordshire's engineering industries were hard hit, the increase in the number of people claiming Jobseeker's Allowance in the County from October 2007 to October 2010 has not been far out of line with the rest of the UK. The proportion of working age residents claiming JSA doubled to 2.4%,

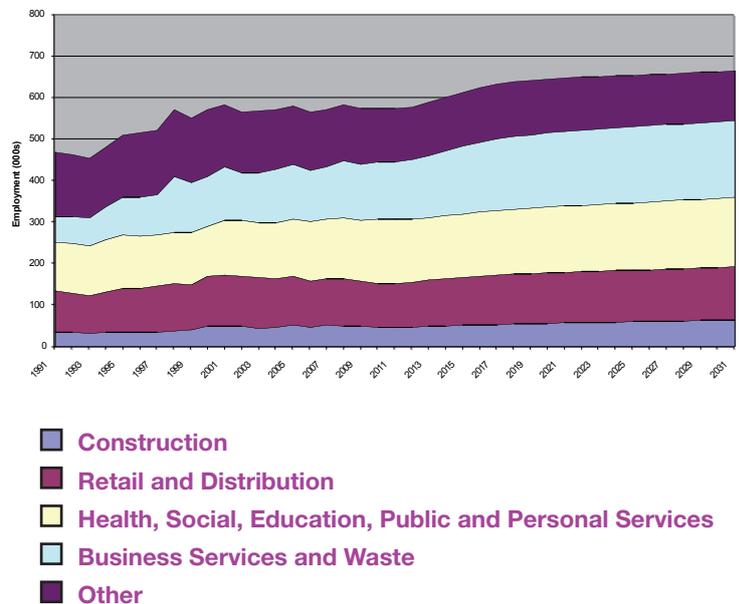
whilst Stevenage's increased to 3.7%, which was higher than the UK's.

2. Economic Structure

Hertfordshire is strong in sectors forecast to grow the most to 2014

For example, Research & Development, Business services and Communications, however the County performed less well in these and nearly all other sectors during the 2000s than the UK.

Hertfordshire employment trend 1991-2031 (sectors dominant in 2031)



Hertfordshire is home to many foreign-owned companies and also has several major exporters

Results from the recent Hertfordshire Business Survey showed that many companies are willing to consider new export markets and therefore help in rebalancing the UK economy.

3. Enterprise

Hertfordshire has a good proportion of small firms

In 2009 there were 55,135 enterprises based in Hertfordshire registered for VAT or PAYE. These represented 629 per 10,000 residents aged 16+. This was well above the UK average of 466.

The number of new business registering in Hertfordshire is 27% higher than the UK average

Table 1 shows the size of enterprises based in Hertfordshire compared with all those based in the UK.

It shows that Hertfordshire-based enterprises are more prevalent at the extremes of the spectrum among micro (0-9 employment, but especially among the 0-4 group) and large (250+) enterprises, with relatively few medium sized enterprises (50-249).

Table 1

VAT and/or PAYE BASED ENTERPRISES in March 2010								
	Employment size							
	0-4	5-9	10-19	20-49	50-99	100- 249	250+	TOTAL
Hertfordshire Numbers	36,895	5,390	2,320	1,285	395	275	215	46,775
Hertfordshire %	78.9%	11.5%	5.0%	2.8%	0.8%	0.6%	0.5%	100%
United Kingdom %	75.7%	13.0%	6.1%	3.3%	1.0%	0.6%	0.4%	100%

4. Innovation

Hertfordshire’s world class research-intensive companies and its excellent skills base ensure that it is at the forefront of innovation

However, Hertfordshire falls behind centres such as Cambridge with its strong networking culture and routes to private equity through vibrant business angel networks.

Innovation-led growth in the County is facing several barriers

There are concerns about: access to the highest speed broadband needed by certain knowledge-intensive businesses; the availability and cost of premises; and financing for early-stage businesses.

5. Participation in the Labour Market

Hertfordshire has relatively few people on out-of-work benefits

Economic participation rates have been consistently higher than the national average but employment has failed to keep pace with the increase in the working-age population since 2004.

Those on out-of-work benefits are proving difficult to draw into employment.

Changes to the entitlement to lone parent benefit led to large increases of single parents claiming Job Seeker’s Allowance between December 2010 and March 2011.

6. Job Market

Hertfordshire has on average a highly skilled workforce, particularly at Level 3 and above

Highest Qualification Level – 19-59/64 (female/male) population					
	No qualification	Below Level 2	Level 2 or above	Level 3 or above	Level 4 or above
Broxbourne	7.8%	25.2%	74.8%	49.7%	29.3%
Dacorum	5.3%	25.6%	74.4%	56.1%	38.3%
East Hertfordshire	5.6%	25.7%	74.3%	61.4%	37.0%
Hertsmere	6.8%	30.1%	69.9%	53.1%	34.3%
North Hertfordshire	8.1%	28.5%	71.5%	55.4%	34.9%
St Albans	5.7%	15.5%	84.5%	70.0%	55.0%
Stevenage	4.6%	28.2%	71.8%	47.5%	23.4%
Three Rivers	6.8%	29.0%	71.0%	56.9%	39.6%
Watford	5.2%	25.5%	74.5%	55.3%	34.2%
Welwyn Hatfield	6.6%	25.8%	74.2%	55.5%	38.4%
Hertfordshire	6.3%	25.9%	74.1%	56.1%	36.4%
England	10.8%	28.3%	70.9%	50.9%	32.0%

<http://www.thedataservice.org.uk/>, 2009 data

The workforce in Hertfordshire is on average well paid but earnings levels vary across Hertfordshire

The average weekly pay is greater than that of Great Britain but there is a substantial difference of residents' earnings of £223 between the highest, St Albans and the lowest, Stevenage. This correlates with qualification levels.

The jobs and skills match in the County is broadly good

However, there is a considerable mismatch between the locations of knowledge-intensive employment and the residence of highly skilled workers. Employment prospects are best among the higher level occupations.

The proportion of 19-year olds achieving a Level 3 qualification is higher in

Hertfordshire than anywhere else in the East of England

The number of apprenticeships in Hertfordshire has been increasing; there needs to be greater emphasis on Level 3 and 4 apprentices. Provision from training providers needs to match more closely the Hertfordshire LEP's ambition.

7. Deprivation

Hertfordshire has consistently had very few areas among the official lists of the most deprived areas in England

Although between 2004 and 2007 its more deprived areas got worse.

The latest indices show improvement, but not so much among the worst areas. There are now six areas among the worst 20% in the country.¹

¹These are in the wards of Northwick (South Oxhey), Bedwell (Stevenage), Cowley Hill (Borehamwood), Oughton (Hitchin), Central (Hatfield) and Waltham Cross.

8. Environmental Pressures, Challenges and Opportunities

Economic growth in the County has resulted in increased pressure on land and other environmental resources

With the prospect of climate change, effective management is required to ensure that new development does not threaten future prosperity. Energy supply and affordability is important to businesses; they will need to be resilient and adapt to climate change.

Hertfordshire has the expertise to be a front runner in developing renewable energy

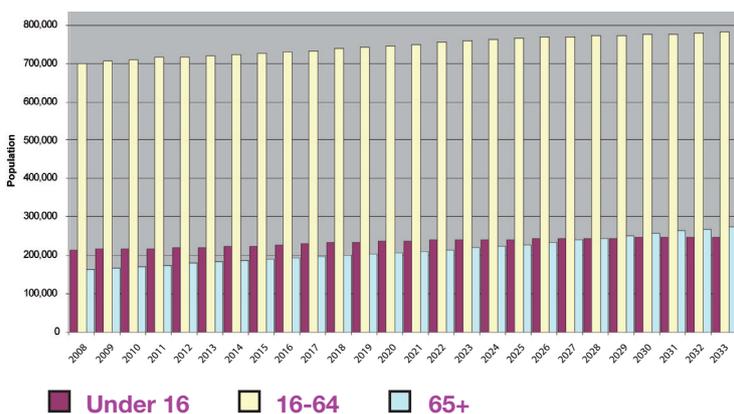
However, the poor uptake of renewable technologies in the County, relative to its neighbours, could impact on its competitiveness.

9. Demography

The majority of Hertfordshire's 1.1 million residents are of working age and are among the highest earning groups

The working age population is set to increase but so is the dependency ratio.

Projected Population in Hertfordshire 2008 - 2033 (broad age groups)



By 2031 for every three people of working age there will be two 'dependants'. The old age dependency ratio will increase from 24% (similar to the UK's) to 34% (similar to Japan of today).

Those over 64 are likely to become an important proportion of the workforce.

10. Business Premises

The cost and availability of premises in the County is of concern to businesses

The Hertfordshire Business Survey identified that rental, running costs and car parking were identified as serious drawbacks.

A premier business park could attract and retain high value added jobs, particularly in life sciences

Hertfordshire's location in the centre of the London/Oxford/Cambridge triangle coupled with other existing local strengths makes the County an attractive location for life science businesses.

11. Infrastructure

Hertfordshire needs new and improved infrastructure to achieve sustainable economic growth

Future development will need to be supported by the delivery of appropriate infrastructure; Local Planning Authorities are currently identifying local infrastructure requirements.

There will need to be a co-ordinated and county-wide strategic approach to infrastructure investment if Hertfordshire's economic growth (and existing historic deficit) needs are to be properly recognised and met.

12. Housing

Hertfordshire faces a significant challenge in providing enough housing to satisfy projected demand

Over the next 20 years housing for an additional 100,000 households will be required if projected demand is to be met. This is significantly greater than the rate of house building prescribed for 2001-2021 in the East of England Plan.

The Strategic Housing Market Assessment commissioned by six Hertfordshire local authorities suggested that 70% of housing to be built between 2007 and 2021 needed either to be social housing or intermediate (affordable housing) and only 30% market housing (for purchase and rent).