

Economic Growth Strategy 2021-25

OUR TOWN. OUR FUTURE



**WATFORD
BOROUGH
COUNCIL**

United by Possibilities and Shared Opportunities

**FOREWORD BY PETER TAYLOR,
ELECTED MAYOR OF WATFORD**

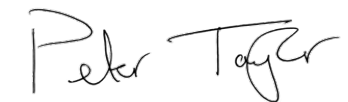
Welcome to Watford's new Economic Growth Strategy.

Watford is a town with energy and the drive to be successful. We are proud of our economic story and our role as an engine of industry and business in the region and across the UK, which has supported thousands of jobs, built prosperity and put the town firmly on the map.

Now, as we look forward over the next decade, it is more important than ever to build on our successes and create the right foundations for our future economic prosperity. The UK economy went through a seismic shock in 2020, which will impact long into the future and in ways we cannot yet fully predict. Whilst there will undoubtedly be challenges, there will also be opportunities for areas which have the drive and determination to harness them and, through this Strategy, we are seeking to place Watford firmly at the forefront of renewed economic success.

For us, prosperity needs to work for all our community. Building a strong economy allows our whole community to thrive and we are determined Watford will be a town where businesses flourish and people can reach their potential. We want to work closely with our current and future businesses to explore new ways to deliver more for Watford and really champion what makes the town special, including forging ahead with a greener more sustainable future.

Watford has a lot going for it as a place to live, work and do business. We are recognised as a forward-looking and creative town, which has an outstanding track record of thinking differently and pushing the boundaries where we can achieve more. This strategy reflects we are seriously ambitious for our town and our people and will harness our energy, entrepreneurial spirit and enthusiasm to create our economic success.



Introduction

This Economic Growth Strategy marks a pivotal point for Watford and our local economy and future prosperity.

Following the impact of the worldwide recession of 2008 – 2010, the town bounced back with renewed energy and success. Our economy grew and, by any measure, Watford was building an outstanding reputation as a town with a drive to succeed, where businesses thrive and employment is strong.

We have more jobs than residents of working age, and have seen the largest increase in productivity in Hertfordshire. Our residents are becoming increasingly well-educated and skilled, and we have seen high levels of economic activity – an enviable foundation for the next chapter of our economic story.

Planning for the future

We recognise that we cannot take this success for granted and now, more than ever, planning for the future is imperative. As a major economic engine in the region, Watford has felt the impact of the COVID-19 pandemic, however, many new opportunities, as well as challenges, have arisen during this exceptional period in our town's history. Our strong partnerships, in tandem with the energy and dynamism of our town, our businesses and our residents, mean we are well placed to build on future prospects, strengthen our prosperity and deliver a renewed and revitalised economy for everyone.

Rising to the challenge

Watford has always been a town that dares to be different, using its flair for innovation and creativity to go further than what's expected and look beyond the usual solutions. These qualities stand us in good stead to find the best ways to respond to the challenges of the pandemic, its aftershocks and any economic challenges to come, including operating in a post-Brexit economy and transitioning to a low-carbon way of life.

An evolving town centre

Underlying structural changes to our town have been further accelerated by the pandemic. Prior to COVID-19, town centres across the country were already undergoing a shift from a purely retail focus, being reimagined to provide more leisure and experiential opportunities to customers, in response to the growing preference for online shopping. We recognised this trend early on and we have been successfully growing our leisure offering since 2018, driven and strongly supported by the Atria Watford shopping centre extension, which brought a cinema and bowling alley, along with new destination restaurants, to the town centre. This has extended its appeal, marking the start of the shift towards leisure and entertainment that other town centres now recognise as so vital to future prosperity. However, COVID-19 has led to many businesses leaving town centres in the UK and moving online, heralding the end of many well-known high-street brands and department stores. Watford will need to respond.

Blended ways of working

Working from home has now become the norm for a significant proportion of the population as a result of COVID-19. With many companies actively promoting a hybrid model of working, employees have both the opportunity to work from home and the office, with the latter focused on team working and collaboration

This new way of working may have a knock-on effect on the town's office sector and town centre footfall. Many companies have been using automation and artificial intelligence as part of their core business processes for some time and may choose to accelerate this to increase productivity, reduce costs and support their recovery. All of these changes will feed through into a demand for different, more flexible workplaces and a different set of skills will be required for those seeking the opportunity for more flexible and agile careers, affecting our sectors and strong office offer.

The combined, cumulative impact of these changes requires a new approach to how the council supports and enables future economic growth.

Despite the challenges brought by the pandemic, our ambitions for our local economy, businesses and community are as strong as ever. Together with our partners, we will continue to forge a step change in Watford's economy, delivering those key interventions that will deliver an exciting and successful future for our town, its businesses and residents, driving renewed prosperity and growth.

Our 2021-25 economic vision for Watford

We have set an ambitious vision for Watford in ten years' time, underpinned by a series of outcomes laid out further in the document. Over the next ten years, our priorities and actions will have achieved a real step change in Watford's economic future and the experience of those who live and work in the town.

It is our aim for Watford to be known as a successful, diverse and premier location for business, acting as the vibrant centre for the South West Hertfordshire economy, attracting forward-looking businesses and entrepreneurs who recognise its super-connectivity, outstanding skill base and flair for innovation. Our businesses will join with us in championing Watford's exceptional qualities and advantages, sharing in our ambition for a carbon-neutral future, whilst our residents will benefit from the town's energy and drive and the prosperity and opportunities it brings.

**“
Watford just works
for us as a company -
if it didn't we wouldn't
have built our new
Head Office here!
We looked at other
locations, but Watford
just ticked all the
boxes. We are able to
attract some amazing
talent in the local area
and with our flexible
approach to working
and our new, easily
accessible high tech
offices, we are also
able to attract the
best people around.”**

James Westoby
Managing Director,
Wunderman Thompson
Commerce

Our economic context

THE NATIONAL PICTURE

Underpinning our strategy is a clear understanding of the national economic context and how this will influence and inform our ambitions and delivery.

The government's National Industrial Strategy in 2017 outlined five Key Foundations of Productivity (ideas, people, infrastructure, business environment and places) and four Grand Challenges (Artificial Intelligence [AI] & data, future mobility, clean growth and aging society). In early 2021, the government announced a transition to its *Plan for Growth: Build Back Better* and related strategies, subsequently supported by proposals for a Planning Bill, and a Skills and Post-16 Education Bill, with the aim of creating and supporting jobs and helping to drive growth in existing, new and emerging industries. Other key national elements are a focus on infrastructure, skills, innovation, levelling up, transitioning to a net-zero carbon economy and a focus on a global Britain. Our new economic strategy reflects all aspects of this national focus, highlighting that Watford will be in a good position to take advantage of opportunities as they arise.

THE COUNTY PICTURE

The Hertfordshire context is equally important for Watford and we want to play an active role in boosting and adding value to the county's economic prosperity. Much of the government's thinking and pre-pandemic economic support has been targeted via Local Economic Partnerships (LEPs) but, with recent initiatives, we are seeing government increasingly channel-funding through local authorities, which makes having a targeted and dynamic Economic Growth Strategy critically important, providing focus and direction for any funding opportunities.

The County and Districts have established a Growth Board to support economic growth through the delivery of infrastructure projects. For the benefit of Watford, and our neighbouring residents, we will play an active role in county-wide initiatives and support proposals to central government to harness sustainable growth throughout Hertfordshire.

The impact of Brexit

The UK officially left the EU on 31 January 2020, with a transition period in place until 31 December 2020 to allow time to agree the terms of a new trade deal. A deal was finally agreed on 24 December, seven days before the end of the transition period.

As a result of the lengthy negotiations, many UK businesses did not have adequate time to prepare for the new arrangements, a situation that was further compounded by the impact of COVID-19.

The LSE's Centre for Economic Performance published *The local economic effects of Brexit* analysis in 2017, looking at the potential impact of a soft vs. hard Brexit at the local-authority level and placed Watford in the 'Top 10 most affected' places, based on potential GVA contraction under a hard Brexit.

The Hertfordshire LEP *Brexit & Hertfordshire: Understanding the risks and potential impacts* report provides a comparative analysis of the Brexit impact in Hertfordshire, but points out the challenge in terms of analysing the prospective economic risk, impacts and opportunities of Brexit.

Due to the economic downturn brought about by COVID-19 and the fact that many businesses have had to close since the end of the transition period, the full impact of Brexit locally is still unknown. There has been a significant rise in claimant count numbers since the start of the pandemic, so it is not possible to disaggregate these numbers to determine whether any new claims are as a result of Brexit, or a combination of other causes.

The impact of COVID-19

COVID-19 has presented the world with its biggest economic challenge since the Second World War. The UK has been particularly hit by the pandemic, with three national lockdowns having profound impacts on the economy, business, employment and on the population as a whole.

The government responded to the crisis by introducing a package of financial measures to support businesses and jobs, including loans, grants, business rates relief, tax deferral and salary replacement through both the Coronavirus Job Retention Scheme and the Self-Employment Income Support Scheme.

At a more local level, *Unlocking Hertfordshire*, the county's Recovery Plan, was launched by Hertfordshire LEP, along with a £3.28m package of measures to help businesses mitigate the immediate impacts of the pandemic.

Watford Borough Council led on the delivery of direct business grants and business rates relief to local businesses under the umbrella of the government schemes. In the 12-month period from April 2020 it paid out in excess of £32.5 million in grants to small businesses and more than £37.6

million in business rates credits to businesses, primarily in our retail, hospitality and leisure sector, helping them to survive the pandemic and continue to operate.

The council recognised early on that more action and initiative was required to support local businesses so, working through our *Road to Renewal Plan*, we introduced a number of initiatives to increase awareness of the support available to our business community, signposting trusted sources of support, capturing business sentiment and, working with partners, developing and delivering a series of business support initiatives, including the Watford Business Recovery and Growth Programme and Watford Business Growth Grant Scheme.

Whilst the national and local packages of measures have gone a long way to see business through the most difficult days, we know that the pandemic has brought real challenges and changes to our local economy and business sector, with some businesses unfortunately not making it through. Understanding the long-term effects on the economy will be vital to the successful delivery of the strategy, providing context for our interventions and activities.

Who we are

Watford is an urban borough in South West Hertfordshire, on the edge of the East of England region to the north-west of London. It covers an area of 8.3 square miles and is the only non-metropolitan borough wholly contained within the M25 and is the largest town in Hertfordshire.

Sitting at the heart of the economically vibrant subregion of South West Hertfordshire (our Functional Economic Market Area), Watford benefits strongly from its geographical location and position as a strategic transport hub. Its road, rail and aviation connections - adjacent to the M25 and M1; less than 20 minutes to central London by rail, with

direct links to the Midlands and six international airports, all of which can all be reached within 1 hour - cement Watford's status as an established, proven business and employment centre. Commuter flows into Watford itself and through Watford, south to London and north towards the Midlands, further enhance the town's position as a business destination and subregional centre for retail, cultural, entertainment and leisure activities. We recognise that working in partnership to support economic growth in the subregion must form a central part of our strategy.



Key statistics

Population

96,600
residents (2019)

11.67%
increase in 10 years to 2019

4,507
residents per sq. km, top 40 most densely populated local authority area (2019)

64.39%
working age (2019)

22.33%
under 16, 13.31% over 65, young population (2019)

37
mean age (2019)

Labour supply

74.3%
economic activity rate (December 2020), 9% decrease on pre-pandemic level

7.1%
claimant count rate (March 2021)

49%
educated to L4+ (2020)

4,400
claimants (March 2021), 182.96% rise since January 2020

49.9%
employed in SOC 1-3 (December 2020)

13.3%
no or unrecognised qualifications (2020)

Socio-economics

195
out of 317 authorities on IMD (2019)

3rd
most deprived local authority in Hertfordshire (2019)

Labour demand

1.16
jobs density, more jobs than residents of working age (2019)

28,814
daily inflow of commuters (2011)

52%
jobs in just four industry classifications (2019)

- **19.53%** professional, scientific & technical
- **11.72%** health
- **10.94%** retail
- **10.16%** business administration & support services

£608.10
per week, average resident's wages (2020)

24,790
daily outflow of residents (2011)

Businesses

5,405
enterprises (2020), **28.38%** increase since 2015

- **97.9%** micro and small businesses, small business economy
- **2.2%** medium and large businesses, higher than Hertfordshire

6,365
local units (2020), **25.17%** increase since 2015

Productivity

£42.541
GVA per head (2016), the highest in Hertfordshire

£4.1 billion
economy (2016)



We're proud to be part of the Watford community. Watford has been home to our European Head office for over 20 years and we are delighted to now be able to build our home here. It's important to us to create a development to be proud of, not just for our associates, but also for local residents, businesses and visitors to the area.

Watford is a fantastic place for a business like TJX Europe - within easy reach of central London and with great transport links to our stores and offices across Europe and beyond. We believe it is the right location to meet our ambitious growth plans in the years to come.

Louise Greenlees
President, TJX Europe

Watford's opportunities

Watford has a strong, diverse business base and enterprise culture, a young, well-educated population, a strong supply of jobs, with a high number of knowledge-intensive jobs, and a strong track record of attracting private-sector investment. It has the right foundations in place to build and develop a new economic future for the town, benefit from the growth of cultural, creative and digital businesses in the area and grow its healthcare sector.

Perfectly placed

Watford is an outstanding location for business, attracting international, national and regional headquarters, as well as many smaller local companies. Our broad base of different sectors will help the town remain resilient and retain high job density, creating employment and providing the right environment for local residents to build their careers, enhancing life opportunities and overall quality of life.

We recognise there are challenges in realising some of these opportunities. It is vital that the council works closely with property owners and agents to protect and support the repurposing of business accommodation as it becomes available, and we need to plan effectively to support the development of remaining sites. Our inward investment, start-up and scale-up approach will need to focus on attracting and retaining innovative and low-carbon businesses that can best take advantage of what our town has to offer.

Telling our story

Watford has a lot to shout about. We recognise there is always more that can be done in terms of promoting our town, telling our story beyond its boundaries. We can do more to reinforce our reputation as a great place to do business, live, work and visit, and more to position Watford as the heart of the South West Hertfordshire subregion, maximising the opportunities associated with offering a London+ solution for businesses.

We need to move our story on by developing and delivering a sustainable transport strategy, facilitating the provision of new commercial premises and a wide range of housing and ensuring there is easy access to relevant skills development and retraining.

Key sectors for growth

Our focus on four key sectors will help our economy to stay resilient. Every sector holds growth potential and faces opportunities and challenges that could reshape the way businesses operate within them. Working with each sector will enable us to develop the right interventions together, to address both their specific challenges and importantly those faced by all businesses, including appropriately sized accommodation and a workforce that is able to meet current and future needs.

Skills for the future

Building a skill base fit for the future will require closer working between the council, the business community and the higher and further education sector, to develop a Watford Skills and Employment Plan, closely linking employers and education providers to match business skill requirements with appropriately trained people. It will aim to smooth the transition for people from employment in areas where demand for staff may be subject to change or decline. This will be key in the post-pandemic climate to help people access a wide range of employment opportunities and career pathways, resulting in higher, long-term wages.

Our 2021-25 economic vision for Watford

It is our aim for Watford to be known as a successful, diverse and premier location for business, acting as the vibrant centre for the South West Hertfordshire economy, attracting forward-looking businesses and entrepreneurs who recognise its super-connectivity, outstanding skill base and flair for innovation.

Our businesses will join with us in championing Watford's exceptional qualities and advantages, sharing in our ambition for a carbon-neutral future, whilst our residents will benefit from the town's energy and drive and the prosperity and opportunities it brings.

Our economic ambitions for 2021-25

Through the successful delivery of our Economic Growth Strategy, Watford will be recognised for:

- **Securing long-term prosperity** and success as a low-carbon economy, transitioning existing businesses to low-carbon practices, attracting and growing businesses that operate in low-carbon sectors, and developing financially and environmentally sustainable ways of working.
- **Advancing the prospects** of our residents, providing the right support and gateways for those who need to improve or reskill to adapt to career changes.
- **Our strong sense of community**, with opportunities for people to meet, socialise and build rewarding networks; we will have successfully promoted new neighbourhoods, sustainable transport and increased inclusion and employment opportunities for our diverse communities.
- **Playing a pivotal role** as the heart of South West Hertfordshire's economy and across county, regional and national partnerships, to develop successful frameworks and initiatives to drive the area's prosperity and attractiveness as a place to live and work.
- **Working with our businesses** to take advantage of the best in digital and new technology and innovation to boost productivity and job density, expand their reach into new markets and grow sustainability, keeping Watford's economy strong and resilient.
- **Reinforcing our position** as the premier office location in the subregion, known for high-quality accommodation, building on Watford's super-connectivity and outstanding London+ offer to businesses, providing solutions for both business needs and employee aspirations.
- **Revitalising our town centre**, enhancing its reputation as a top destination for leisure, culture retail and hospitality, offering a diverse mix of national and independent retail and leisure offers, combined with a new residential community.
- **Transforming the heart of the town** with major new commercial and residential developments, and the right services, facilities and infrastructure to make them outstanding places to live and work, encouraging a significant modal shift from cars to public and active travel.
- **Establishing Watford as the gateway** to the UK's TV and film sector as it expands in South West Hertfordshire and as a centre for culture and entertainment enterprises, building on the region's reputation as the premier UK location for creative industries.
- **Ensuring Watford Borough Council is recognised** by investors, developers and our community as forward-looking, relentlessly ambitious, committed to enterprise and quality growth that benefits our residents and businesses and the wider economy.

Our growth strategy and priorities for Watford

Watford has an enviable history as a vibrant town that has long welcomed business and industry, successfully adapting and transforming its economy to secure prosperity and vibrancy for its community and the wider region.

The town thrives on its reputation as a dynamic place that embraces new ways of doing things and, thanks to its super-connectivity to the rest of the country, is firmly on the map as a great place for businesses to locate and succeed and for people to live and flourish.

Our Economic Growth Strategy will focus on the best of Watford and the advantages that will take our town to the next level. It sends a clear message to the business sector, employees and local residents that we are ambitious to do more. We will be focused and partnership orientated to make a difference to our business and resident communities for the better.

A shared strategy for success

We recognise that to be successful, we have to bring our vision for Watford to life, and this means identifying the right priorities and actions that are focused on delivery and making a difference. This not only relates to our Economic Growth Strategy, but to the town as a whole, which is why we have engaged with our community and partners to find out what is important to them, tested ideas that have emerged, and underpinned our findings with up-to-date data and information.

Our five priorities for prosperity and success for Watford

1

Developing a thriving and productive economy.

2

Supporting our key sectors.

3

Supporting our communities to access opportunities.

4

Creating a new economic future for Watford town centre.

5

Creating the right environment for sustainable growth.

Developing a thriving and productive economy

Developing a thriving and productive economy will require: strong partnerships, working at local and regional level, the development and provision of tailored business support programmes and tangible actions to retain employment space for the present and the future.

- **We will maximise the benefits** of working across Hertfordshire, using our influence to reflect the needs of our business community.
- **We will support businesses** to start and grow by signposting and providing support to innovate and utilise digital technology.
- **We will ensure that planning policy** and other actions preserve existing employment space, and work with developers and existing landlords to ensure there is a supply of appropriately sized accommodation.

These actions will contribute to delivering these vision statements:

- Playing a pivotal role as the heart of South West Hertfordshire's economy.
- Securing long-term prosperity and success.
- Reinforcing our position as the premier office location in the subregion.

Supporting our key sectors

Supporting our key sectors and business base will require developing strong partnerships, working to develop and deliver cross-county, sector-based action plans and to develop more local strategies to work with the four key sectors that are essential for future growth.

All our sectors are important to our resilience, but the four particularly important to growth and employment are: professional services, especially accounting, legal, finance and insurance, creative, cultural, digital and film, healthcare (medical services, medical equipment and pharmaceuticals) and retail, hospitality and leisure.

- **We will work with Hertfordshire LEP** to develop and deliver relevant sector action plans, drawing on county-wide resources
- **We will build on existing relationships** to understand different issues in each of these sectors and work with partners to resolve them.

These actions will contribute to delivering these vision statements:

- Playing a pivotal role as the heart of South West Hertfordshire's economy.
- Securing long-term prosperity and success.
- Reinforcing our position as the premier office location in the subregion.
- Working with our businesses to take advantage of the best in digital and new technology and innovation.
- Establishing Watford as the gateway to the UK's TV and film sector and as a centre for culture and entertainment.
- Revitalising our town centre.

Supporting our communities to access opportunities

Supporting our communities to access opportunities requires us to look the impact of the decisions we take to support inclusive growth, and how our local skills systems work, so that both businesses and residents have the skills they need for a prosperous future.

- **We will review how council decisions** increase inclusivity, looking at how we and our partners can contribute more to social value outcomes in our investment decisions.
- **We will seek to ensure** that new developments are designed to support sustainable communities.
- **We will continue to support existing mechanisms** to help residents find or change employment.
- **We will develop a Watford Skills and Employment Plan** with businesses and further and higher education providers to support businesses and residents in developing skills that are in demand now and in the future.

These actions will contribute to delivering these vision statements:

- Our strong sense of community.
- Advancing the prospects of our residents.

Creating a new economic future for Watford Town Centre

Creating a new economic future for Watford Town Centre will require action by all stakeholders.

- **We will jointly agree a vision**, a strategy and a marketing plan, which we will implement through a strategic and operational group of partners.
- **We will reflect that vision** by drafting, consulting on and agreeing a planning framework to shape the future development of the town centre.
- **We will improve the accessibility** of the town centre and ensure it offers a diverse and interesting experience.
- **Partners will invest** in a range of major infrastructure improvements, from developing out the Town Hall Quarter, to the redesign and redevelopment around Watford Junction station.

These actions will contribute to delivering these vision statements:

- Revitalising our town centre.
- Transforming the heart of the town.

Creating the right environment for sustainable growth

Creating the right environment for sustainable growth means that we will embed our commitment to sustainability in all of our actions to support and sustain a growing economy.

- **We will develop** an effective and efficient infrastructure, including a digital infrastructure, for the town.
- **We will develop** a sustainable inward-investment strategy.

These actions will contribute to delivering these vision statements:

- Securing long-term prosperity and success.
- Revitalising our town centre.
- Transforming the heart of the town.

Delivering the strategy

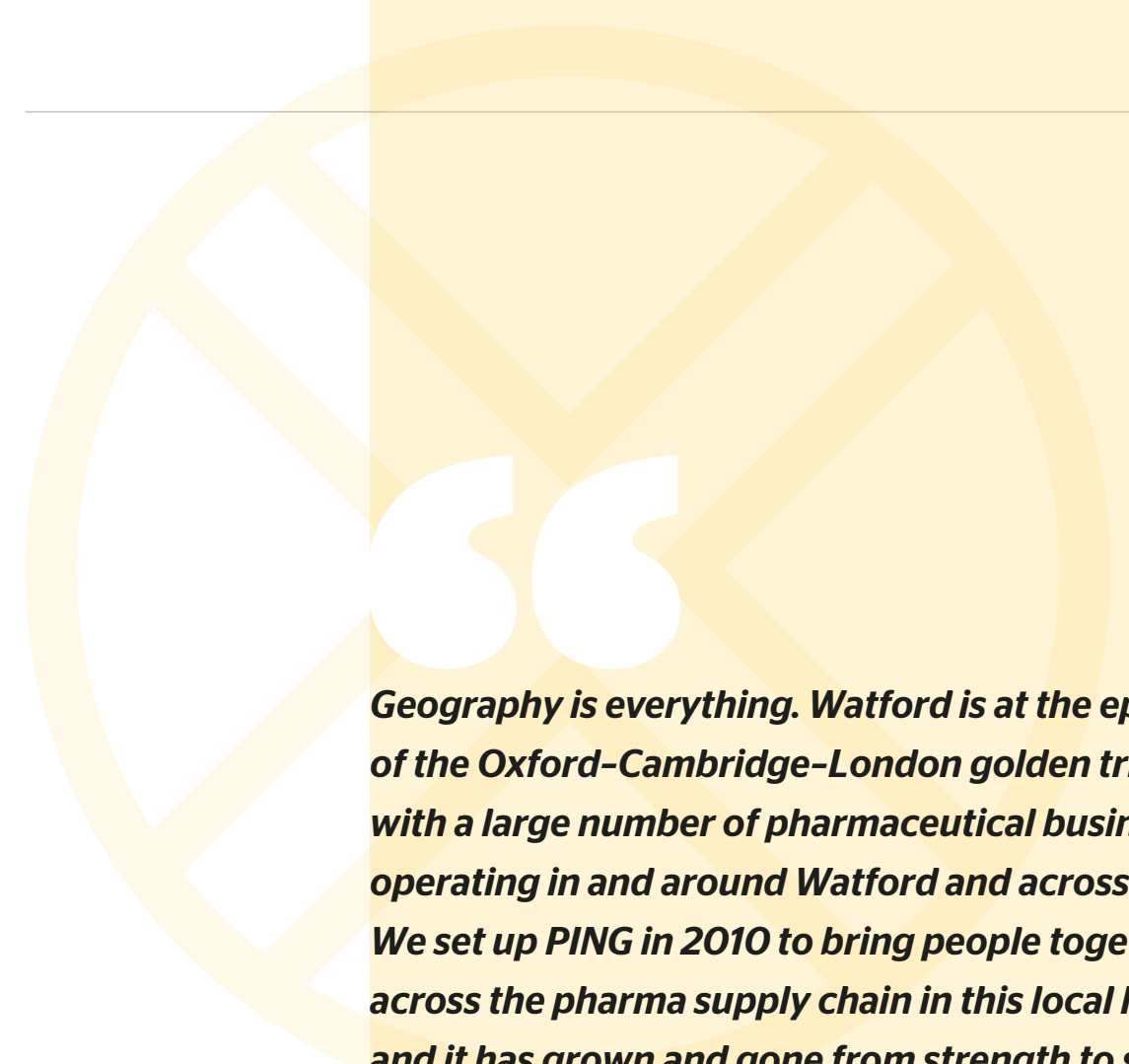
Watford's strong local partnerships and networks are key to the delivery of this strategy, working alongside Watford Borough Council. These include, amongst others:

- Hertfordshire Chamber of Commerce
- Hertfordshire County Council
- Hertfordshire Growth Board
- Hertfordshire Growth Hub
- Hertfordshire Local Enterprise Partnership
- University of Hertfordshire
- Watford Business Improvement District
- Watford Chamber of Commerce
- Wenta
- West Herts College

This joint-working approach will require working across traditional boundaries on a range of enabling actions and will reinforce and advocate the case for external funding opportunities by demonstrating a collective and united voice for Watford.

This Economic Growth Strategy is accompanied by a high-level, forward-looking SMART action plan, which covers the next five years, a background document and a detailed project plan for the next 18 months.

We will monitor and report on the implementation of the action plan to Cabinet. In addition, we are developing a set of measures showing Watford's comparative performance nationally and locally to support the measurement of success, for each priority.



Geography is everything. Watford is at the epicentre of the Oxford-Cambridge-London golden triangle, with a large number of pharmaceutical businesses operating in and around Watford and across the triangle. We set up PING in 2010 to bring people together from across the pharma supply chain in this local hotbed, and it has grown and gone from strength to strength through word of mouth, gaining industry recognition along the way. Our objective is to enhance the region as a centre of excellence and facilitate the spread of good industry practice.

The pharmaceutical sector is important to Watford and Hertfordshire as a whole, and we work closely with Watford Borough Council, Watford Chamber of Commerce and Hertfordshire Local Enterprise Partnership to welcome new businesses to the area and make effective introductions to potential supply chain and business partners.”

Paul Gershlick
Partner and Head of Pharmaceuticals &
Life Sciences Sector, VWV | Chair of PING

Shaping and curating our future prosperity:

We are excited by the opportunities presented in this Economic Growth Strategy. Our ambitions for Watford's prosperity and successful economic future are underpinned by a focused action plan, which will keep us on track and make sure we deliver on our commitments.



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**WATFORD
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