# Borough of Poole

# Economic Development Service

## Economic Strategy (Draft v.2)

### March 2011

## Executive Summary

The strength of Poole’s economy has been tested during the recession, proving itself highly robust. The dynamism of its employment market and its diversity of sectors put Poole in a strong position to prosper as the UK looks to recover from the downturn.

Our response to this opportunity will test the strategic powers of both public and private investors. A new climate for governance and the implementation of policy has been introduced and in order to capitalise on this Poole needs to be clear of its focus and direction, its advantages and deficiencies, to best guide and influence these new arrangements.

A fresh Economic Strategy for Poole will provide the basis for this direction. It identifies the priorities of the local community, of centralised policy makers, and of the conjoined issues of social and environmental amelioration. It applies these to a set of distinct economic priorities Poole must address if it is to realise the form of economy implied by its ambitions.

The definition of Poole’s economic aspiration has been informed by a collection of documents from local to European level. This is led by Poole’s Sustainable Communities Strategy at the local level and by the central guidance of the Local Growth White Paper.

Peripheral to this is the influence of the Green Knowledge Economy ambition arising from the Multi-Area Agreement partnership. The link between this and the aspirations of the community is strong, providing the basis for greater integration of economic and environmental interests.

The direction offered by the community and policy interests suggests Poole’s aspirations are for improved economic performance and the maintenance and extension of the strong employment market, building on the diversity and quality of jobs available, and extending the economy whilst preserving the environment. Poole’s economic vision is for an Enterprising, Innovative and Sustainable Economy working with existing aptitudes and nurturing from these new strengths.

**<u>Where does Poole stand?</u>**

In evaluating economic performance benchmarking is often used. This allows us to consider the local economy in a specific context. This approach has been adopted previously for Poole but has mainly used national and regional data for comparison.

A different benchmarking approach was used in measuring Poole’s enterprise, innovation and sustainability. Whilst regional and national averages were included a main set of comparators were taken at competitive and apsirational level; the competitors on the basis of competing neighbouring urban areas – Bournemouth, Portsmouth and Southampton - the aspirational from recognised exemplar cities for the three key measures – Brighton and Bristol.

In Enterprise terms Poole performs well. High levels of Private Sector employment make it competitive with aspirational peers, and whilst business start-up numbers might be improved the survival rate is strong.

Innovation in the town is weak. Local GVA is good and employment in the knowledge intensive sectors strong compared to national averages but falls notably behind the competitive and aspirational peers. The comparatively low level and quality of research in local Universities is a note of concern.

Poole is a sustainable town and demand for more environmentally friendly ways of living and working are embraced. There are specific elements however which might compromise this and the adoption of sustainable business practices needs to be improved. Of equal importance is the economic impact of the high cost of and demand for housing. This directly affects the strength and breadth of the workforce.

## Key Issues

The performance of Poole indicated through these measures suggests it is a place of potential. This however is increasingly constrained by a range of issues. These present major challenges to address if economic aspirations are to be achieved.

The level of **Demographic Imbalance** in Poole is ahead of the National curve in relation to ageing. The 65+ age group – and therefore retirement community – continues to grow across the UK, and high levels of in-migration to Poole from this demographic compound the problem. Poole has the highest proportion of residents aged 65+ of any urban area in England.

This trend is balanced against a significant shortfall in the 20-35 age groups. The shortage of younger people and the comparatively low levels of in-migration from those of working age potentially exposes Poole to future labour shortages. Of the current workforce one third will reach retirement age in the next 15 years.

The inflation of pension incomes has supported Poole’s economy well during the recession, and the presence of a large active and affluent retired community has played a role in maintaining economic buoyancy. The correlation between population aged 65+ and employment rate is positive. This however tends toward lower paid and lower skilled work.

The future scenario suggests growth in this demographic could hit a tipping point. The cost of caring for the UK’s elderly will exceed £300bn annually by 2025. Locally this presents a major burden to the shape of both services and employment.

A shortage of **Skills** across Poole impacts the performance of the local economy. Whilst the availability of higher skills has increased this still stands behind national expectations and more significantly behind competitor areas.

The provision of skills across Poole varies dependent upon the level in question. At Level 2 the availability is strong but at Level 4 there is a shortage. Whilst it is important to have a good provision of skills across all levels it is the availability of Level 4 skills which is indicative of higher economic productivity.

Alongside skills provision is the need to match this supply to the demands of the employment market. Occupational demand in the Bournemouth & Poole conurbation indicates a good market for medium-to-high skills. There are however disparities between employment market and labour pool; competition for high level occupations is slim and there is a notable undersupply of candidates for mid-level roles.

This infers the conurbation’s employment market is reliant upon under-skilled labour to make up any shortfall, with a direct impact on competitiveness. Expectations for continued growth in higher level occupations locally suggests the availability of candidates for such roles will implicate this growth potential

Poole’s **Key Sectors** can be interpreted broadly and through a number of measures. Whilst employment has been a traditional approach more recently the focus has been on identifying growth poles; those industries with the largest multiplier effect in terms of job creation, wealth generation, and productivity improvements.

Nationally around 70% of both employment and GVA is generated from three key sectors; Financial Services, Distribution and Hospitality, and Public Services. At the local level Poole’s strongest single sector for employment is Manufacturing, which accounts for over 15% of jobs, followed by Health, Retail and Education. Local GVA contribution is highest in the Financial Services, Manufacturing and Public Services.

Key sectors extend beyond administrative boundaries and can form clusters across extended functional economic areas. Poole is part of a number of such clusters; it sits on the edge of the UK’s most significant Marine cluster, is in a Manufacturing cluster which extends into Dorset and Wiltshire and a Knowledge Intensive Services cluster which runs along the former Metropole area.

With regard to national policy, focusing upon the generation of private sector employment to counterbalance the reduction of public expenditure, the greatest impact in terms of employment multipliers can be seen through investment in the Financial, Manufacturing and Construction sectors. Those sectors with the strongest multiplier potential are the ones which will be key in relation to the economic aspirations of both national policy and local interests.

Poole’s **Quality of Life** offer is one of its key strengths. There is however an inherent cost to this which serves to reinforce inequality in the Borough and many presumptions about the extent of deprivation are made. This has significant implications for economic performance and competitiveness.

Whilst the level of deprivation in the Borough is low, some 40% of Local Authorities in England are less deprived than Poole. A third of areas at sub-Ward level are rated amongst the more deprived 50% of England’s communities.

The greatest impact is felt in the cost of housing, where high levels of downsizing in-migration and strong buy-to-let and second home markets prejudice these values. The disparity between average wages and average house prices is amongst the highest in the UK with a direct effect on the cost of goods and services locally.

The buoyant employment market supported by active retirement communities, downsizers and the visitor economy makes a significant mark in terms of job creation. The collective impact of these markets however inflate the cost of living to an extent where it is ill affordable for those in the resultant low paid employment.

Emerging national policy has expressed a renewed interest in focusing upon the production economy and increasing exports. The growth of the **Consumer Economy** has underpinned economic performance during the past decade, with major expansion in Real Estate, Construction, and Hotels & Restaurants.

The decline of the UK's export market saw a deficit of £32bn against import expenditure in 2009. This trend places a high reliance on the generation of internal value to compensate for this shortfall. The majority has been realised through the consumer economy; the need for continued consumer spending has seen personal debt rise close to £1,500bn. The shortage of easily available credit is expected to continue the slowdown of consumer spending.

In demand generation key markets for replacement jobs include UK Regional and Overseas Exports as well as Tourism. The highest return in terms of GVA and job creation is considered to be investment from Government and from Non-Profit Organisations. In replacing the consumer economy the export market and the potential of social enterprise within Poole offer the strongest opportunity for both job and wealth creation.

Poole has a significant portfolio of **Development Sites** set for progression. These have the potential to deliver a wide mix of economic and social uses which cater for community needs. The limited availability of land beyond these sites however puts pressure on both the value of the land and the expectations of its use.

New or redeveloped employment land is expected to deliver an additional 14,000 jobs by 2026. Whilst the majority of this is forecast in service occupations development needs to consider the changing face of the economy and the new policy priorities for economic restructuring.

Whilst viability pressures threaten the delivery of employment land intelligence suggests a good demand for new business premises across Poole, most notably in the Industrial market. Whilst progressing the Regeneration Area is politically a priority, market conditions should be considered to ensure Poole gets the right deal from the development. More focused promotion of the site needs to adopted, but in the short term a more realistic option may be prioritising out-of-town industrial sites.

## Political Climate

The new delivery and governance environment set out by the Coalition has seen a radical shift. The responsibility for the management and delivery of microeconomic policy has been transferred from the Regional Development Agencies to the more locally accountable Local Enterprise Partnerships.

This new landscape will require Local Authorities to work in a different way, increasing their engagement with the business community and acting as an enabler of investment. This will offer businesses a stake in defining local investment priorities and influencing infrastructure development to ensure they are free to achieve growth.

The level of funding available for regeneration has been dramatically reduced and LEPs will play a major role in supplementing public funds through private sector contributions. In this sense partnerships will be a prevailing force, consolidating public-private pots and accessing additional funds such as the Regional Growth Fund or EU programmes.

The form of delivery should represent strong economic geographies rather than administrative areas. Whilst this will be relevant to a core LEP additional relations should be considered on the basis of a multi-layered geography which recognises additional synergies. This will move beyond the established partnership with Bournemouth and Dorset and may in certain scenarios involve their omission.

Within this new environment Local Authorities should focus on support and advocacy delivering community aspirations, business interests, and environmental concerns. A range of central incentives are offered delivering financial reward for the support of local communities and markets in responding to the new challenges. The Council needs be positive in how it might enable these.

Poole’s Economic Development team must maintain an element of support to compensate for the decline of regional vehicles such as Business Link. This can extend into a more facilitatory role actively involved in developing key sectors and links with the Universities and College to generate more innovative economic activity.

## Priorities

The determinants of local economic policy need to pay regard to Poole’s economic climate. It needs to work with established strengths whilst mitigating any exposures. The evaluation of the positioning of Poole’s economy through benchmarking, the range of issues which implicate the area, and the new political climate suggest a set of six key priorities which should be adopted. These six priorities will set out an Action Plan for Economic Development in Poole

**Developing Competitive & Comparative Advantage** will seek to capitalise on the inherent strengths of the Poole economy and the key sectors which contribute toward wealth creation and job generation. This will include working across wider geographies to capitalise on the presence of clusters and enhancing the potential of the University and College through supporting knowledge transfer activities.

**Maximising Environmental Assets** will aim to develop the Environmental Goods and Services sector within Poole, stimulating demand for support in adopting sustainable business practice. The potential of the renewable market will be promoted and the job creation potential of micro-generation systems and the Eneco wind farm capitalised upon. The growth of a Green Knowledge Economy will be supported through an established partnership with Bournemouth University's Centre for the Green Knowledge Economy.

**Managing Demographic Imbalance** looks to capitalise on the opportunities presented through Poole's large retirement community whilst identifying ways in which younger people may be attracted or retained in the area. This will focus on creative ways to address the structural weaknesses exposed through this imbalance.

**Investing in Business Infrastructure** focuses on activities to progress the employment elements of both the Regeneration Area and the array of other sites designated for employment use in Poole. This will incorporate the representation of business and market needs in relation to the planning and transport agenda.

**Supporting Business Development and Skills** will provide a set of generic support services to aid the business community. It will also stimulate greater integration between the business community and local skills providers, improving the calibre of the workforce and the competitiveness of the local economy.

**Developing Social Enterprise** looks to integrate the commercial potential of the third sector with 'Big Society' aspirations and focus on the role the Council can play as facilitator. This will include stimulating social and philanthropic interests of investor and commercial communities to support the growth of Social Enterprise.

Alongside these six priorities an over-riding priority stands in relation **Governance** in the new climate. The replacement of the established partnership model of strategic management – the Multi-Area Agreement – needs to be prioritised. The effective implementation of the LEP as the principle conduit for economic development will have a significant influence over the achievement of Poole's objectives, especially those where the geography moves beyond Poole's jurisdiction.

Progress against the aspirations of the vision for Poole's economy – Enterprising, Innovative and Sustainable – should be measured as the economic strategy is delivered. The impact of many actions will be at least medium term. Therefore the benchmarking exercise should be revisited but no earlier than 2013, allowing time for the collection of activities to have an impact.

# 1. Introduction

Poole has both a prosperous and a dynamic economy. Its varied employment market covers a range of sectors and it benefits from having both a strong small business sector and a number of large ‘brand’ employers located and arguably embedded within the area. In spite of the recession employment within the Borough has remained strong, with unemployment notably below national levels and the business community proving particularly robust.

There are however a number of issues which need to be addressed, underpinned by the need to balance demands for economic growth with the importance of preserving the global and local environment. Many assumptions are made about the performance of the economy and the quality of life within Poole which often overlook the extent of issues we face in maintaining the high standard of living considered open to residents.

Policy and Strategy documents have been produced at a range of levels, cascading down from European aspirations to the expectations of the local population articulated in the Sustainable Communities Strategy. These collectively set out a general direction of travel for addressing this range of socio-economic issues. Additional work however is necessary in order to translate the content of these guiding documents into a clear economic vision and a clear set of priorities and actions for local economic development

The Economic Strategy and Action Plan for Poole will set out these priorities, providing a rationale for areas of intervention and a core set of activities to focus on in achieving the aspirations of local, national and European policy. The completed Economic Strategy will determine

- An informed vision for the development of Poole’s economy
- A benchmarking exercise to establish areas of comparative strength and deficiency
- An evaluation of the key barriers and issues faced within the Borough
- An informed set of priorities and actions based upon this evidence
- A management and financing plan for the implementation and delivery of these priorities and actions.

# 2. Context

The Economy of Poole is strong, vibrant and diverse. From its Financial sector to its varied Manufacturing firms and the Retail and Leisure employment traditionally associated with such a coastal location, the spread of sectoral activity is a pivotal element in maintaining Poole's strong job market.

The town is on the threshold of one of the most significant periods of growth in its history, the second harbour crossing making way for the development of the Power Station Site and Town Centre North regeneration areas to assist in delivering up to 11,000 new homes and over 13,000 new jobs by 2026. This growth will have a fundamental impact on the shape of both community and economy and provide a wealth of new opportunities for the development of both facilities and businesses.

Steering this growth is integral and Borough of Poole has led this through the adoption of both its Community and Core strategies to guide the communal and spatial aspirations for the town. Both documents include ambitions for the direction of growth of the local economy. There is however the need to enhance this with a more detailed guide identifying the core investment priorities to ensure the continued success of the Poole economy.

An Economic Strategy for Poole will define these enhancements and provide a clear plan of action for local investment and activity. It will focus upon a set of priority actions identified as pivotal to leading in the achievement of the ambitions of the Core Strategy and in addressing the needs and deficiencies highlighted by the resident and business communities.

This strategy will be defined through a process which considers both local and national contexts. It will progress through a number of stages, outlined below and in Fig.2a, which serve to refine the resultant priorities and actions based upon local vision, on national and EU policy, and on a firm evidence base.

### 2.1 <u>Stage One: Aspirations and Direction</u>

The principle element in developing the Economic Strategy will come from ideas generated by local people and communities on the type of Poole in which they want to live. This will consider the type of jobs they want to have, the extent of opportunities they would expect to see, and the future potential they hope to see realised from a buoyant economy.

The Economic Strategy will also consider the needs of the community from a commercial and employment-generating perspective and look to identify how economic activity can contribute toward the amelioration of a range of social problems.

As the lead in identifying the aspirations of the community the Economic Strategy will be guided principally by the Sustainable Community Strategy and the Core Strategy, both of which are locally adopted documents legitimately recognised as a democratic representation of the community interest. Additional to this will be the consideration of emerging macro-economic policy, both in terms of form of and approach to Economic Development. At the European level the Europe 2020 strategy will similarly have an influence.

Additional sources to utilise considering the aspirations will be the former Economic Strategy for the BDP area, 'Raising the Game', along with the presiding MAA vision for a Green Knowledge Economy.

### 2.2 <u>Stage Two: Benchmarking</u>

The next stage of the process involves taking stock of where Poole sits comparatively. This will provide a broad context on whether the town is performing and where its strengths and deficiencies lie.

Using a range of data to measure the key aspirations of the Poole economy the Benchmarking process will compare the Borough not only on the basis of National and Regional averages but will also define this on the basis of how it performs against a peer group consisting of competitors – the immediate neighbouring Principle Urban Areas – and areas we aim to better replicate based on their strong performance.

The benchmarking will provide the basis for areas of investment we need to address in order to become more competitive with the highest performing areas. This will include both the strengths we need to continue nurturing and the weaknesses in need of immediate intervention.

### 2.3 <u>Stage Three: Issues and Barriers</u>

The third stage constitutes an evaluation of the impact and influence of a collection of issues and barriers which are prevalent across Poole. This will consist of both widely recognised and accepted issues and new emerging or tacitly embedded concerns which serve to slow or skew the Poole economy.

The issues to be considered will include;

- Demographics: The impact of the ageing population and the deficit of young people, particularly skilled and educated, within Poole. How does this impact the potential for economic growth/restructuring and improvement in the performance and output of the area?
- Skills: How does the skills profile of the area compare to high performing competitors or comparators? Where do we need to focus resource in improving these amongst the fluid and the static population?
- Sectors: Which are the key sectors within Poole for wealth creation and providing the catalyst to additional growth? Which are the key sectors to focus supporting in order to achieve output growth? How can we exploit the range of

sectors within Poole to capitalise on new Government policy and allow ourselves a competitive advantage? What is the position of the Third Sector?
- Cost of Living: Is poverty and income deprivation an issue in Poole? How does it manifest itself? What is the direct and indirect impact of the high land values on the goods and services lower income families are reliant upon? Is ‘poverty by proxy’ an issue?
- Local Spend: How do spending and consumption behaviours at local and national levels affect Poole? What is the impact of public and private procurement in the local area? How has the growth of the UK’s consumer economy and the decline of its export sector shaped Poole and can it respond to the changing national policy on the future shape of the UK economy?
- Development & Major Schemes: What are the opportunities presented by the major development schemes in the town for the resolution of economic problems? What is the best approach to ensure these are capitalised upon to best meet both market and social needs? How are these best progressed and how do we shape the demand for new units?

### 2.4 Stage Four: Political Climate

The Labour administration saw huge centralisation of economic development activity. Growth in business support through the Business Link brand and of interventionalist policy through the Regional Development Agencies (RDA) created an environment where both investment and success were determined by central doctrines and standardised solutions were applied to diverse localities.

The Coalition has been swift in making its mark on the Economic Development environment, moving from a Keynesian approach to one expected to be dominated by the Private Sector. The replacement of the RDAs with Local Enterprise Partnerships (LEPs) will allow Local Authorities significant autonomy to achieve regeneration within their defined areas. The responsibility which tethers this freedom is the funding scenario, and the limited funding mechanisms available appear at this stage to be heavily reliant on Private Sector lead and match.

The shift in political climate is not only ideological. LEP’s have been encouraged to think outside of administrative boundaries and beyond the established regional territories to best represent Functional Economic Market Areas. This potentially has major implications for Poole as the political centre of gravity shifts from Bristol and Plymouth, as the centres of operations for SWRDA, to a more even distribution between Portsmouth, Southampton and Bournemouth & Poole as the urban centres of a Solent area.

The funding, management and delivery of LEP’s will be pivotal to a successful Economic Strategy; likewise a strong Economic Strategy will be integral to any success a LEP hopes to achieve. The strategy will therefore look to the new governance and funding climate and identify the most appropriate and effective ways to navigate this new environment in implementing and delivering our aspirations. This will identify the principle funding streams and incentives offered by National and European Government as well as the leverage offered in forming stronger alliances and development/delivery partnerships with the private sector.

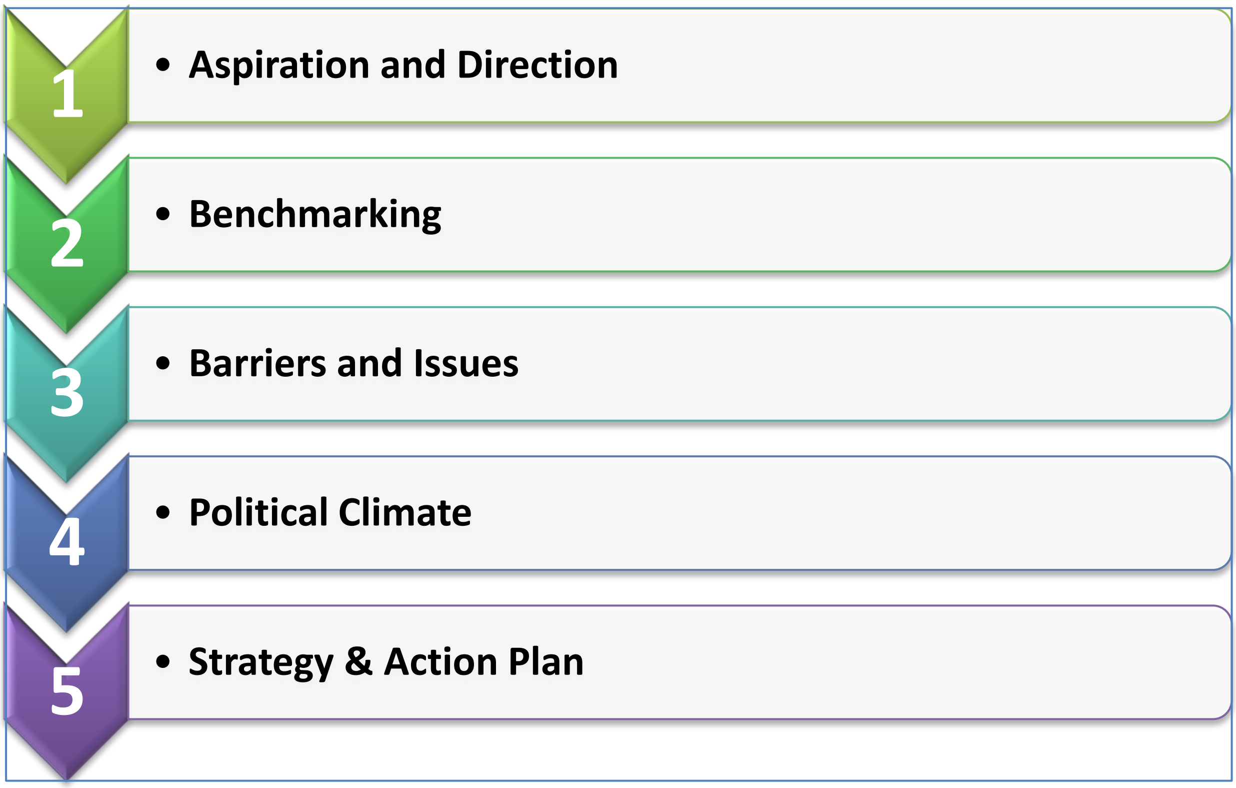
## 2.5 Stage Five: Action and Delivery Plan

The final stage of developing the Economic Strategy will see the agreement and adoption of a clear Action and Delivery Plan which will detail the key activities necessary in achieving the key economic objectives. These will be the realisation of the core activities required to address the aspirations and issues prevalent for Poole.

The action plan will also outline the range of relationships we need established in order to effectively deliver the target actions as well as recommendations on the level at which we will operate to capitalise on the intervention. For some elements this may be at a sub-local level, working in specific neighbourhoods to address core issues of income deprivation and social exclusion. At other levels we will work cross-conurbation with partners in Bournemouth, Christchurch and East Dorset and with wider existing and new partners in Dorset, the Solent/Hampshire area, or from farther afield.

Pivotal to identifying what is feasibly deliverable at the local level will be the availability of resource and the capacity to engage in the full extent of activity required to achieve Economic objectives. To this end the activities outlined in the action plan will themselves be prioritised along those most likely to impact the strategic and policy aims of national government along with achieving our local aspirations. The resource implications, in terms of staff time, financial requirements and asset demands will be briefly outlined, along with the target funding sources expected to deliver the requisite investment.

Figure 2a: Strategy Process



# 3. Aspirations and Direction

In defining an Economic Strategy for Poole the primary focus has to be determining a direction of travel, or a Vision.

The term ‘vision’ is commonly used with strategy documents and regeneration plans at varying levels. Whilst this may be an emotive term it does allow for the clarification of what we hope to achieve through our intervention. A general criticism of visions is that they can be vague, and through their desire to be inclusive can sometimes lose focus on what they are hoping to achieve.

The Economic Strategy will use the collective aspirations of a range of documents published by different tiers of government to refine its vision. This will look to apply broad aspirations outlined in many of these documents to the specific circumstances and environment of Poole. This collection of documents includes;

- Borough of Poole Sustainable Communities Strategy
- Borough of Poole Core Strategy
- Raising the Game, the Economic Strategy for Bournemouth, Dorset & Poole
- Local Growth, the Government’s Economic White Paper 2010
- The EU’s Europe 2020 Strategy
- The Green Knowledge Economy in Bournemouth Dorset & Poole by Mark Hepworth

### 3.1 Sustainable Community Strategy

The Sustainable Community Strategy sets out a vision of a future Poole which has been informed by the aspirations of the community. It has tapped into their ideas of what constitutes a successful and liveable place and used these as a guide in developing their vision of the future.

Under the banner of a ‘lifetime of opportunity’ this vision infers a key element is Poole as an enabling place, as a town which allows for opportunity for the least advantaged to enjoy the breadth of its ‘offer’ and participate comprehensively in ‘Poole life’.

This enabling element is further articulated in what the SCS identifies as the ‘Big Three’; Addressing Inequality, Listening & Working Together, and Making Poole Greener. Whilst these may be seen to underwrite the community vision they are rather vague, with the only one which provides a firm direction being Making Poole Greener. These may however be interpreted to provide a more intuitive guide.

Addressing Inequality is therefore about access and experience. Its aim is to ameliorate the disparity prevalent within Poole and the impact the spending behaviours of indigenous groups and local markets have in shaping the community.

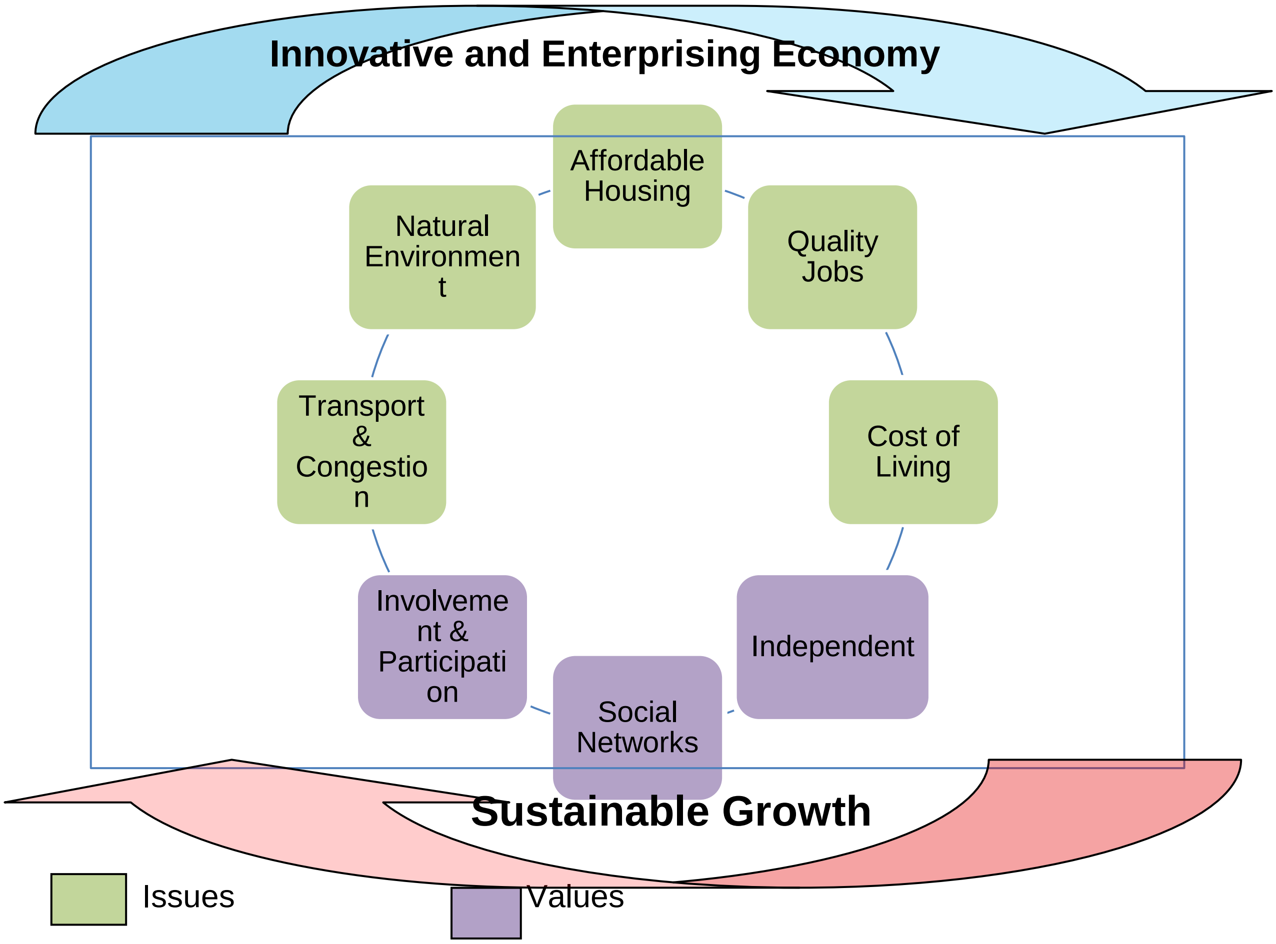
Listening & Working Together extends the first issue with an implication that local decisions are taken and delivered without the involvement or participation of the community. This suggests communities harbour the will to take a more active role in the provision of the services which matter to them, which may include an element of ownership and delivery. This has a strong synergy with the Big Society agenda of the Coalition government.

Making Poole Greener is a more straightforward priority with immediate demands for the residents and businesses to embrace more environmentally responsible behaviour. At the heart of this is the value the community places on the distinctive natural capital provided by the coastline and Poole Harbour and the surrounding countryside.

The key issues to address under the Successful Economy theme included affordable housing, quality jobs, cost of living and wage levels, transport and congestion, and the recurring natural environment concern. There are however a number of peripheral issues raised under additional themes which have an alignment with and are influenced by economic development and the form of economy we look to nurture. These include the opportunity to influence and be involved in local decisions, the interest in developing wide social networks, and the need to be independent particularly later in life.

These issues set out a collection of both priorities and values which can be interpreted in a vision for the future of the local economy. The fundamental economic vision from the residents of Poole, in keeping with creating a business and employment marketplace which addresses their key concerns and adheres to their values, is for an Innovative, Enterprising and Sustainable Economy (Fig.3.1a).

Figure 3.1a: Poole Sustainable Community Strategy Economic Vision



## 3.2 Core Strategy

The Core Strategy is the spatial definition of the SCS vision. It provides the planning policy framework for the development of local sites and infrastructure to deliver community aspirations.

The Core Strategy strikes a fine balance in identifying and responding to the social, economic and environmental needs of the area, aligning the demands of the community with those of national policy and external market forces. This is an integral trinity in addressing local needs and each element exerts an influence on its opposite numbers. Whilst the concerns cited within the SCS are considered Economic Needs they each have a Social and Environmental dimension.

The route to addressing these concerns is therefore spread across the Core Strategy and not confined wholly to activity around Developing a Dynamic Economy. The issue of housing for example has more than economic implications; it is implicit in constraining young people and families, excluding them from the local housing market and preventing them from being able to afford the space and the quality of life they might be able to afford elsewhere. The solution to the housing issue relies on a wide spatially-led strategy which seeks to maximise the available land resources as economically and pragmatically as possible; it is not solely about the creation of new higher value jobs.

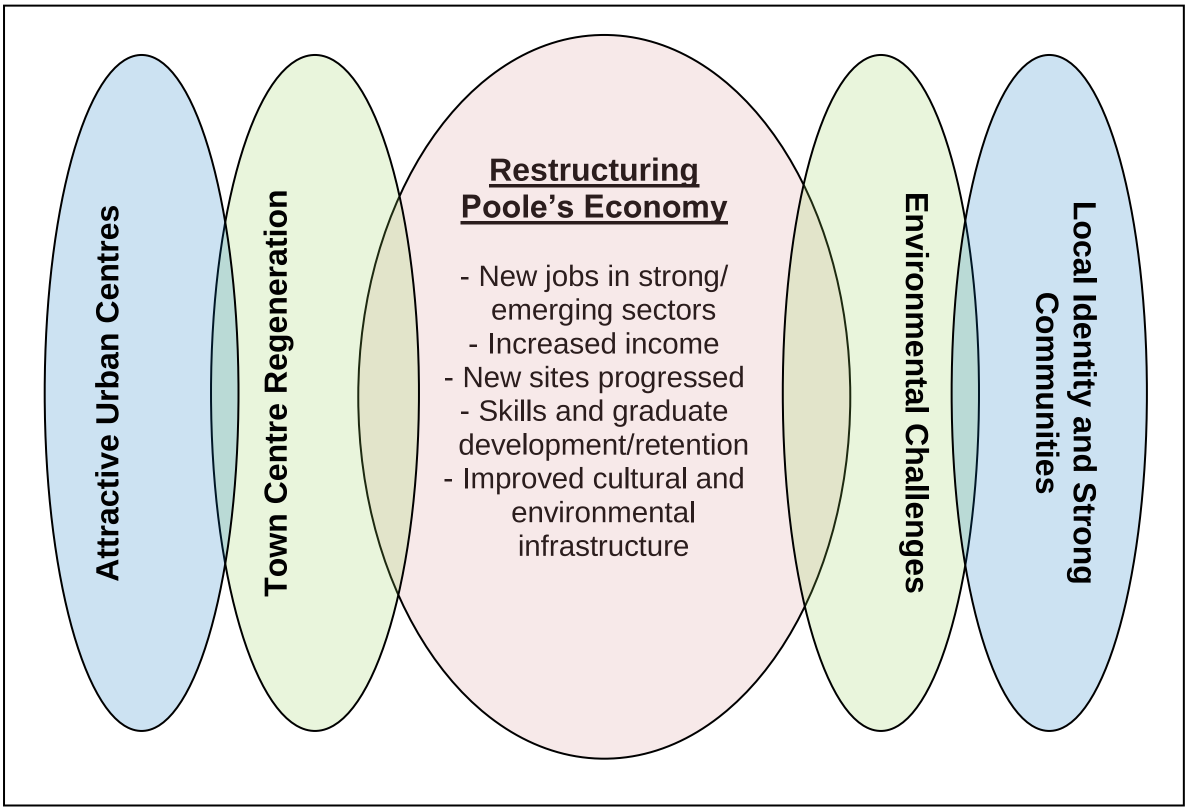
The Spatial vision evolved from the SCS incorporates five key elements. These cover the development of a transformed town centre, a network of attractive urban centres, a restructured economy, a participative local identity and strong community, and effective environmental management.

For the Economic strategy the core of this is the restructuring of Poole's economy to meet the challenges of the 21st Century. The priorities here are the delivery of 13,700 new jobs in or linked to strong and/or emerging sectors, improved local incomes, and the rejuvenation of the Town Centre, the Port and additional peripheral and out-of-town sites for productive employment use. It also incorporates the skills needs, the requirement for increased quality of human capital, and the balance between the economy and the environmental and cultural infrastructure.

The programme for achieving these economic targets sits aligned with the other four priorities of the Core Strategy. The attraction of new business and support for growth in existing local stock will help to develop demand for additional space and for supply chain services; at the consumer level this will feed in to the aspirations of the Town Centre for an extended retail and leisure offer. Similarly the contribution toward meeting the environmental challenges can be led through the adoption and embedding of sustainable commercial practice.

With local businesses adopting such a value they will contribute toward strengthening the local identity; support for the resurgence of key industries and facilities in the town – the manufacturing sector, the Port – will also serve to enhance this. The renewal of Town Centre and out-of-town business centres through the reactivation of employment land will contribute toward the achievement of delivering vibrant and attractive urban centres (Fig.3.2a).

Figure 3.2a: Poole Core Strategy Economic Vision




### 3.3 Raising the Game

Raising the Game, the Economic Development Strategy for the Bournemouth, Dorset and Poole sub-region, was published in 2005. The aspiration behind this document was to present a single economic vision for the area, consolidating the aims of urban, urban hinterland and rural communities in identifying key sectors and priority markets to support.

This collective vision was considered best represented as 'developing a thriving, competitive business environment delivering better quality employment opportunities and a better quality of life'. Underlining this was a 'quest for quality' in delivering a first rate business environment and progressive employment opportunities.

The ambitions of this vision constitute development in three key areas; productivity, earnings and employment. These are each significantly interconnected, as the drive for a more productive business environment yields both higher value employment and greater incomes. The focus upon key sectors will be pivotal to delivering this improvement.

Within Raising the Game a range of sectors are determined as priorities, underlining the diverse economy within the sub-region. Relevant to Poole these include the HE sector, Manufacturing, Marine, Tourism, Financial & Business Services, the Public Sector, Healthcare, Retail and Leisure. This needs to be revised however to identify the key wealth creators or potential wealth creators and drivers of innovation and productivity on which to focus in pursuit of the high value growth aspiration.

### 3.4 Local Growth: The Government's Economic White Paper

Following their rhetoric on enabling private sector growth as a way out of the UK's national debt and deficit, the Coalition Government published their white paper 'Local Growth' in October outlining their formative economic policy.

The case for change is set out as a shift of power to local communities and businesses, enabling them to exercise a stronger influence at the local level. This shift in balance will allow for the promotion of efficient and dynamic markets, the delivery of incentives for growth, and the evolution of a private-led pool of investment in places and people in keeping with the demands and expectations of both business and residential community.

The ambition through the Local Growth bill is to encourage a more diverse, Private Sector-led economy reliant on a broader range of industries and greater collaboration between communities and businesses to determine and achieve growth and change. The key objectives for this aim are macroeconomic stability, effective markets, high value-added activity, and access to opportunity. This will be achieved within the confines of environmental and socio-economic sustainability, as the Government seeks to be both inter-generationally fair and the greenest administration ever, along with the development of increasing levels of intermediate and higher skills and high quality transport links.

By empowering local communities rather than applying the inferred 'one-size-fits-all' approach of the previous Administration, local solutions will better evolve representative of their established and distinctive competitive/comparative advantage. The tools and incentives, including the Regional Growth Fund, the New Homes Bonus and the Business Incentive Bonus, will ensure growth and development benefit the local community first. Success is envisioned to be a strong and sustainable economy achieving a long-term balanced growth of income.

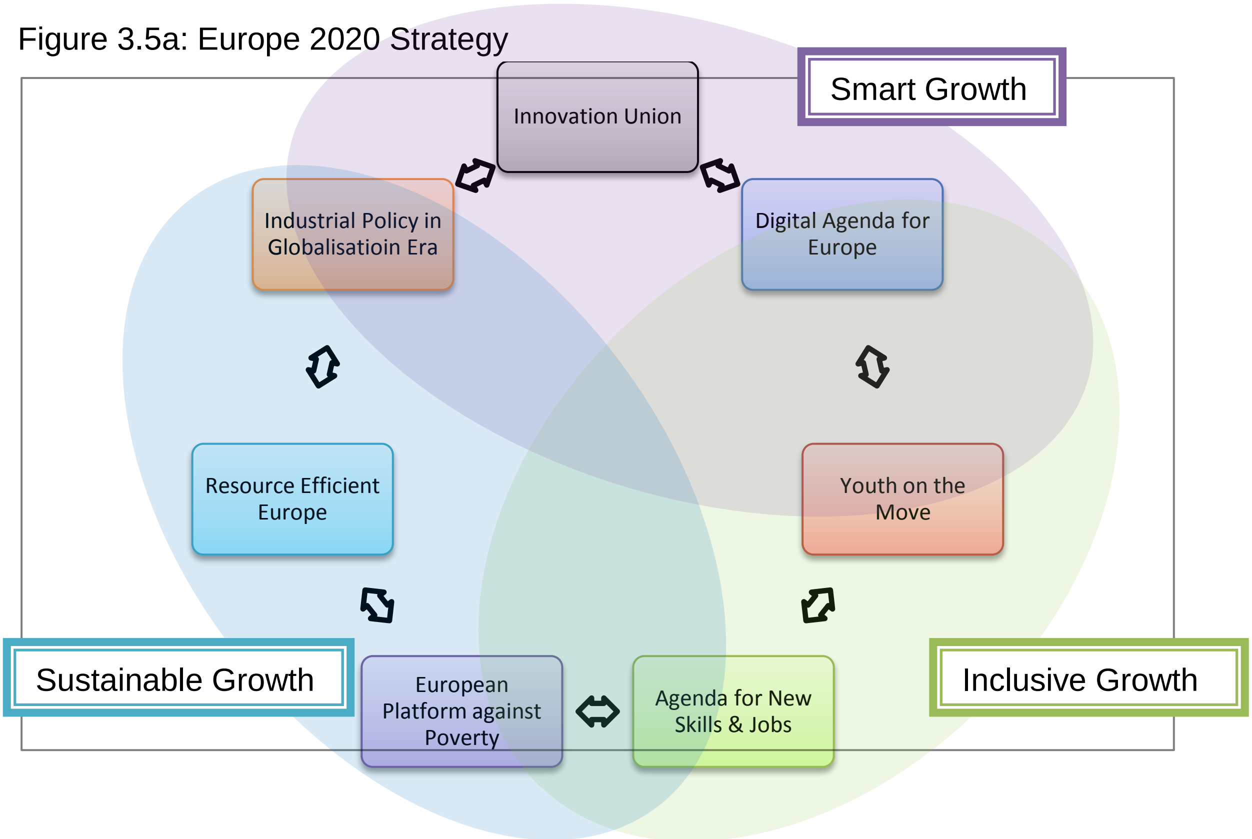
## 3.5 Europe 2020

The Europe 2020 strategy sets out the European Union's response to the financial crisis and the structural weaknesses this exposed within Europe's economy. Its focus is the transformation of the EU economy to respond to long term challenges such as globalisation, resource management, and an ageing population, reversing the impact of the recession and investing in and for economic stability.

The focus on transformation has seen three key priorities emerged; Smart Growth, Sustainable Growth, and Inclusive Growth. The Smart Growth target focus upon the development of an economy based upon knowledge and innovation. Sustainable Growth looks to a more resource efficient, greener and competitive economy. Inclusive Growth aims for a high employment economy delivering social and territorial cohesion.

Beneath the umbrella of these priorities sit seven initiatives; Innovation Union to improve conditions and access to finance for research and innovation, Youth on the Move to facilitate entry of young people to the labour market, A Digital Agenda for Europe to roll out high-speed internet, Resource Efficient Europe to stimulate the shift to a low carbon economy, Industrial Policy for the Globalisation Era to improve the business environment for SME's, An Agenda for New Skills and Jobs to modernise labour markets and empower people, and European Platform against Poverty to ensure territorial and social cohesion.

Figure 3.5a: Europe 2020 Strategy



## 3.6 The Green Knowledge Economy

The Green Knowledge Economy is an economic model and aspiration adopted by the Bournemouth, Dorset & Poole Multi-Area Agreement Board in 2008/09. The model was agreed as a mutually compatible collaborative aim for the sub-regional economy based on the collective local values and socio-economic priorities of Bournemouth, Dorset and Poole.

In achieving a Green Knowledge Economy the sub-region aspires to a strongly performing economy characterised by a greater concentration of high skilled and high paid jobs but one that is also committed to the protection and productive utilisation of its unique environmental assets. Within this model the environment serves as both driver and resource for the local economy.

In understanding the locus of this model the interpretation of the terms ‘knowledge’ and ‘green’ are integral. Knowledge in this context refers to the commercialisation of ideas, of innovations, the link between research and industry, and the effective adoption and utilisation of skills, primarily at the highest level but also more generically across the board. The term Green is about environmentally sustainable growth, maximising the economic potential of environmental assets whilst minimising the negative impact of the economy. The green economy seeks the fundamental integration of the market and the environment, forming an equilibrium where each dimension is synchronised to the other, recognising one another’s reciprocal value.

The GKE model proposes a major extension to the collection of assets which are recognised as supporting the economy. This covers a shift in the motivation from competitiveness to sustainability, in the comprehension of capital from skills, enterprise and finance to infrastructure and natural resources, and in the recognition of principal drivers from the service economy to a broader and more diverse range of industries. At the root of this is the formation of an Environmental Goods & Services sector; rather than sitting in isolation this is an integrated sector which will absorb companies from across the economy as they embed sustainable business practice within their organisation and embrace environmental management in their company ethos.

| Document | Themes | Concerns | Values | Vision |
|---|---|---|---|---|
| Sustainable Communities Strategy | Addressing Inequality<br>Listening & Working Together<br>Making Poole Greener | Affordable Housing;<br>Quality Jobs;<br>Cost of Living;<br>Transport/ congestion;<br>Natural Environment | Involvement in local decisions; Developing Social Networks; Independence | Develop an Innovative, Enterprising and Sustainable Economy |
| Core Strategy | Town Centre development;<br>Attractive Urban Centres;<br>Economic Restructuring;<br>Strong local identity;<br>Environmental management | Core and peripheral amenity and facility; Ineffective land use in key locations; Low wage economy; Skills development and student retention; Fragmented communities; Environmental degradation | As SCS | An attractive urban area and productive economy with strong, environmentally aware communities |
| Raising the Game | Competitive Business;<br>Quality Employment;<br>Quality of Life;<br>Sustainable development; | Lack of recognition for economic potential; Low productivity; Low wage economy; Skills gaps; Housing affordability; Limited infrastructure; Deprivation issues | Quest for Quality: business location; employment opportunities; environment | A productive, sustainable and environmentally aware business and employment market |
| Local Growth | Balanced economy; Private Sector Growth;<br>Environmental Sustainability;<br>Skills; Transport | Macroeconomic stability;<br>Effective markets;<br>High value employment;<br>Access to opportunity | Local empowerment;<br>Private-led recovery | Productive and sustainable locally-specific growth |
| Europe 2020 | Smart Growth;<br>Sustainable Growth;<br>Inclusive Growth | Structural weakness of EU economy; increasing productivity gap; low employment rate; ageing population | Knowledge & innovation;<br>Resource efficiency;<br>Social and territorial cohesion | A knowledge-based economy supporting environmental sustainability and social cohesion |
| Green Knowledge Economy | Clean energy; Green buildings;<br>Green transport;<br>Resource & environmental management | Fragmentation between economy and environment | Sustainability;<br>Interpretation of capital and resources;<br>Sectoral renaissance;<br>Professional and vocational skills | Economic and environmental integration through balanced and inclusive long-term economic development |

### 3.7 The Economic Vision for Poole

This review considers the aspirations of the key influencing documents in determining the direction for local economic and economic development policy and action. It provides a robust analysis of the aims and objectives running through these collective documents in order to ascertain a mutually agreeable and clear ambition to steer any investment in and governance of local economic development.

The review has considered the priority documents at the local level in the Community Strategy and the Core Strategy, at the sub-regional level in the preceding Economic Development Strategy and the MAA aspirations set out in the Green Knowledge Economy, and the ambitions at both national (Local Growth) and European (Europe 2020) level (Fig.3.7a).

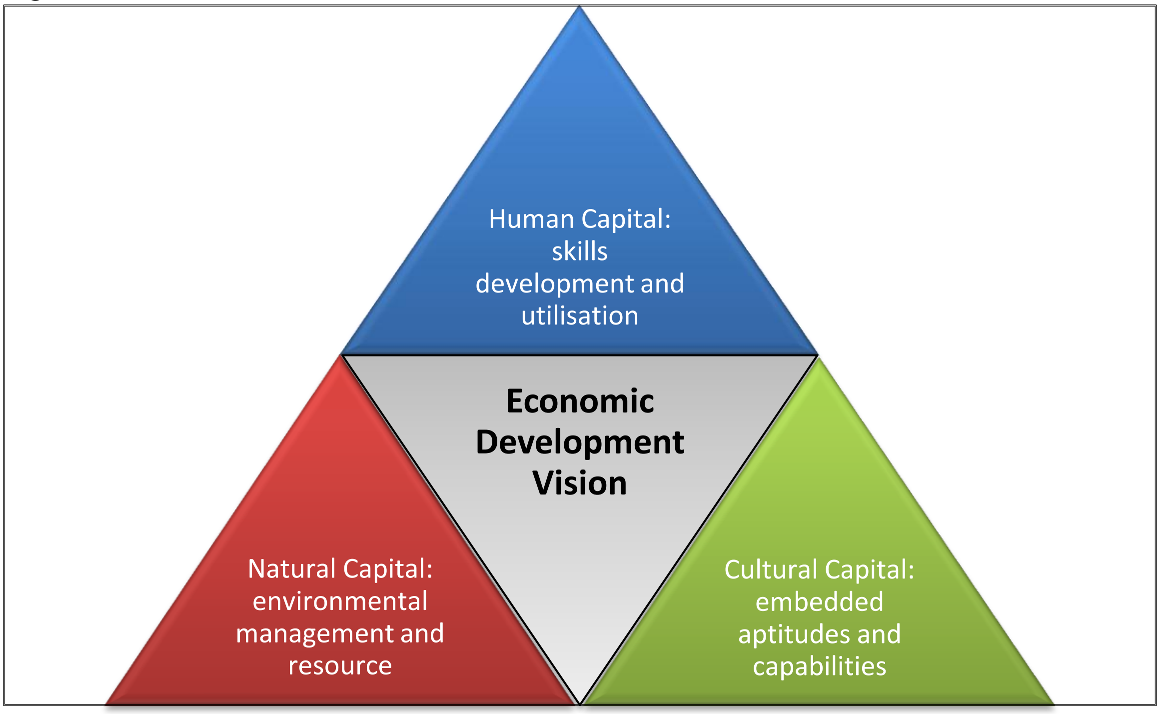
Figure 3.7a:


The common elements consistent from the European level down to the local aspirations of the Community Strategy suggest a mutual interest running through these ambitions in productivity and skilled employment, environmental sustainability, and local identity. At each level in this review the need for broader levels of skills and the development and utilisation of higher level skills as a base for economic growth has been consistent. The availability of such employment in localities is also a contributor to maintaining a broader population through the provision of opportunities to young professionals and serve to limit the risk of path dependency in low skilled occupations.

The need for environmental sustainability continues to be a priority focus for policy documents, and the commitments of the UK Government to the EU 2020 carbon reduction targets have filtered into mitigation levers in the shape of the Feed-In Tariffs, to encourage renewable energy investment, and the Carbon Reduction Commitment for large businesses. At the local level Poole's distinctive setting resonates strongly with the community and is clearly highly valued, influencing community, economy and culture. Whilst the protection of this environment can be embedded within economic activity through sustainable business practice the challenge is to find more creative ways to elicit the economic potential of the environment and capitalise on the multiple values of this natural resource.

These two elements cover human and natural inputs into the vision for a future economy. The third element is a more cultural input, tapping into the distinctive identity embedded in the area through the evolution of the local economy to derive a growth scenario able to resonate with the community and progress the economy in line with its history and heritage (Fig.3.7b).

Figure 3.7b:




This is by no means straightforward. As markets evolve a form of creative destruction becomes evident. At the macroeconomic level this is a challenge to realign skills and respond to shifts in production and consumption practices. At the microeconomic level however this can be devastating, as witnessed in the UK with the deindustrialisation of the North or more locally with the decline of the historic Newfoundland fishing trade in the 19th Century. Too literal an interpretation can condemn a town to a spiral of decline as it becomes retrenched in fading industries. The potential strengths within local economic culture – embedded skills, attitudes and aptitudes – need to be elicited to help establish how best to progress the move to a more productive and balanced local economy.

The attenuation of this intelligence provides us with an economic vision for Poole which addresses through interpretation the common concerns running through these policy documents. It's focus is to capitalise on the development and delivery of career and skills improvement and progression opportunities, on the utilisation of natural resources under a sustainable mandate, and on capturing the distinctive cultural aptitudes of the community evolved through their commitment to the local economy. This will be achieved through the investment in and development of a range of sectors capable of delivering the requisite employment opportunities, responding to the environmental challenge, and capitalising on the potential of the local economic culture in order to achieve an Innovative, Enterprising and Sustainable Economy working with existing local aptitudes and nurturing from these new/ emerging strengths.

# 4. Benchmarking

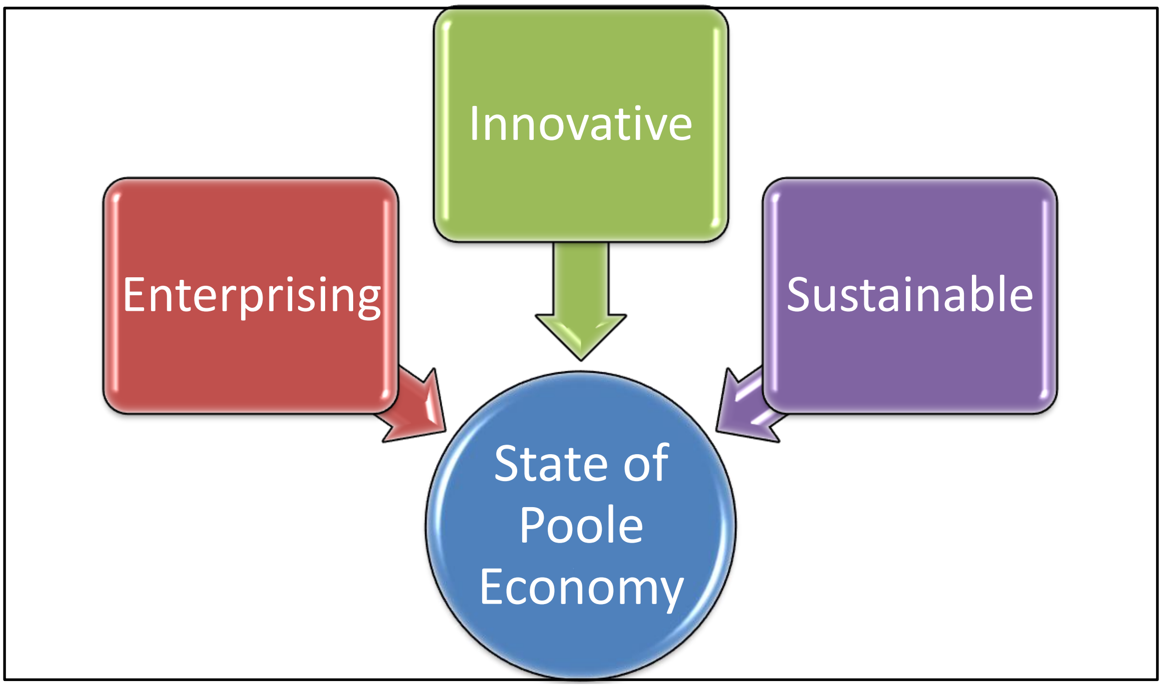
The identification of a direction of travel is significant in allowing us to determine the priorities on which we should be focusing. The vision for the economic future of Poole allows us to identify the values of the community which fundamentally shape this ambition. It is however necessary to identify a form of measurement which allows for the evaluation of where we are on the path to achieving this aspiration, and which are the critical areas needed to address any deficit.

To achieve this assessment both a key set of indicators and a set of comparators need to be established. The former should be selected on the basis of their relation to the key aspirations of the vision, evaluating how enterprising, innovative and sustainable is the local economy. The latter should look intelligently at comparators on the basis of how they indicate our progress toward achieving this vision.

## 4.1 The Indicators

The key indicators used in evaluating Poole's strengths and deficiencies need to be consistent with the aspirational vision for the town. To this extent, the ambition for an enterprising, innovative and sustainable economy translates directly into three core indicators, under which a series of measures will be used to evaluate their presence and effect within the Borough.

Figure 4.1a:



### 4.2 Identifying a Comparator Peer Group

The traditional approach to benchmarking has been a simple evaluation against the performance of national and regional averages as well as making comparisons with direct neighbours, specifically those within the Bournemouth, Dorset & Poole sub-region. This approach will be retained with the evaluation of key indicators, but it is clear they do not provide a strong enough guide in terms of our progressing against our aspirations.

There are significant flaws in using a national or regional average to benchmark the performance of an area such as Poole. One concern is the comparison of an urban area to those which cover both rural and urban geographies. A second is the generalisation and lack of context a large geographical comparator provides. These general comparators therefore should be matched by a more specific peer group of productive cities with whom Poole, in pursuing its vision, should aim to compete.

Identifying a comparator peer group will provide us with a focused and detailed basis for the benchmarking of our success. This peer group may in turn be split into two sub-groups. The first would look to direct competitive comparison against neighbours in determining how Poole performs when measured against other principle urban areas in the South of England. This should particularly look to focus upon neighbours within the south coast urban cluster which runs along Dorset and Hampshire, considering Poole’s performance against Bournemouth, Portsmouth and Southampton. The second peer group will compare Poole’s performance against a more aspirational target, considering how it measures up to some of Britain’s most productive and dynamic cities.

In keeping with the established economic vision for Poole the key determinants in measuring success should be the level of enterprise evident across the local economy, the amount of innovation, and the progress in embedding sustainable behaviours. The data for these measures will allow for the identification of a new set of comparators with a clearer focus on levels of Enterprise, Innovation and Sustainability.

***Enterprise*** defines the level of evident entrepreneurialism and the commercial aptitude of a city. In determining Poole’s level of enterprise this will be measured against those cities considered to be best placed to display their resilience and resist the negative impact of forthcoming public sector cuts. This is established on the basis of their high level of private sector employment; these are the cities considered most likely of taking advantage of the new political and economic landscape favouring private sector growth, identified by the urban policy research think-tank Centre for Cities.

The Private Sector Cities report published in 2010 identifies England’s most buoyant cities on the basis of their growth in Population, GVA, Private Sector Employment, Average House Prices, Benefit Claim Rate, and Average Wage. The most buoyant cities in England, outside of London, were identified as Milton Keynes, Cambridge, Reading, Crawley, Oxford, Aldershot, Bristol and Brighton.

***Innovation*** is different to Enterprise in so much as it refers to the level of employment in specialist technical or professional industries and the development of intellectual capital. There are a number of indicators which might be used to identify the top performing English cities in this area, including Patents granted and the number of start-ups in Knowledge Intensive sectors.

For the purposes of this exercise the proportion of employment in Knowledge Intensive businesses has been used as the principle indicator. This identifies the top performing English cities (outside of London) as Cambridge, Oxford, Milton Keynes, Reading, Leeds, Bristol, Norwich and Brighton.

The ***Sustainability*** index will identify the top cities within England for their efforts to mitigate their negative impact on both the immediate and the global environment. Such cities display high levels of adoption in sustainable living behaviours, such as high levels of recycling and action to reduce congestion and pollution.

The Sustainable Cities Index is published annually by sustainable development organisation Forum for the Future. It assess cities on the basis of environmental, quality of life and future-proofing indicators which outline elements including the ecological footprint, the quality of green space, and the take up of recycling. The 2009 Index identified the most sustainable English cities (outside of London) as Newcastle, Bristol, Brighton, Leicester, Leeds Nottingham, Sheffield and Cardiff.

| **England's Best Performing Cities** | | | |
|---|---|---|---|
| | Enterprise | Innovation | Sustainability |
| **1.** | Milton Keynes | Cambridge | Newcastle |
| **2.** | Cambridge | Oxford | **Bristol** |
| **3.** | Reading | Milton Keynes | **Brighton** |
| **4.** | Crawley | Reading | Leicester |
| **5.** | Oxford | Leeds | Leeds |
| **6.** | Aldershot | **Bristol** | Nottingham |
| **7.** | **Bristol** | Norwich | Sheffield |
| **8.** | **Brighton** | **Brighton** | Cardiff |

Across these evaluations of enterprise, innovation and sustainability a number of cities appear more than once, including Leeds, Reading, Cambridge and Milton Keynes. Only two cities however feature across all three measures – Brighton and Bristol. In benchmarking its performance as an enterprising, innovative and sustainable economy, Poole will be measured against these cities to compare how it is progressing these aspirations. They will be added to the national, regional and localised comparisons in completing a benchmark assessment of the progress and state of Poole's economy.

| **Benchmarking: Poole Comparator Peer Group** | | |
|---|---|---|
| Macro Group | Competitive Group | Aspirational Group |
| England | Bournemouth | Brighton |
| South West | Portsmouth | Bristol |
| | Southampton | |

## 4.3 <u>Measuring Enterprise</u>

Enterprise is considered a key priority for the current Government for leading the UK's economic recovery and reducing the level of state reliance established during the previous administration. In identifying the level of Enterprise we have focused upon four measures;

- Self-employment
- Business Start-Up Rate
- Business Survival Rate
- Private Sector Employment

The level of self-employment within the local economy – the number of economically active residents who have started and run their own business – makes a significant statement of the entrepreneurial capacity of an area. Whilst opportunity may be high within Poole, which has a reputation as a prosperous area, there should be consideration of the significant barriers which still face such entrepreneurs. This should particularly be considered against the backdrop of a strong local employment market, where the availability of jobs may deter people from taking the risk of entering self-employment.

This level of self-employment needs to be supported by a strong Business Start-up and Survival rate. High levels of self-employment alone are not necessarily an indicator of success; they are inherently found in rural areas, where limited employment opportunities make self-employment something of a necessity. It is also important to see a churn in this stock – a fresh batch of new businesses and new entrepreneurs emerge to supplement exiting and replace failing stock – as well as a good survival rate, testament to strong local markets and sound business management skills.

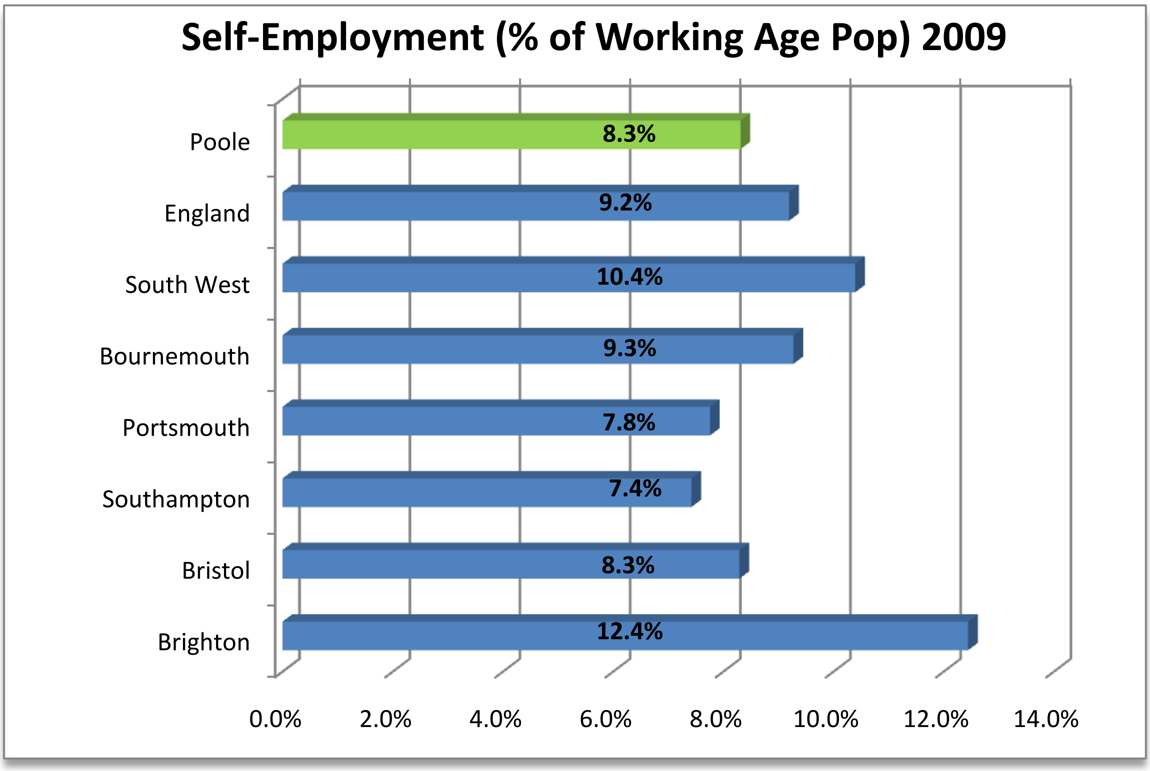
The use of Private Sector employment as an indicator fits neatly with the ambitions of the Government. The growth of the private sector is seen at the core of the recovery, and the lower the reliance upon public sector employment embedded within an area the more likely it is to respond to this private sector renaissance as well as the impact of public sector cuts.

### 4.3.1 Enterprise Results

Self-Employment within Poole stands at around 7,000 of the 84,000 strong Working-Age Population, or 8.3%. In comparison to national and regional averages this does not seem particularly high, just under 1% below the national figure and over 2% below the region. Against the peer group of cities it does compare favourably, and whilst not achieving the level of self-employment found in Bournemouth or in Brighton is on par with Bristol (Fig.4.3a).

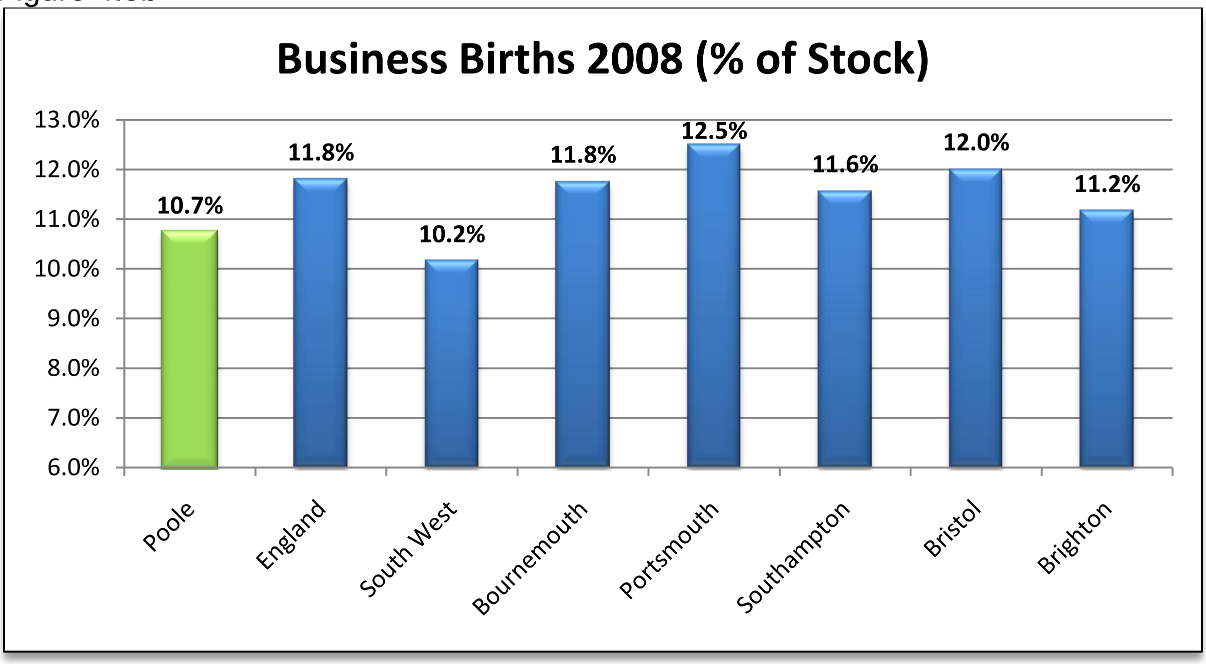
The Business Start-Up rate in Poole does not compare strongly with most comparators as a proportion of total stock. Whilst the difference between Poole and the highest performing comparator is less than 2%, it is outperformed by almost all comparators by at least 0.5%, the sole exception being the South West average which stands 0.5% below Poole's figure (Fig.4.3b).

Figure 4.3a




Source: ONS Annual Population Survey 2009

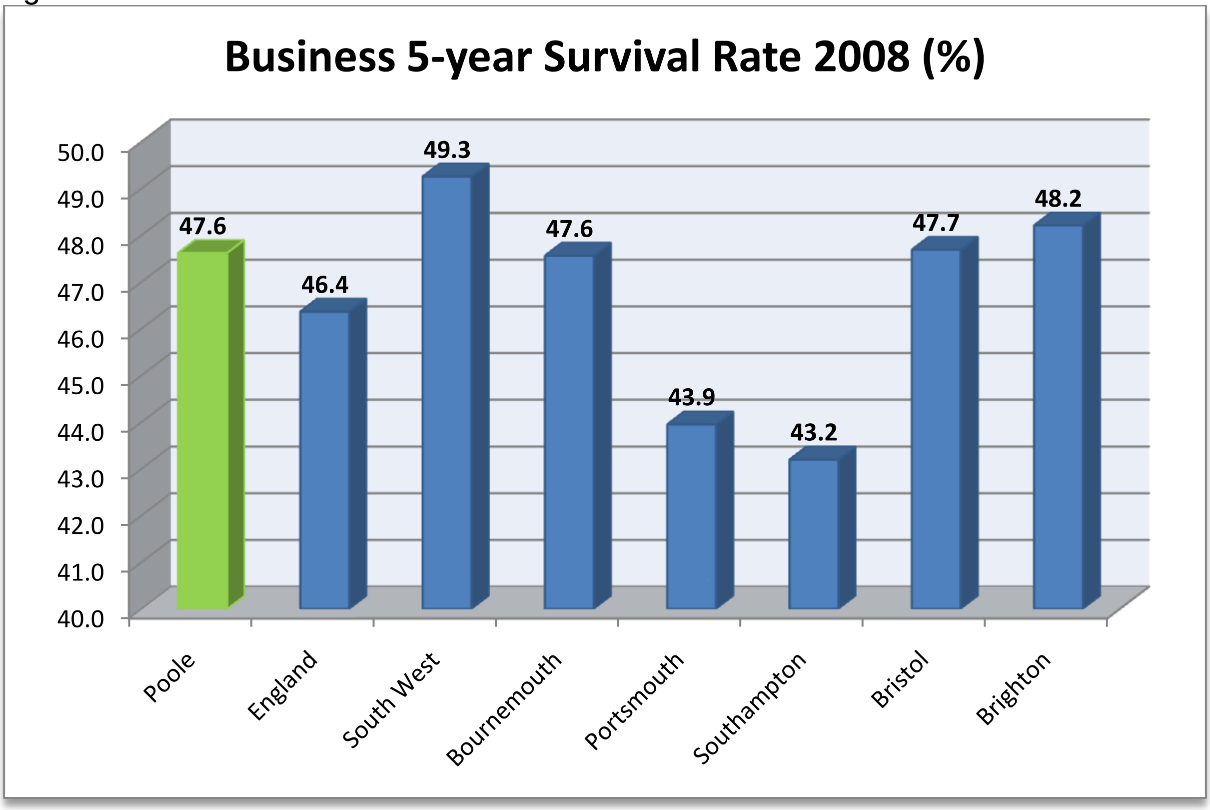
Figure 4.3b




Source: ONS Business Demography 2008

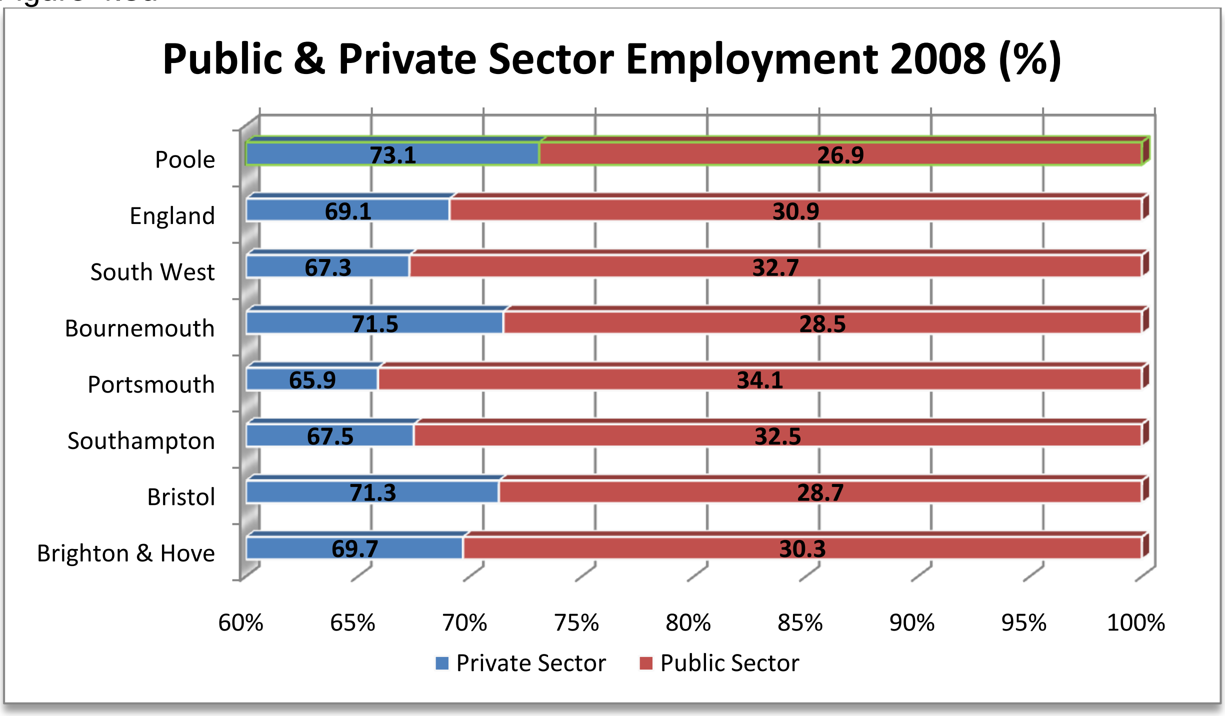
A related measure, Business Survival – that is the proportion of new starts which make it beyond 5 years active trading – stands in good stead in Poole. Whilst the figure for the South West is significantly higher, amongst its urban peers Poole measures up well, with survival rates on par with Bournemouth and only marginally below Bristol and Brighton (Fig.4.3c).

Figure 4.3c




Source: ONS Business Demography 2008

Figure 4.3d




Source: Annual Business Inquiry 2008

Private Sector employment rates are considered an indication not only of economic buoyancy but of the territories which will respond best to the forthcoming retraction of the Public Sector. Against the selected peer group Poole compares favourably, recording the highest level of Private Sector employment by over 1.5%. Its closest comparators are Bournemouth and Bristol, with 71.5% and 71.3% respectively. Against the national average Poole's Private Sector proportionally delivers 4% more employment (Fig.4.3d).

### 4.4 <u>Measuring Innovation</u>

Innovation has a key role to play in the evolution of the UK's economy. The development of new technologies, products and processes is integral to ongoing growth in productivity. National assets such as the Aerospace and Marine sectors are increasingly recognised for their potential in the renaissance of an export economy.

In the evaluation of innovation five key measures have been selected;
- Gross Value Added by employment rate
- Number of Business Units in Knowledge Intensive Sectors
- Employment in Knowledge Intensive Sectors
- Number of Research Active University Departments
- Level of World Class and Internationally Excellent University Research published

Gross Value Added (GVA) is widely used as a key measure of economic productivity. Although sectors with high levels of GVA are not solely those related to the development of innovative products, there is a correlation between high levels of productivity and the adoption and utilisation of innovative products, services, and the introduction of ongoing effectiveness improvements within a business. The GVA by employment rate is used as opposed to GVA per resident head as this directly attributes the level of value added to those in employment.

The Knowledge Intensive sectors, as defined by Eurostat, covers 25 sub-sectors across three key groups – Knowledge Intensive Services, High Technology Manufacturing, and Medium-High Technology Manufacturing (*Appendix 1*). This covers the key sectors involved in the development and delivery of innovative products and services, those with the strongest demand for high level technical skills, and those most likely to invest in and produce Intellectual Property.

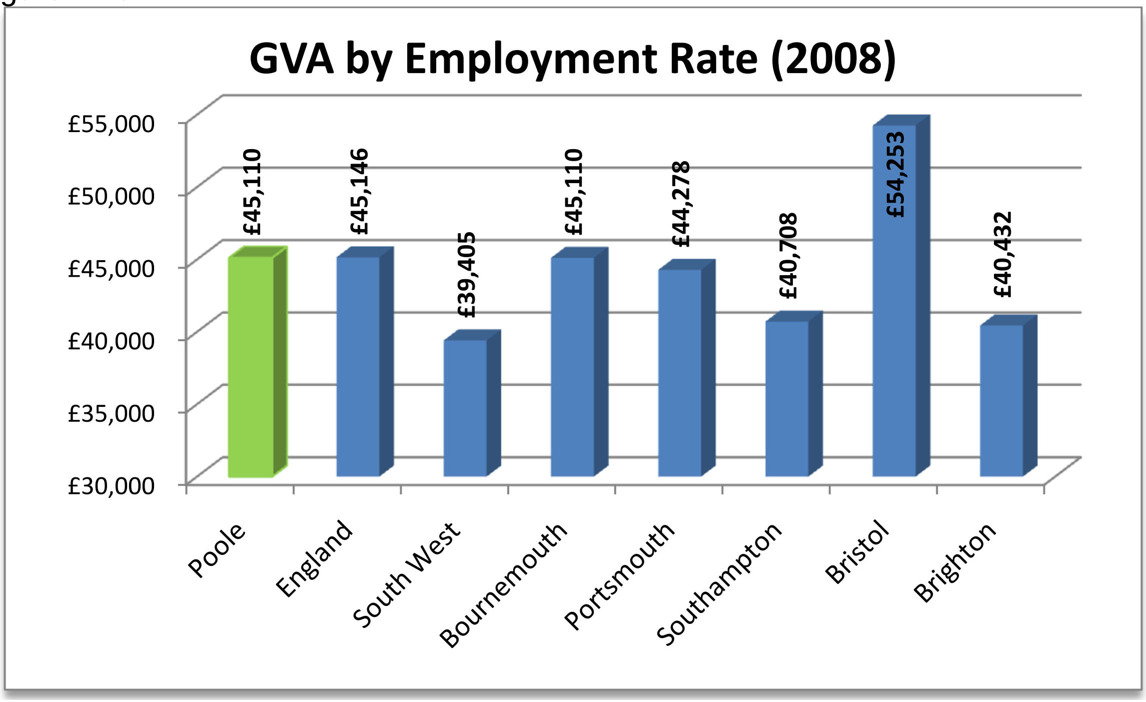
A key contributor in the UK to innovation is the HE sector, particularly through their research activity. At its best this has been the catalyst to the development of long lasting academic-commercial relationships, the establishment of high potential spin-out companies, and the capture of investment from large and influential international businesses. A prime example of this is Cambridge Science Park, which has developed a long-standing relationship between Cambridge University and the Venture Capital industry.

The measure of the potential of this activity and its influence on the local economy is implied through the number of research-active departments found within a University. It can also be evaluated through the amount of World Class and Internationally Excellent research produced by such an institution.

### 4.4.1 Innovation Results

The level of Gross Value Added per head in Poole is measured at NUTS[1] 3 level, which for the local area pools the data for the towns of Bournemouth and Poole. Based on Employment Rate – that is the number of population actively employed – the level of Gross Value Added in Poole compares well to the peer group. It comes significantly above figures for the South West, for Brighton and for Southampton, implying a good level of productivity amongst employees within the area, although still falls marginally behind the national figure. The notably high level of GVA evident in Bristol however is indicative of the potential performance improvements which might be achieved (Fig.4.4a). The strong presence of high GVA employment sectors such as Manufacturing and Financial Services within Poole suggest there is scope for this performance to be enhanced.

Figure 4.4a



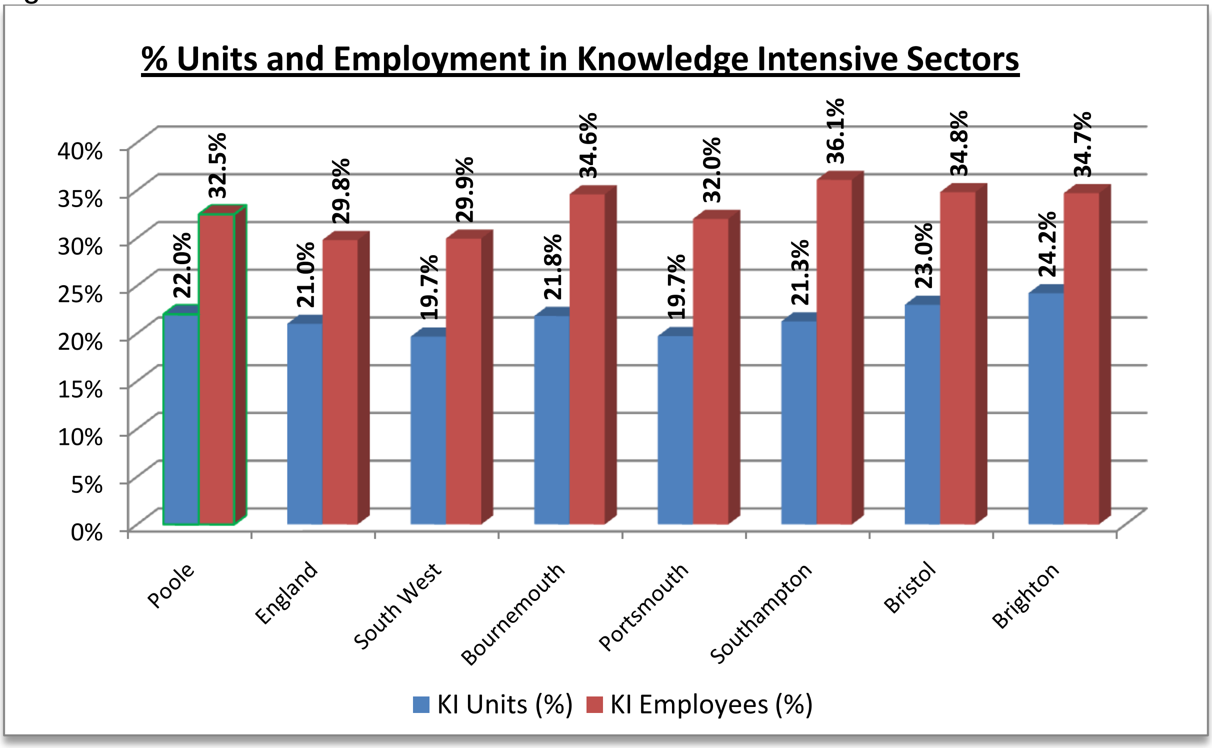

Source: ONS, Regional, Sub-regional and Local GVA 2009, Annual Population Survey 2008

The proportion of business units classified as Knowledge Intensive compares favourably in Poole against national and regional averages. It also outperforms Portsmouth, Southampton and its immediate neighbour Bournemouth. The highest proportions in KI Units were found in Brighton and Bristol, recording 3.2% and 2% higher than the national averages respectively.

[1] Nomenclature Units of Territorial Statistics

In terms of employment within the Knowledge Intensive sectors Poole again compares favourably to the national and regional figures. Against its urban peer group however it fares less well, falling over 2% behind Bournemouth, Bristol and Brighton, and 3.5% behind Southampton (Fig.4.4b).

Figure 4.4b




Source: ONS Annual Business Enquiry 2007

The level of research activity within Bournemouth and Poole is significantly lower than that found across the established peer group. Of the comparator areas only Portsmouth has fewer research active Departments within it HE institutions.

Figure 4.4c

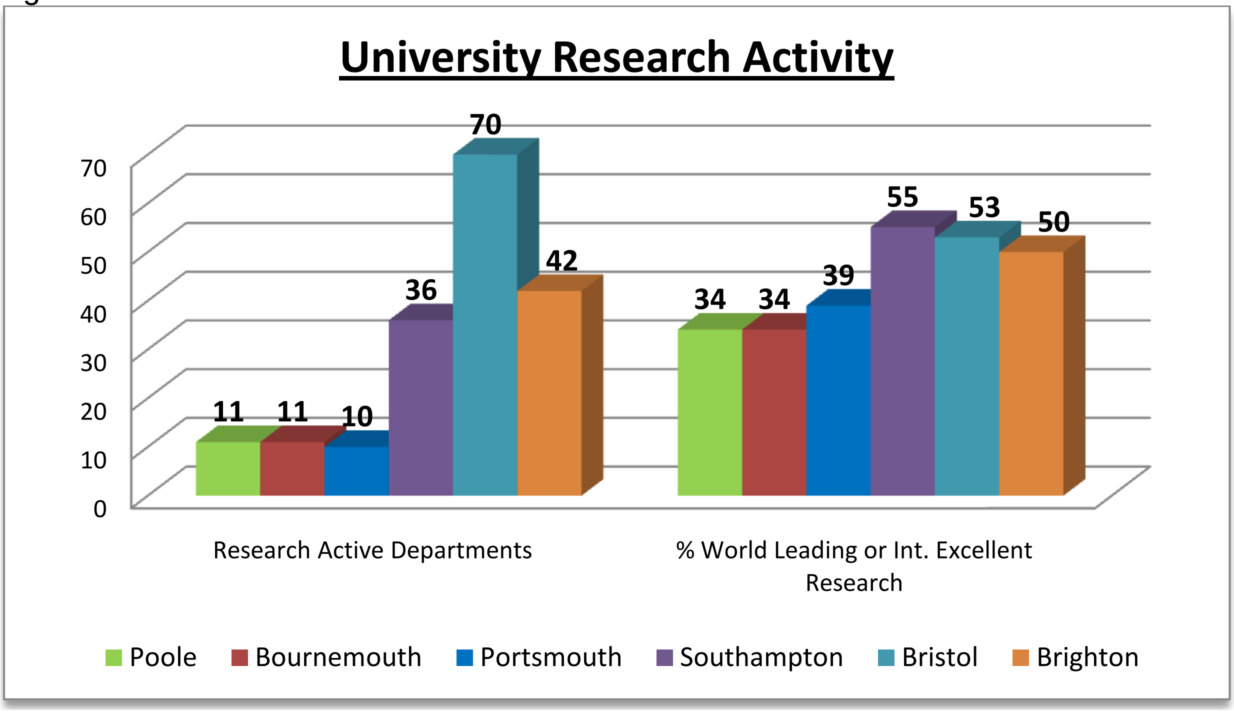
| Institution | Research Active Depts. | Research Staff | World Leading Research (%) | Internationally Excellent Research (%) |
|---|---|---|---|---|
| AUC Bournemouth | 1 | 7.5 | 0 | 10 |
| Bournemouth University | 10 | 111 | 7.5 | 29 |
| Portsmouth University | 10 | 231 | 7 | 32 |
| Southampton University | 33 | 1098 | 18 | 41 |
| Southampton Solent | 3 | 32 | 3 | 7 |
| Bristol University | 50 | 1199 | 17 | 41 |
| UWE | 22 | 326 | 6 | 31 |
| Sussex University | 27 | 537 | 16 | 40 |
| Brighton University | 16 | 286 | 8 | 30 |

Source: Research Assessment Exercise 2008

This disparity is most significant when compared to Bristol, where between them Bristol University and the University of the West of England have some 70 research active Departments. This is six times the number found between Bournemouth University and the Arts University College Bournemouth (Figure 4.4c).

This level of activity has a direct affect on the level of quality research published by each area's institutions. For Bournemouth and Poole, 34% of research published by the two resident Universities is recognised as world-leading or internationally excellent. Whilst this is an achievement it is the lowest proportion registered within the peer group, the highest found in Southampton at 55% (Fig.4.4d).

Figure 4.4d




Source: Research Assessment Exercise 2008

## 4.5 Measuring Sustainability

Interest in sustainable living, sustainable growth, and sustainable economies has risen significantly during the past 20 years. It now constitutes a significant part of both the political agenda and of community interests as we seek to balance our lifestyle demands and expectations with the need to protect and effectively manage the local and global environment.

Sustainability has been hijacked by a range of definitions, stretching from the integration of holistic socio-environmental forms of living to simply preserving parochial interests. In real terms it is an expansive issues which implicates our behaviours as citizens and as consumers, in the way we work and the way we travel.

This broad influence suggests the range of measures utilised in evaluating the sustainability of an area need be equally broad. To this extent the approach used has divided the sustainability indicator into a series of sub-indicators, under which sit a set of measures. This includes;

- Quality of Life, measured through available green space, access to employment, housing affordability, life expectancy and in-migration
- Environmental Impact, measured through air quality, ecological footprint, household waste and recycling, and renewable energy adoption.
- Energy Consumption, measured through commercial electricity consumption

Quality of Life is an assessment of the key measures which indicate the standard of living experienced within an area. This focuses on the social side of sustainability, indicating whether the local environment is one in which people can equitably access their basic requirements. This includes Access to Employment, the absence of which can have degenerative social effects as well as increase the likelihood of personal health issues, Housing Affordability, which has a direct link to cost of living, and In-migration of residents of working age, indicative of both perception of place and availability of opportunity.

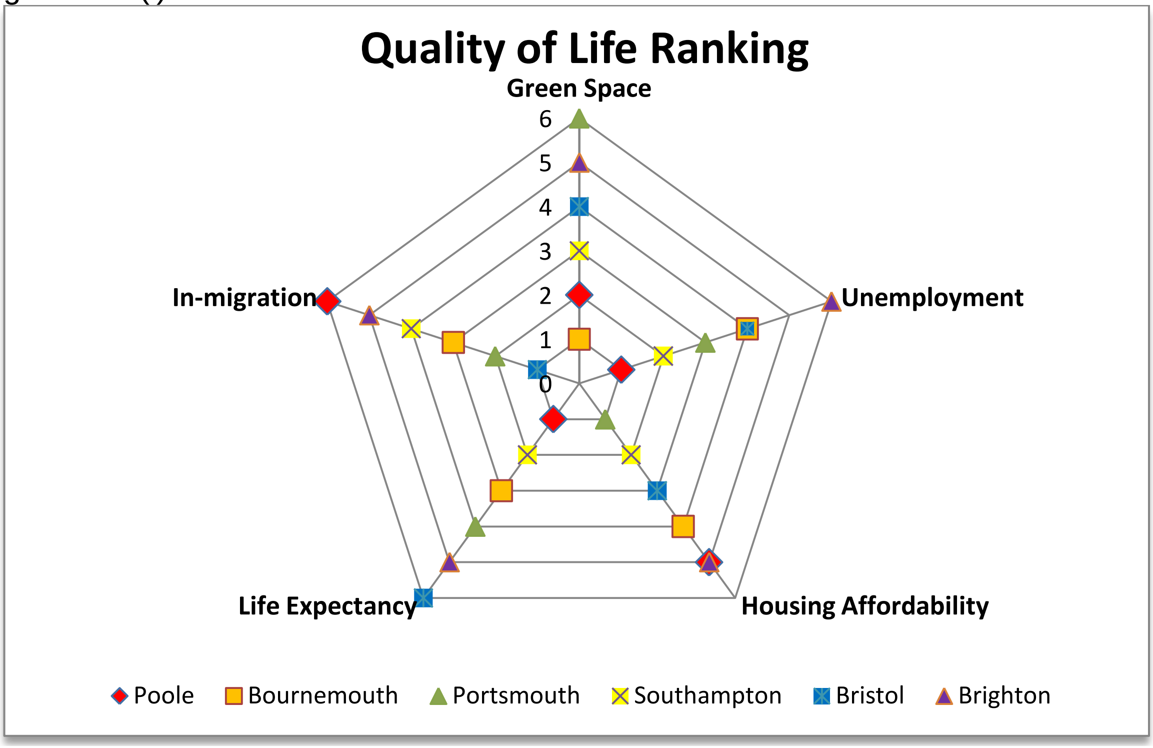
The Environmental Impact sub-indicator focuses on more directly environmental measures. These are measures which identify both local environmental quality and how local demands and behaviours affect and have responded to the call for more sustainable living. Included are measures for Ecological Footprint, the number of global hectares required to sustain local levels of consumption, Household Waste, the volume of residual household waste sent to landfill, and Air Quality, indicating the impact of localised pollution.

Energy Consumption provides a direct focus upon the level of energy efficiency evident across the local business stock. The level of electricity consumption identifies areas with high levels of consumption based upon an average figure for the commercial and industrial stock at national, regional and local level. This indicates where companies are most demanding in their consumption and where there may be a need for action in terms of improving energy efficiency and adopting renewable technologies.

### 4.5.1 Sustainability Results

The measures used within the Quality of Life sub-indicator suggest that Poole faces a broad disparity in its social sustainability (Fig.4.5a(i)–a(vi)). In terms of employment it compares very favourably, with a Job Seeker's Allowance Claimant Rate over 1% lower than the national rate. The low level of unemployment indicates a strong employment market within the area, notably better than any of its peer group. Similarly Life Expectancy in the town is high and residents of Poole can expect to live around one year longer than most of England and two years longer than residents of Bristol.

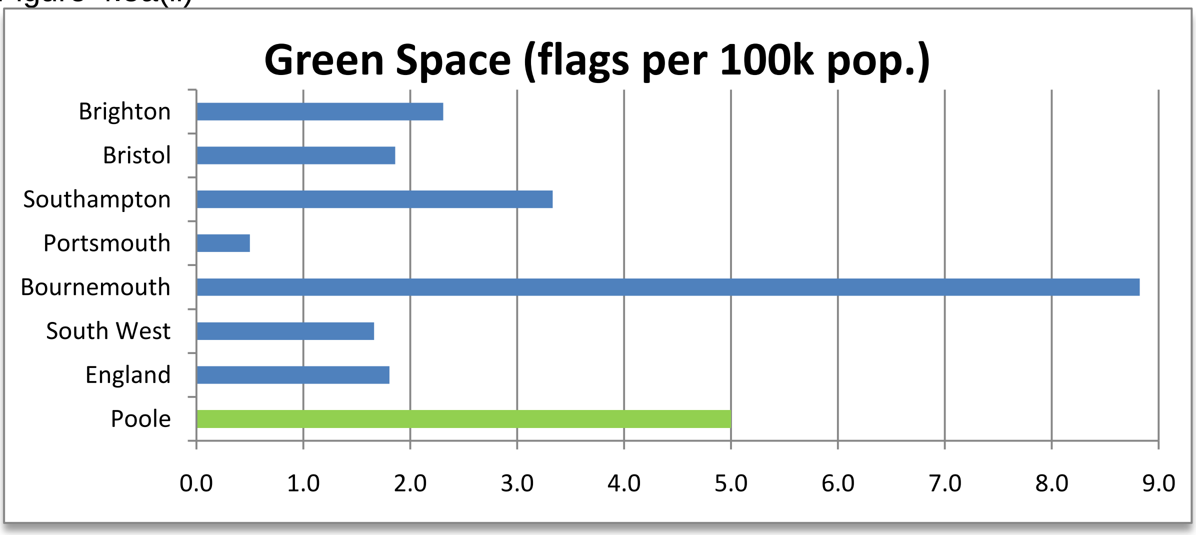
Figure 4.5a(i):




Source: UK Green Flag and Blue Flag Award Scheme, ONS JSA Claimant Data Nov.2010, Land Registry and ONS Annual Survey of Hours and Earnings 2010, ONS Sub-National Life Expectancy Rates 2007-09, ONS Mid-Year Population Estimates 2004-09

The level of Housing Affordability in Poole however is very poor, the average house price mid-year 2010 standing around 8.6 times the median full-time salary. This is significantly in excess of the national average – 6.4 times – and 70% greater than the best performing comparator. Poole performs similarly poorly in relation to in-migration. Whilst during the five year period 2004-09 Poole experienced a positive level of in-migration. This was significantly below the proportion experienced in all comparator areas as well as regionally and nationally.

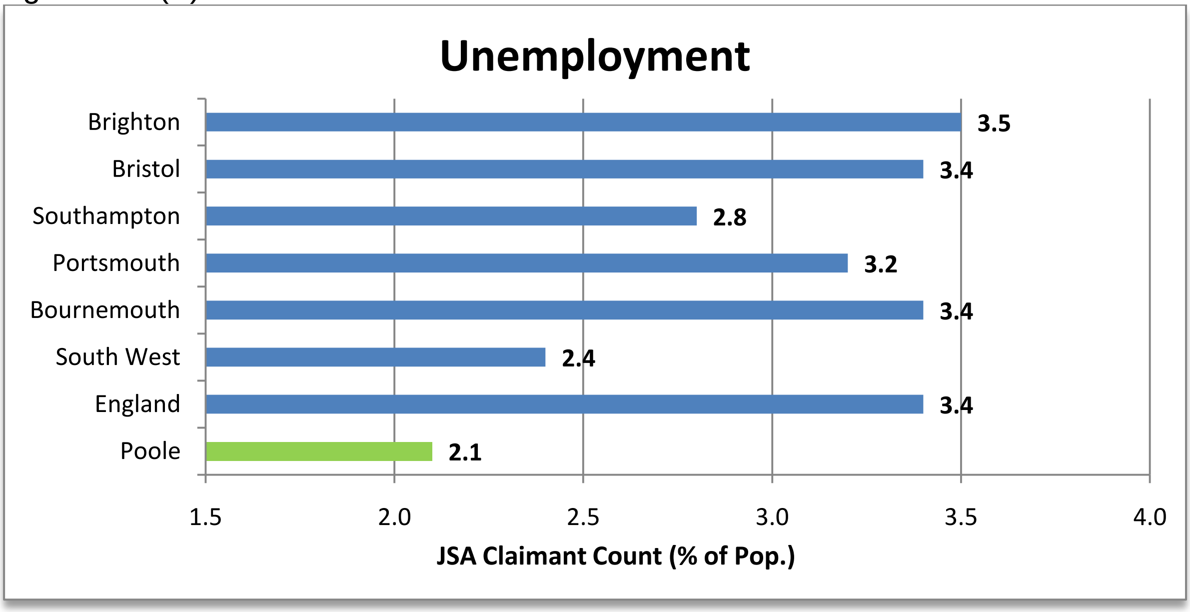
Figure 4.5a(ii)




Source: UK Green Flag and Blue Flag Award Scheme

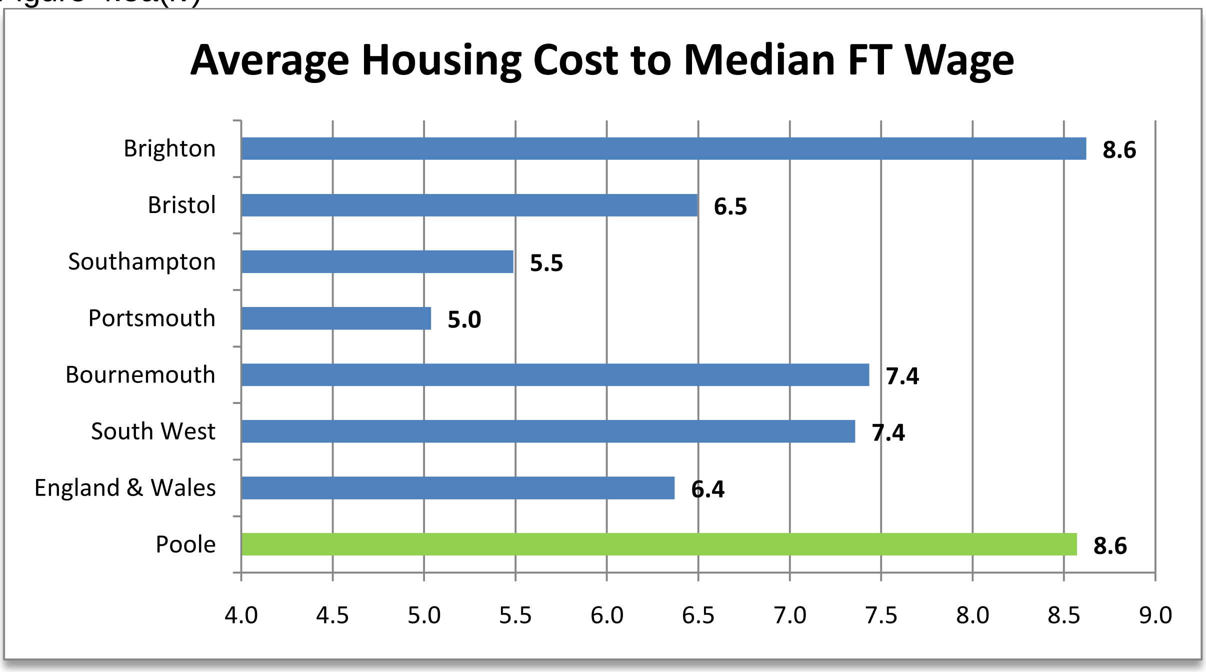
The final Quality of Life measure used was quality of Green Space, derived from the number of Green Flag (green space) and Blue Flag (beach and marina) awards an area has per 100,000 heads of populations. Poole performs well in this measure, supported primarily by the quality of its beaches. The availability of award winning public spaces in the town is close to three times the national and regional level. It does however remain significantly behind Bournemouth in this measure, with an additional 3.8 award winning spaces per 100,000 head of population.

Figure 4.5a(iii)



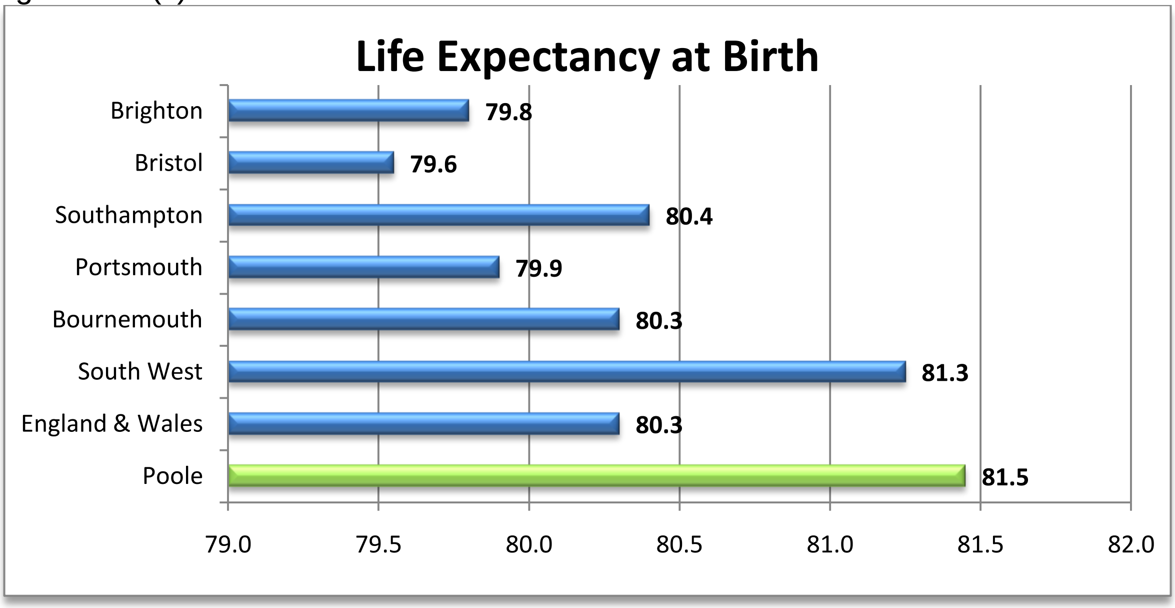

Source: ONS JSA Claimant Data Nov.2010

Figure 4.5a(iv)



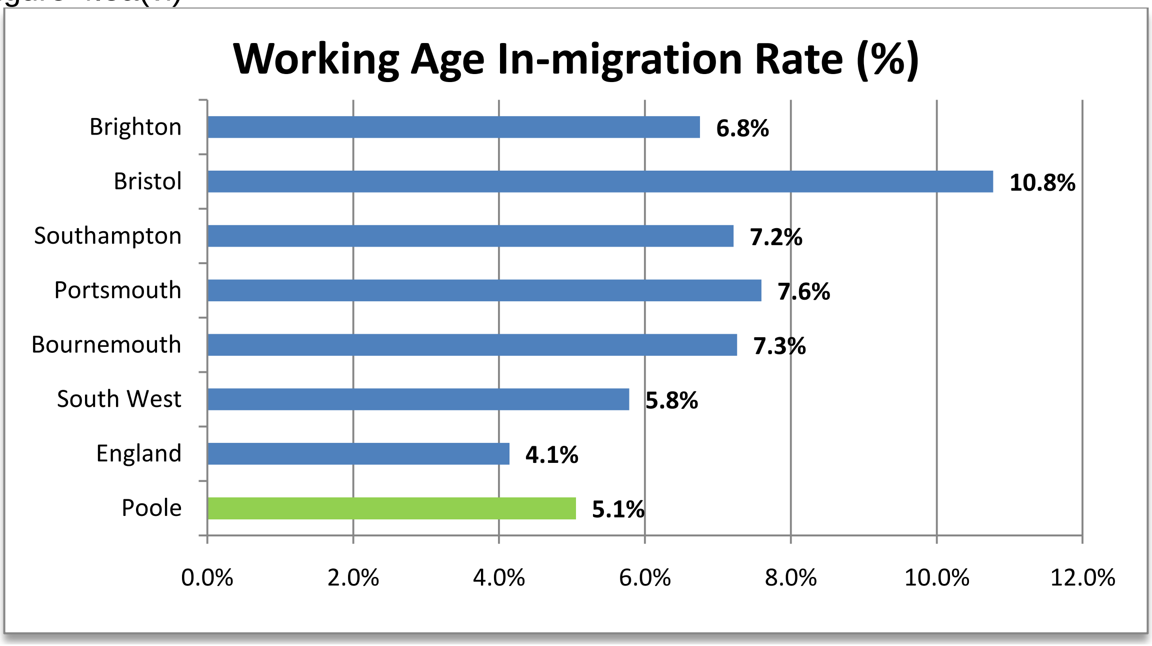

Source: Land Registry and ONS Annual Survey of Hours and Earnings 2010

Figure 4.5a(v)




Source: ONS Sub-National Life Expectancy Rates 2007-09

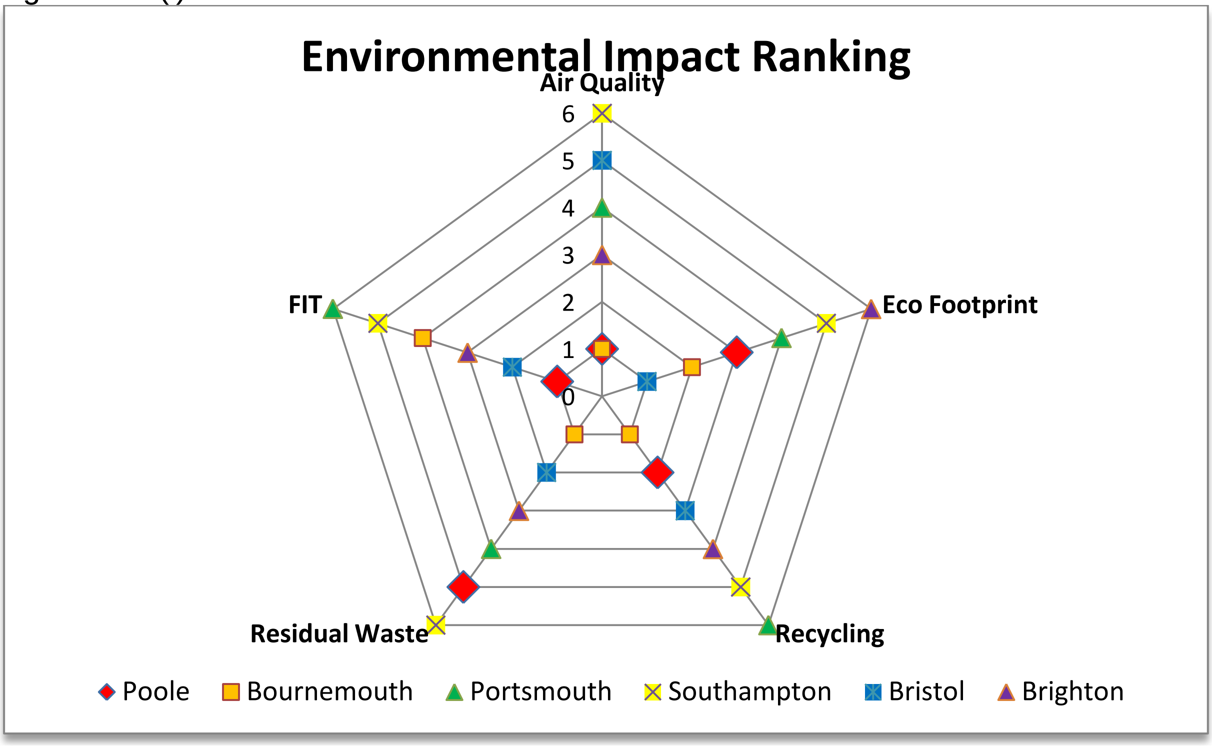
Figure 4.5a(vi)




Source: ONS Mid-Year Population Estimates 2004-09

The Environmental Impact ranking looks at more directly environmental measures. For Poole, the impact of localised pollution upon air quality is comparatively low, and a high level of take-up for the Feed-In Tariff (FIT) implies an active interest amongst residents in adopting measures to reduce their carbon footprint. Recycling rates are significantly higher than most comparators areas and national and regional figures; the level of residual waste per household however is notably high, and considering the high level of recycling suggests the total level of waste produced by Poole household's needs to be addressed (Fig.4.5b(i)-b(v)).

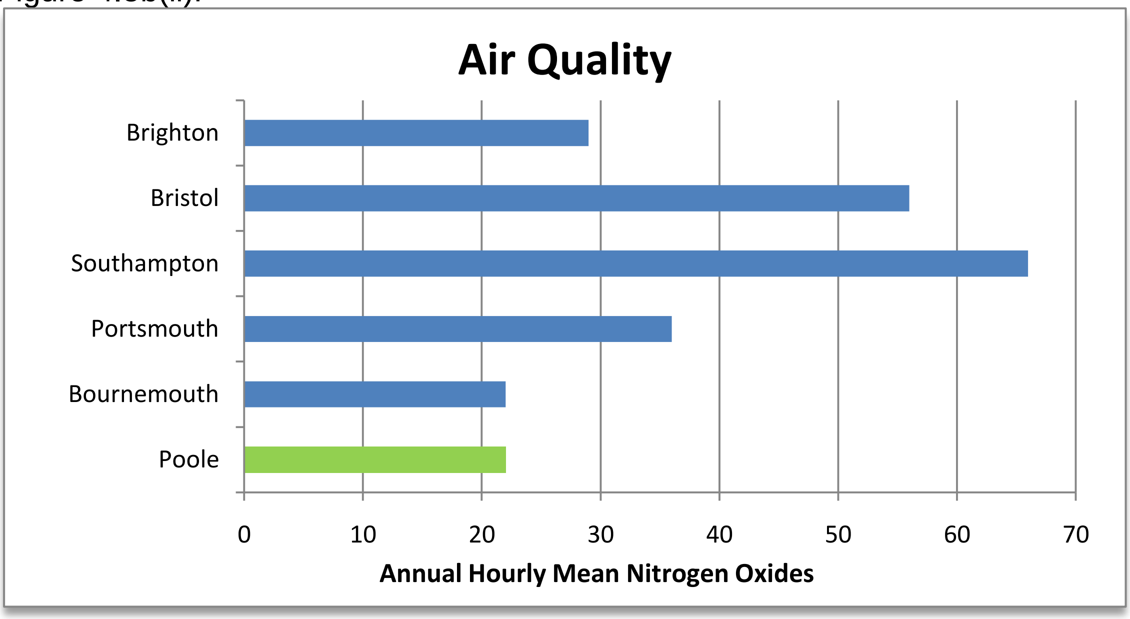
Figure 4.5b(i):




Source: UK National Air Quality Archive 2008, Resource Accounting 2004, Waste Data Flow 2010, Ofgem 2010

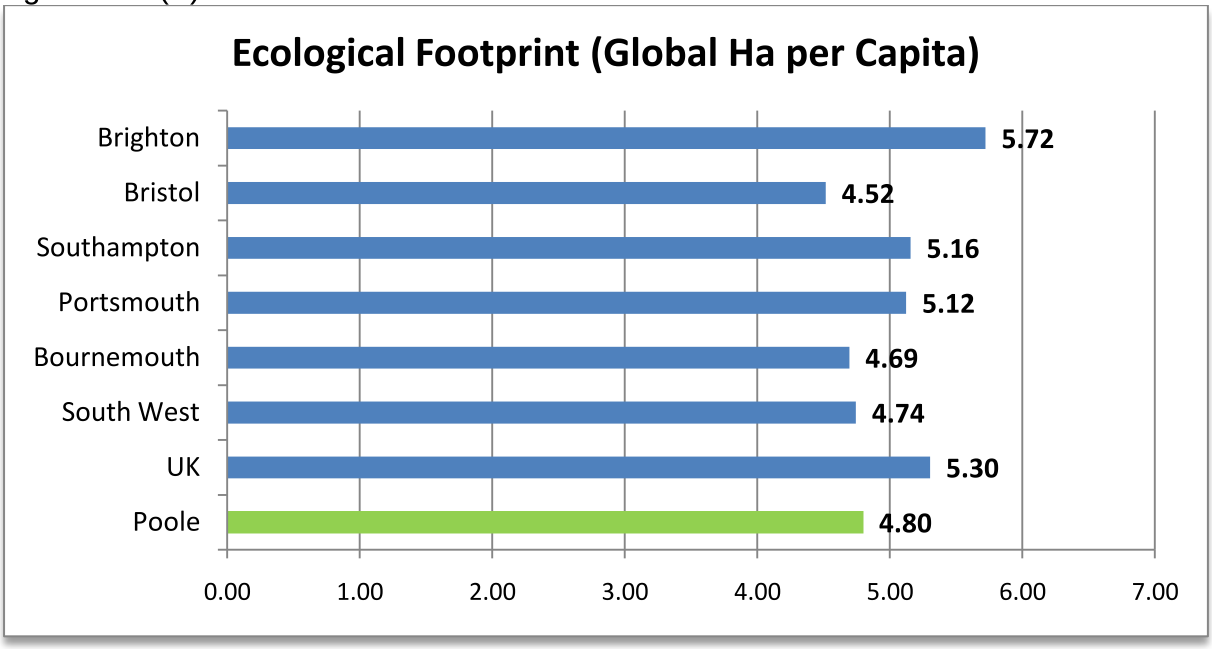
Poole's Ecological Footprint is comparatively low when set against national and regional figures, although within the context of the comparator areas it could be lower. The Ecological Footprint considers the amount of land required to sustain demand on the basis of the world population echoing the level of national or local consumption. To this extent the footprint for all areas is in need of significant improvement; the lowest score recorded was in Bristol at 4.52 GHa, whilst the highest was in Brighton, scoring 5.72.

Figure 4.5b(ii):



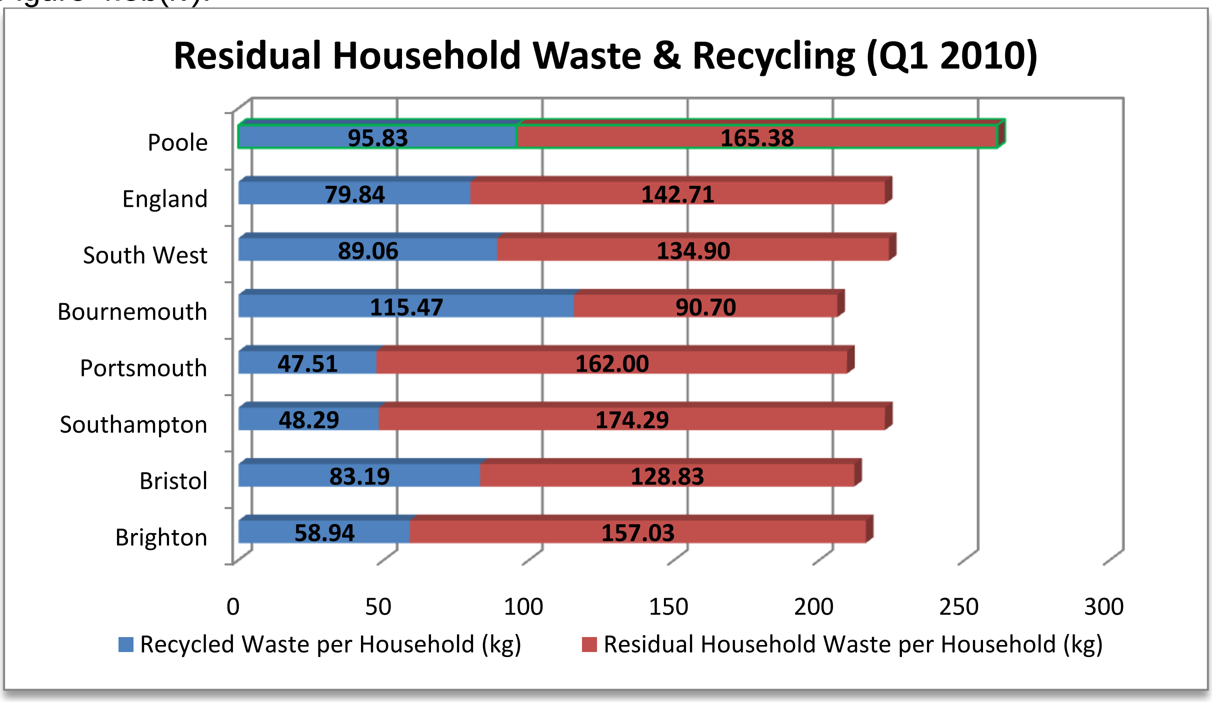

Source: UK National Air Quality Archive 2008

Figure 4.5b(iii):



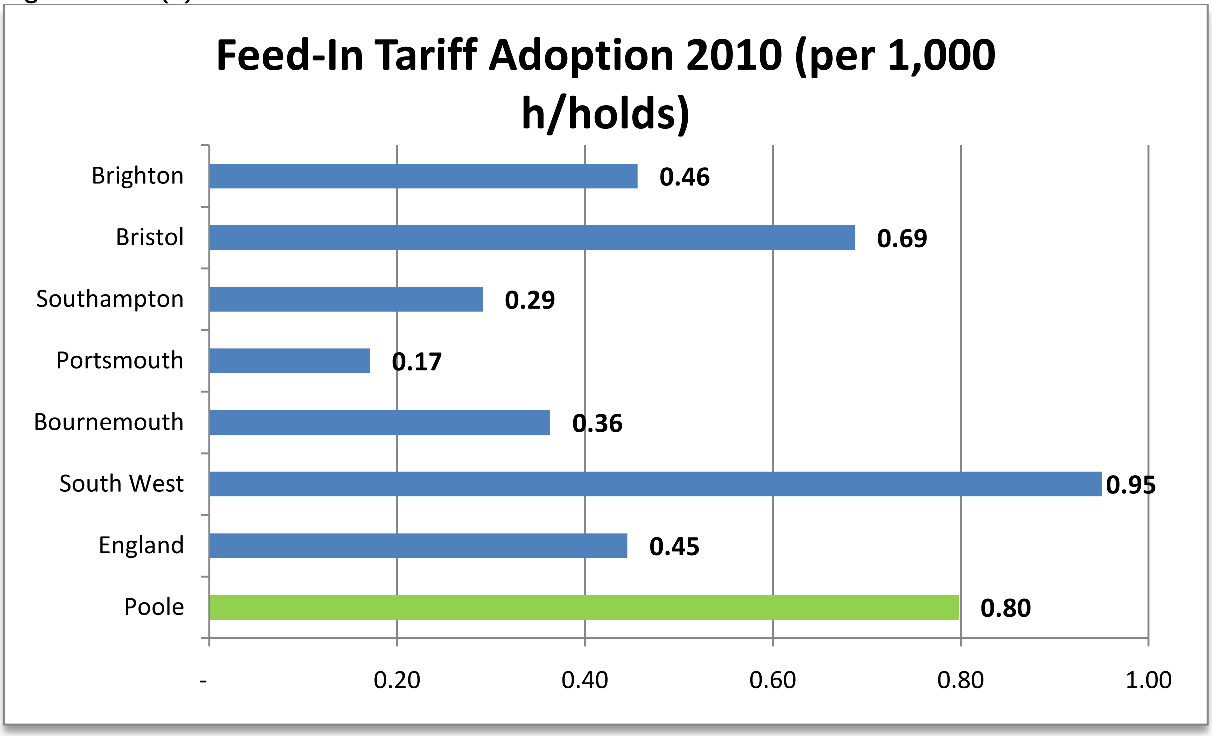

Source: Resource Accounting 2004

Figure 4.5b(iv):



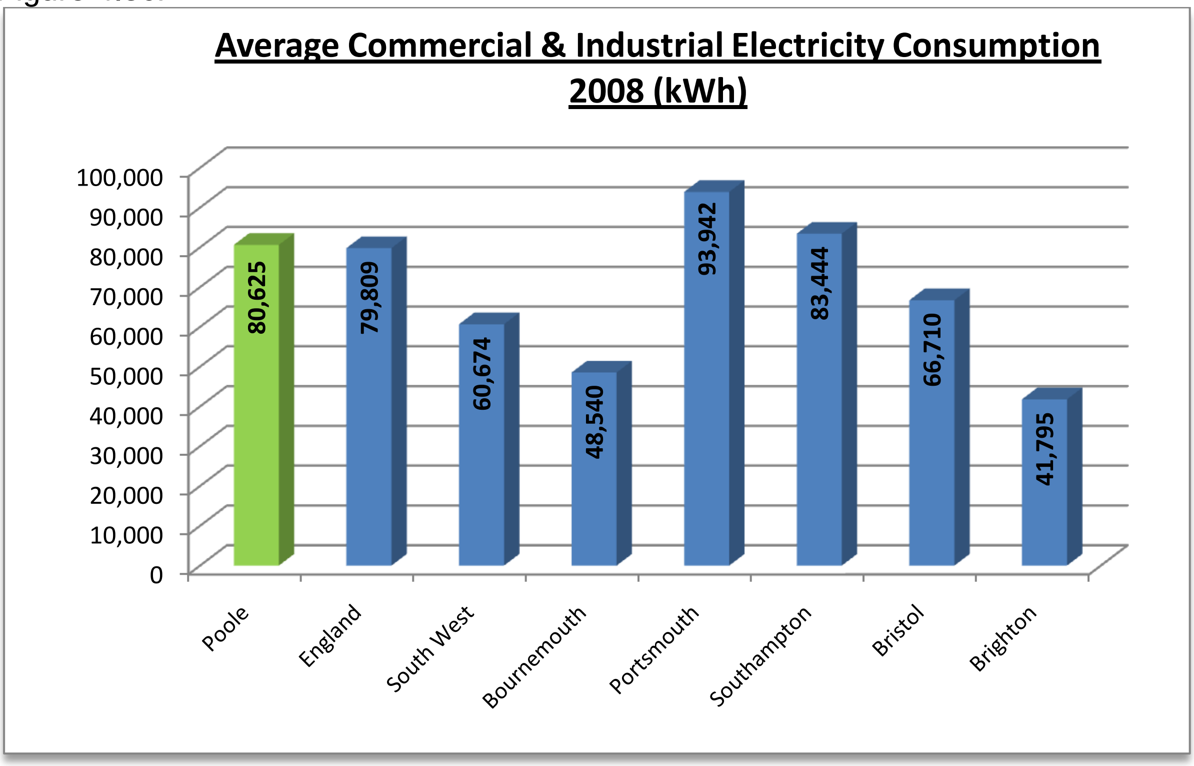

Source: Waste Data Flow 2010

Figure 4.5b(v):




Source: Ofgem 2010

Figure 4.5c:




Source: DECC 2009

Commercial and Industrial electricity consumption figures, published by the Department for Energy and Climate Change, suggest businesses in Poole have a relatively high level of usage (Fig.4.5c). The energy used, in kilowatt hours, is marginally over the national average but significantly in excess of the same figure for the region. In comparison to Bournemouth and Brighton this figure appears excessive, although is below the averages found in Portsmouth and Southampton.

### 4.6 Indicator Scoring and Analysis

To identify how Poole stands in relation to the defined indicators a scoring system has been devised. This uses a ranking system for the comparator peer group determining how well they compare with one another on each measure examined.

The comparative approach to **Enterprise** indicates that Poole has both strengths and deficiencies in this area. Whilst the level of Private Sector employment may be high and the Business Survival rate competitive it falls behind in levels of Self-Employment and Business Start-Up (Fig 4.6a). Applied to the ranking system Poole is a mid-table city for Enterprise, and in terms of the rank score is closer to the top performing comparators (Bristol, Bournemouth and Brighton) than those lagging behind (Southampton and Portsmouth).

Figure 4.6a

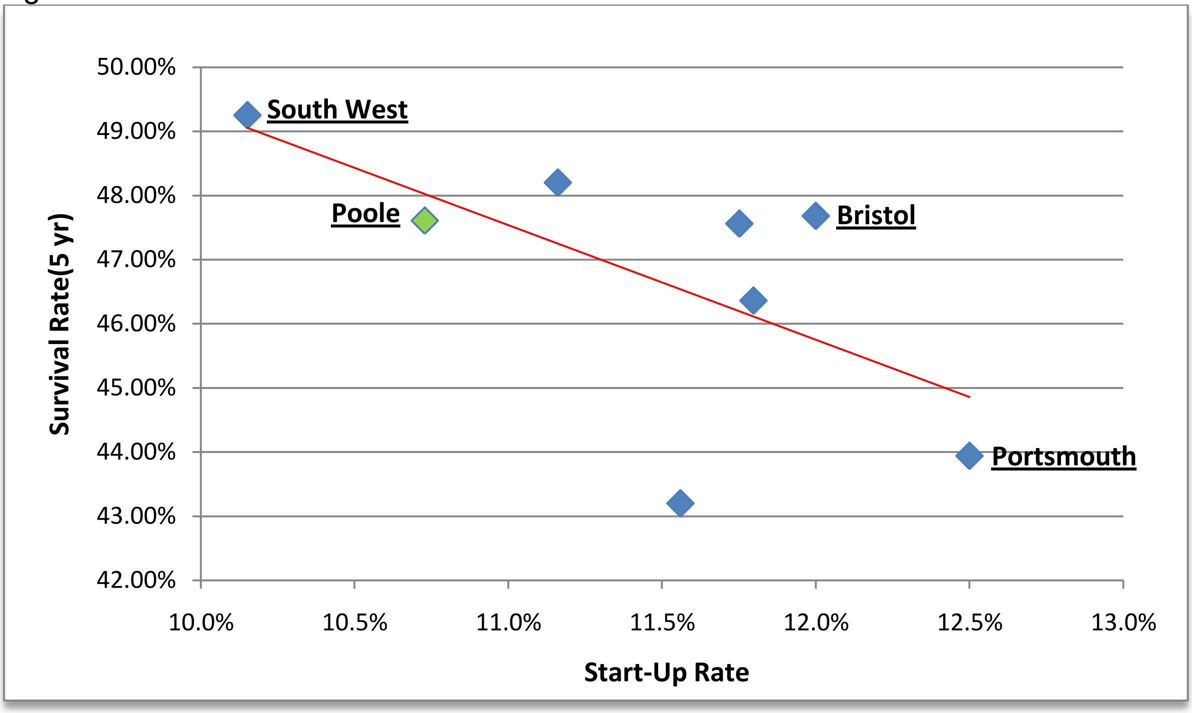
| | ENTERPRISE RANK | | | | | |
|---|---|---|---|---|---|---|
| | Enterprise | Score | Self-Employment | Business Start-Up | Business Survival | Private Sector Emp. |
| Bristol | 1 | 10 | 3 | 2 | 2 | 3 |
| Brighton | 2 | 11 | 1 | 5 | 1 | 4 |
| Bournemouth | 2 | 11 | 2 | 3 | 4 | 2 |
| **Poole** | **4** | **13** | **3** | **6** | **3** | **1** |
| Portsmouth | 5 | 18 | 6 | 1 | 5 | 6 |
| Southampton | 6 | 20 | 5 | 4 | 6 | 5 |

This data should also be put into context considering the nature of self-employment and start-up business. There is a notable disparity between the level of self-employment found in urban areas and that found in rural communities. The latter tends to be higher due to necessity, both in terms of demand for services and availability of employment locally. Across the peer group only two areas score a higher proportion of self-employment than the England average and only one – Brighton - comes in higher than the figure for the South West region.

The relationship between business start-up and business survival should also be considered. Having a high start-up rate is one thing, but if these businesses are unable to survive a prolonged period to become part of the established stock the start-up rate itself is meaningless. Evidence from the peer group and the national and regional data implies a negative correlation exists between Start-Up Rates and

Business Survival (Fig.4.6b); Poole's deficiency in the measure of start-up activity is likely a contributor toward its successful business survival rate.

Figure 4.6b:




Source: ONS Business Demography 2008

The Private Sector appears to be very strong in Poole, at least in employment terms. This is partly a result of a strong large businesses presence in the area – Poole's stock of employers with 250+ personnel is marginally higher than national or regional averages – but the micro sector is also strong. With the recognised low start-up rate the inference here is that Poole has a strong stock of micro-to-small businesses delivering employment opportunities to support the large business sector. However there may be a shortfall of small-to-medium-sized businesses, the group in which high growth job creation is most likely to occur[2].

Figure 4.6c:

| | INNOVATION RANK | | | | | | |
|---|---|---|---|---|---|---|---|
| | Innovation | Score | GVA | KI Units | KI Employees | Research Active Dept. | Published Research |
| Bristol | 1 | 8 | 1 | 2 | 2 | 1 | 2 |
| Southampton | 2 | 14 | 4 | 5 | 1 | 3 | 1 |
| Brighton | 2 | 14 | 5 | 1 | 3 | 2 | 3 |
| Bournemouth | 4 | 19 | 2 | 4 | 4 | 4 | 5 |
| **Poole** | **4** | **19** | **2** | **3** | **5** | **4** | **5** |
| Portsmouth | 6 | 25 | 3 | 6 | 6 | 6 | 4 |

[2] Centre for Cities, Firm Intentions (September 2010), The Work Foundation, No City Left Behind (July 2010)

In terms of **Innovation** Poole ranks poorly. Aside from GVA and perhaps Knowledge Intensive units in the business stock, it falls notably behind the defined aspirational peers of Brighton and Bristol. Whilst in rank terms it sits 4th out of 6, joint with Bournemouth, the rank score indicates just how large the gap is between Poole and Bristol (Fig.4.6c).

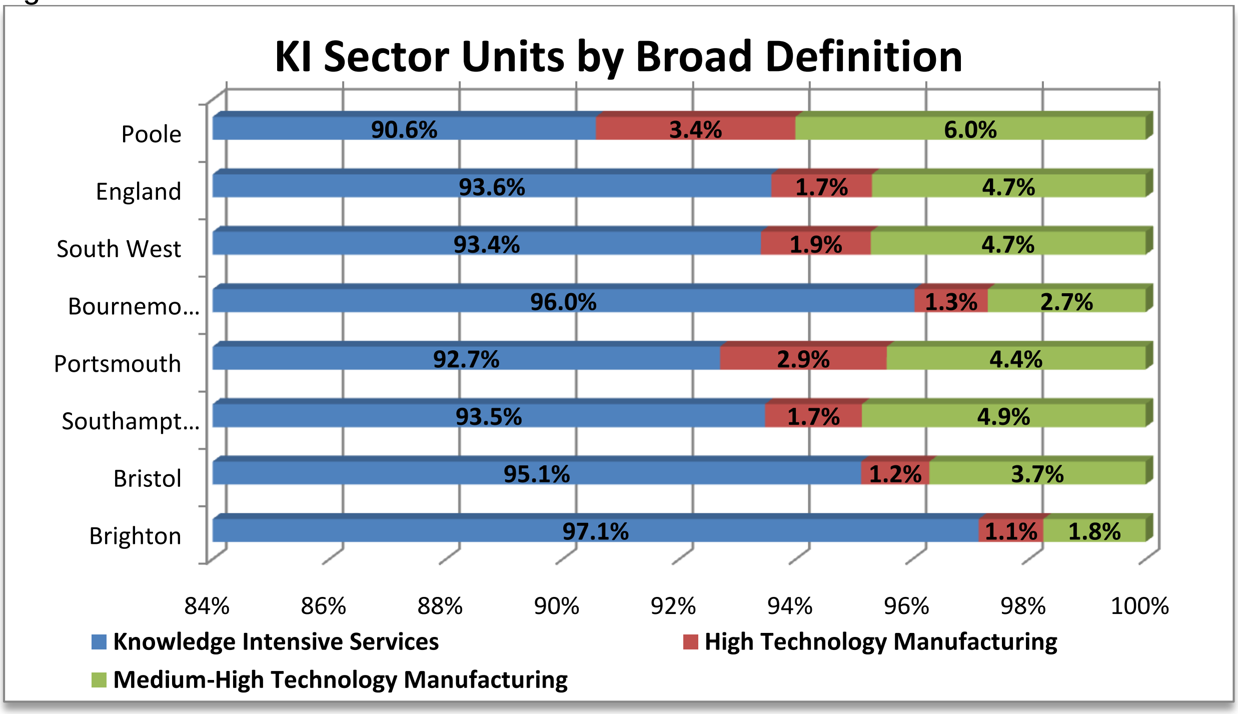
GVA performance in Poole appears strong, and whilst its performance in comparison to Portsmouth and Southampton may not be a surprise it is also ahead of Brighton. In spite of this it still falls (marginally) behind the figure for England, suggesting there is capacity for improvement; this is particularly pertinent if we consider the performance of Bristol, one of Poole's defined aspirational peers. In this instance the ranking system does not do full justice to the strong performance of Bristol on GVA; whilst the difference between lowest scoring (Brighton) and second highest (Bournemouth & Poole) GVA is around £4,500, the gap between B&P and Bristol is close to double this at over £9,000.

The key areas where Poole ranks poorly are its proportion of Knowledge Intensive Employees and the level of research activity coming out of the local universities. The level of employment generated by the KI sector in Poole is low considering its relatively strong number of units; this is more surprising given the comparatively large stock of KI businesses in Manufacturing which national data suggests tend to be larger individual employers.

Poole's proportion of KI units and employment within High Technology and Medium-High Technology Manufacturing is significant when set against the comparator group. This can infer a strong industrial heritage which has performed well in the face of national decline in this sector; similarly it could allude to an under-developed KI Services sector. How this manufacturing stock translates into employment however indicates potential deficiencies in the area; whilst 9.4% of the KI stock delivers 13.2% of KI employment, across the South West a similar figure (13.1%) is delivered by just 6.6% of the stock (Fig.4.6d & e).

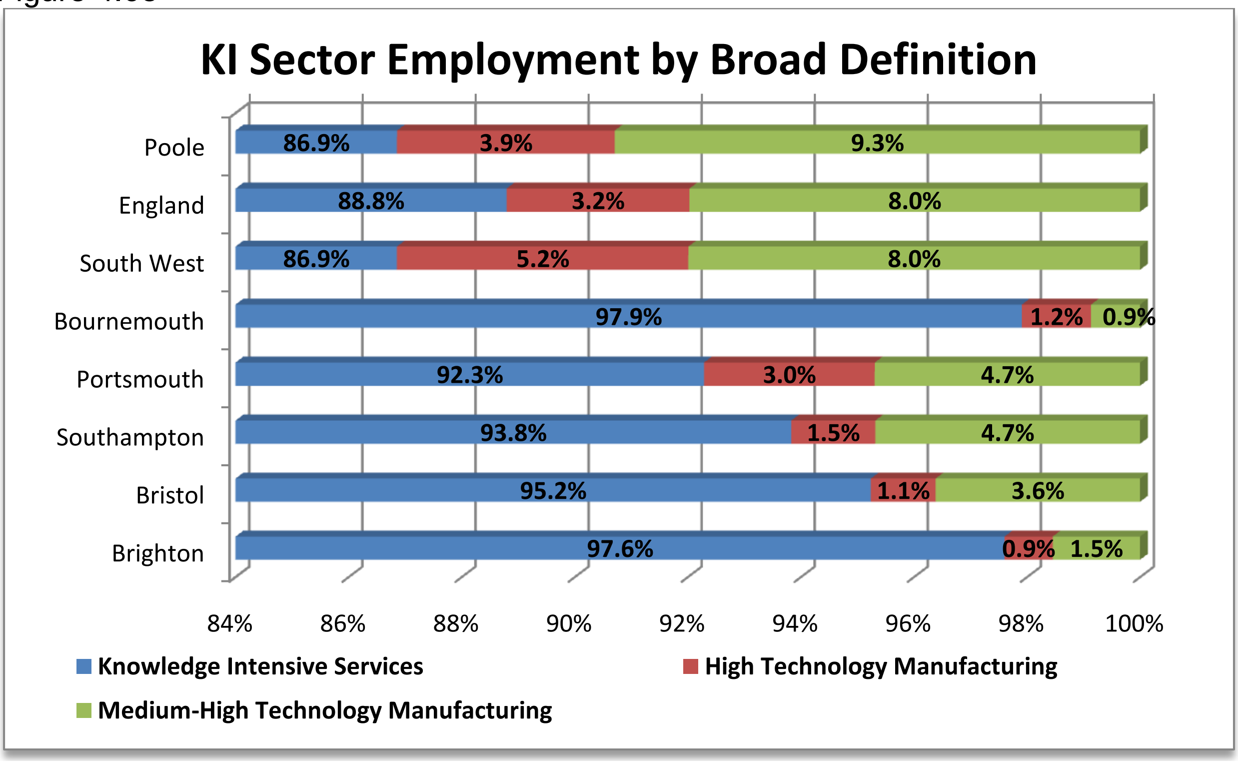
Indications on the average size of business units within the KI sector suggest this deficiency may largely occur in the High Technology Manufacturing sector. The size of units in the KI Services and Medium-High Technology sectors in Poole largely correspond with national averages; the High Technology Manufacturing units however are around one third smaller, employing an average 18 people per business as opposed to 28 at the national level. This may be indicative of an under-performing manufacturing sector; it could similarly infer a more specialist cluster of industrial businesses.

Figure 4.6d:




Source: ABI Workplace Analysis 2007

Figure 4.6e




Source: ABI Workplace Analysis 2007

The low level of research evident in local universities is clearer to interpret. Whilst home to two universities with growing reputations, particularly in the development of skills for the Creative sector, both are relatively young institutions with a smaller research base. Poole and Bournemouth are potentially disadvantaged by the limited capability of the local universities; lower research rankings also prejudice institutions from accessing additional funding from the relevant research councils, therefore compounding their reputation.

This research reputation however has the potential to be exploited for the benefit of Poole's business community. The absence of a research reputation exposes the universities to funding gaps which for more established research establishments are filled by either Research Council grants or private sector multi-national partnerships. To plug these gaps in pursuing further research activity Bournemouth University in particular could look to stronger Research & Development or Knowledge Transfer Partnerships with local businesses, particularly in the knowledge intensive manufacturing sector.

Poole's **Sustainability** rating is comparatively very good. Both Bristol and Brighton feature as (UK) exemplars for sustainable living; in the Forum for the Future's Sustainable Cities Index both have featured amongst the top three most sustainable cities for the past three years. In terms of Quality of Life and Environmental Impact Poole ranks higher than both comparators from its aspirational peer group. It is only the energy consumption measure in which Poole fares less favourably (Fig.4.6f).

Figure 4.6f:

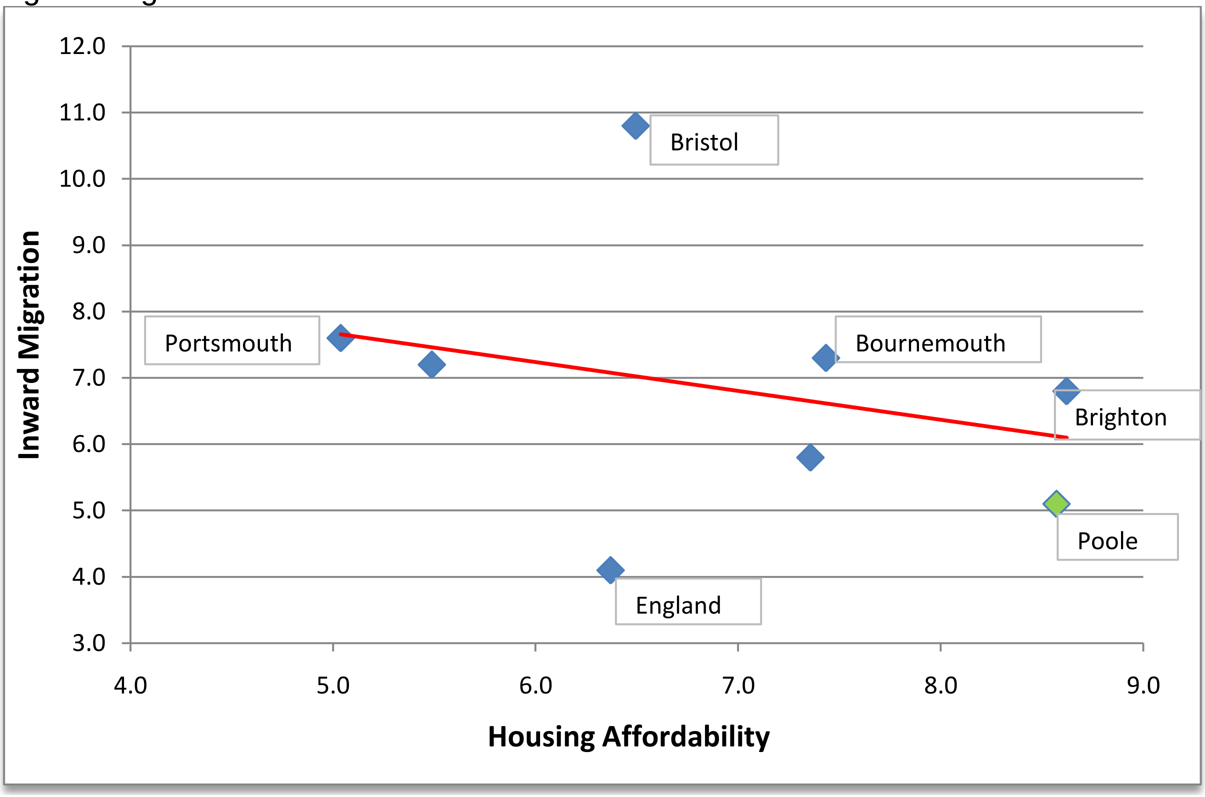
| | SUSTAINABILITY RANK | | | | |
|---|---|---|---|---|---|
| | Rank | Score | Quality of Life | Environmental Impact | Energy Consumption |
| Bournemouth | 1 | 5 | 2 | 1 | 2 |
| **Poole** | **2** | **8** | **2** | **2** | **4** |
| Bristol | 3 | 11 | 5 | 3 | 3 |
| Brighton | 3 | 11 | 6 | 4 | 1 |
| Southampton | 5 | 12 | 1 | 6 | 5 |
| Portsmouth | 6 | 15 | 4 | 5 | 6 |

Across the sustainability measures Poole is significantly let down by its housing affordability, its in-migration, and its residual waste on top of the comparatively high level of industrial energy consumption. The high cost of housing severely prejudices the Quality of Life ranking Poole achieves, where it also falls behind Southampton and on par with Portsmouth. It is noteworthy that in the Quality of Life measure the lowest ranking cities were Brighton and Bristol, let down by higher levels of unemployment and life expectancy, both of whom are considered - certainly amongst the younger population - as strong in terms of lifestyle offer.

The cost of housing and the level of in-migration in Poole are arguably linked; demand for housing is unduly influenced by not only the residential end-occupier market but by the additional retirement, second-home, buy-to-let and holiday let markets. This high level of demand prejudices prices and effects not only the capacity for lower income households to afford housing but the ability to cater for those looking to move to the area. This in particular affects younger age groups.

The Quality of Life index suggests there is a link between housing affordability and the ability to attract new (working age) residents to the area. Data from the comparator peer group suggests in general a lower level of in-migration will occur in areas where housing is costly in comparison to those where it is more easily affordable – the cheaper the housing, the higher the level of in-migration(Fig.4.6g). The individual disparities within this evaluation however suggest this is not a conclusive correlation and that a range of other factors need to be considered; this in particular is the case in relation to the difference between Poole and Brighton, where housing affordability is largely the same yet in-migration is around 25% higher. This may be the result of local employment opportunities, a more varied cultural or lifestyle offer, or simply by a higher student population.

Figure 4.6g:

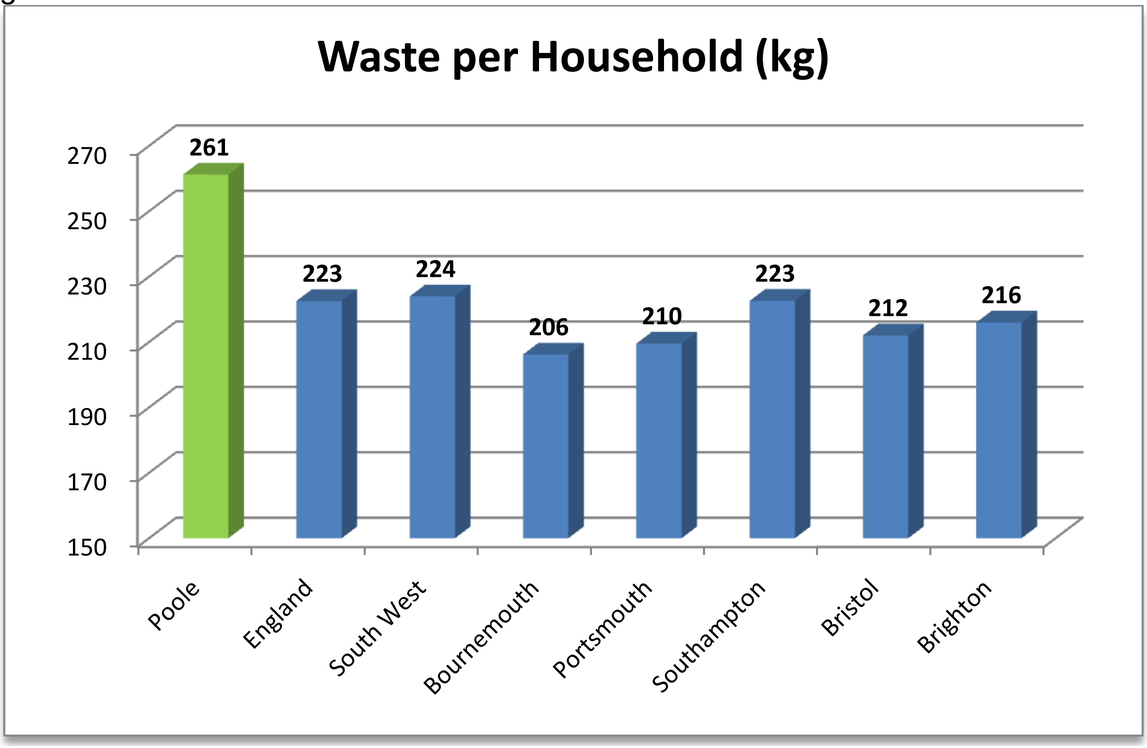



Source: ONS Mid-Year Population Estimates 2004-09, Land Registry 2010

In spite of a strong performance in the Environmental Impact sub-indicator, Poole's level of residual waste is potentially of concern. The volume of waste recycled per household (aggregate) in Poole stand at around 96kg, 7kg more than the South West and 16kg more than the average figure for England. It is also the second highest level amongst the peer group, with only Bournemouth scoring higher (a significant 115kg).

It is when we look at total volume of household waste we see the real issue for Poole. Although a large volume of waste per household is recycled, when considered as a percentage of the total waste produced per household this accounts for just under 37%; this is a good rate and above the national and regional averages, but indicative of the high level of waste households in Poole produce. Amongst the peer group the difference between the lowest and second highest level of waste per household is 18kg, yet the difference between the second highest and Poole, which has the highest volume, is 37kg (Fig.4.6h). The implication is that whilst Poole households are keen to embrace the recycle measure, their commitment to waste management may not extend as far as the reduce option.

Figure 4.6h

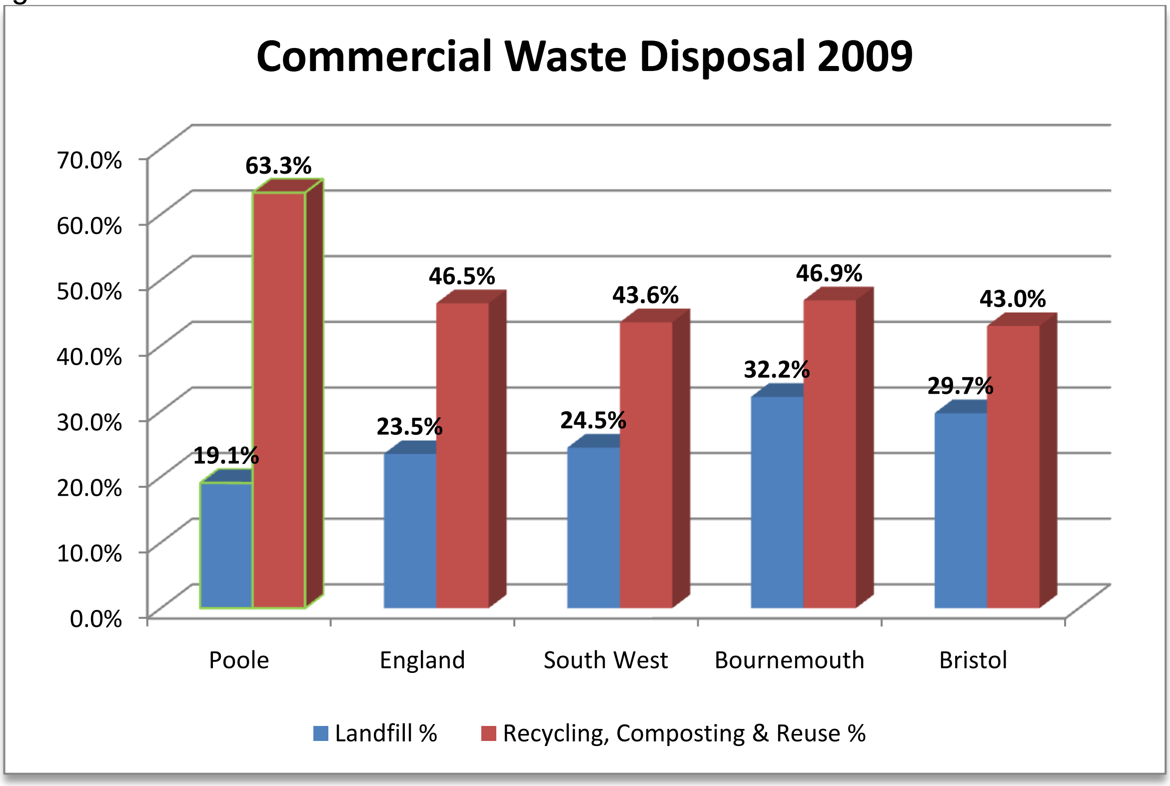



Source: Data Flow Waste Management Q1 2010

A more direct measure to consider with the economic focus of this document might be the volume of commercial waste produced in Poole in comparison to the peer group. There is a lack of availability of data for all comparators, but data for 2009 suggests businesses in Poole, in comparison to national, regional and inter-regional peers, have responded well to managing their waste. The level of commercial waste sent to landfill is the lowest proportion amongst this group, whilst the amount recycled, reused or composted is the highest (Fig.4.6i).

Within the commercial waste data a concern is perhaps the amount of waste produced by businesses. In comparison to Bournemouth, which has a similar business stock (circa 6,500), the waste produced per business unit in Poole is around 90% higher (Fig 4.6j). This has to take into consideration the high level of manufacturing and industrial activity in Poole, sectors which with their complex production processes and breadth of supply chain organically produce higher levels of waste than those within a service-led economy. This is emphasised when volume of waste is considered by sector; for Poole 45% of its commercial waste comes from production and manufacturing sectors. For Bournemouth this figure is just 3.3%, whereas the Retail and Hospitality sectors account for 55% of commercial waste as opposed to just 24% in Poole.

Figure 4.6i




Source: DEFRA Survey of Commercial Waste Arising 2010

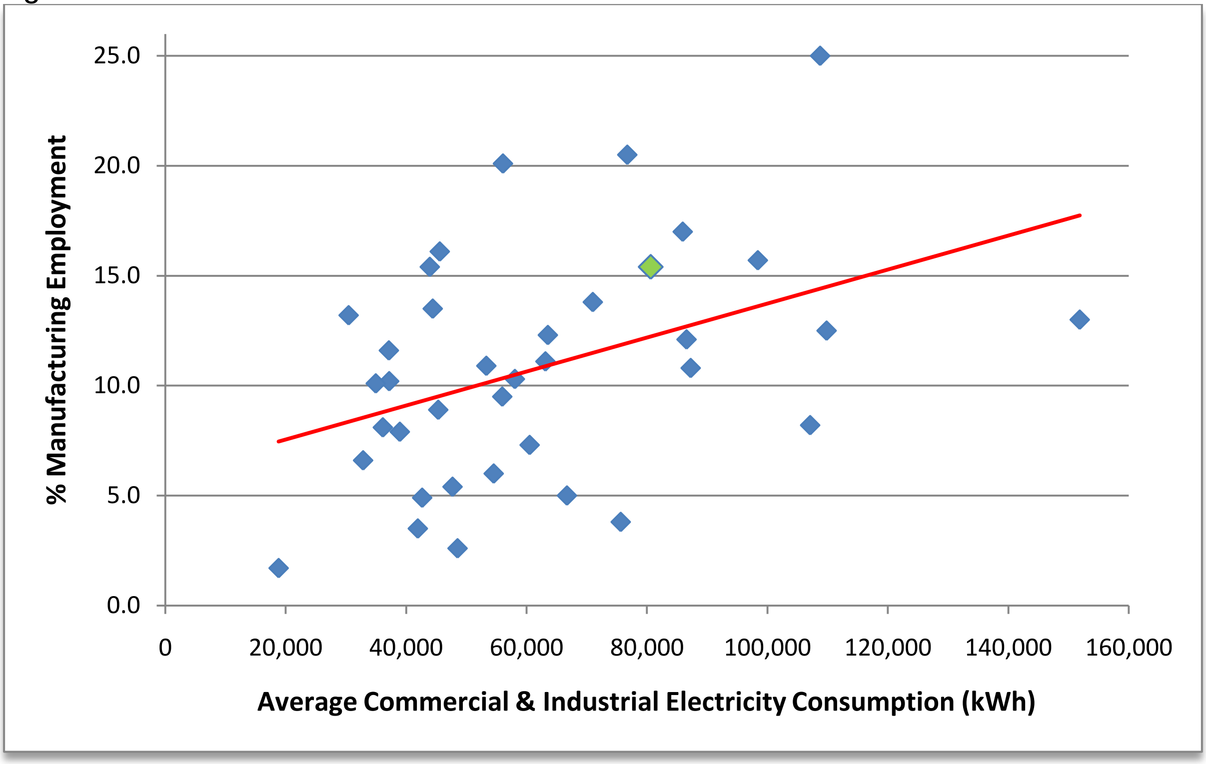
Figure 4.6j:

| | Commercial Waste (tonnes) | Business Stock | Waste per Business (tonnes) |
|---|---|---|---|
| Poole | 135,659 | 6,245 | 22 |
| South West | 3,820,568 | 207,115 | 18 |
| Bournemouth | 76,232 | 6,680 | 11 |
| Bristol | 304,059 | 15,250 | 20 |

Source: DEFRA Survey of Commercial Waste Arising 2010

The impact of Poole's industrial and manufacturing stock on its potential sustainability is further indicated in figures for the level of commercial energy consumption. Whilst this is only marginally in excess of the national average it stands around 25% higher than the figure for the South West, around one third higher than Bournemouths and close to double that of Brighton. This directly correlates with the level of manufacturing-based employment found within each area. An analysis of commercial energy consumption and manufacturing employment across the district and unitary authority areas of the South West indicate a positive correlation between the two; basically, the more manufacturing in your area, the higher the commercial energy consumption (Fig.4.6k).

Figure 4.6k:




Source: DECC, ONS Annual Business Inquiry

This clearly has an implication for Poole in its collective footprint, and local interest in capitalising on the potential of renewable energy appears to be growing, with a strong level of take-up of the Feed-In Tariff during 2010, 100% of this linked to solar installations. The trend in sustainable behaviours seems to be contrary when comparing business behaviours to those of households; businesses have made positive efforts to cut their waste but seem slower to move into the territory of micro-generation and renewable energy. Households appear to be positive in adopting renewable but have responded poorly to the need to manage consumption and the resultant waste.

### 4.7 Summary

The dynamism and potential of Poole's economy is indicated by its standing in a range of the measures included in this benchmarking process. It does however also have a number of recognised deficiencies which need to be addressed if the Borough is to achieve its potential.

There is clear evidence that Poole achieves an enviable standard in terms of economic success. The strength of the private sector, of the GVA, and of its general sustainability ranking mean it can compare and compete well with the peer group. It needs to play a significant catch-up however with the aspirational peers around Enterprise and especially with regard to Innovation.

At the heart of this is the need to build on the level of business births to ensure a competitive churn is ongoing, particularly in defined key sectors. This will capitalise on the strength of the Private Sector in the Borough, which will be under increasing pressure to pick up the slack as Public Sector employment not just in Poole and Bournemouth but also in Dorset, which is notably higher, declines during and after 2011.

Similarly the impact of the Knowledge Intensive sectors needs to be capitalised upon. Stock is high but employment is lower than the peer group we aim to emulate. This has a potential link to activity within the universities, particularly Bournemouth University, and the effective integration of the two presenta an opportunity to enhance and diversify the KI sector within Poole whilst supporting the development of local research activity.

Local sustainability, in terms of the quality of environment and interest in adopting environmentally friendly practices, is strong. Poole stands ahead of noted exemplar areas Brighton and Bristol on this, but needs to undertake significant progress to meet the level of sustainability displayed in Bournemouth. This is particularly relevant to the areas of waste management and energy consumption; residential and commercial/industrial resource efficiency needs to be improved.

# 5. Key Issues

The potential of Poole's economy is constrained by a range of issues which present major challenges to both local and national aspirations for economic growth. Whilst these primarily have their roots in national trends and developments the nature of Poole's specific economy, demographic, location and environment mean both the opportunities and threats presented manifest themselves in very particular ways

These issues need to be considered on the basis of cause and effect and in the context of Poole and its surrounding area as opposed to against a set of standard national aspirations. At the national level the key issues in economic development are evaluated on the basis of their impact on business investment and improvement, skills availability, and the provision of infrastructure. The cause behind any deficiencies within these can be wide ranging, from scarcity of land to lack of investment and from a dearth of jobs to a shortage in labour supply. If we are to talk locally about the problems of issues such as employment, skills, innovation and infrastructure we need to understand fully how these materialise within Poole.

Addressing such issues needs to be approached in broad collaboration. The extent of the problem and therefore the form of intervention may extend beyond the administrative boundaries of Poole itself; the Borough has a strong history of working collaboratively with partners in Bournemouth and Dorset to address such issues. This approach has seen these addressed on the basis of a standardised geographical area determined by a single sub-region of administrative amalgamation declared close to absolute. This has fundamentally failed to consider the principle issues on the basis of the breadth of their reach and sought to develop local capacity on the basis of local economic synergies.

Within Poole six key themes or issues have been identified as the principle shapers of the local economic environment;

- Demographic Imbalance
- Skills
- Defining Key Sectors
- Quality of Life/Cost of Living
- The Impact of the Consumer Economy
- Delivering Development Sites

These themes are not isolated elements but each represent an influence on one another which has served to implicate the socio-economic environment within Poole. They and their synergies need to be understood if we are to develop a programme of support which will encourage local business, develop local people, and attract the investment required to deliver the quality and mix of regeneration Poole expects.

**Demographic Imbalance** looks at the influence of the ageing population on Poole, at the advanced level of this issue locally, and at the impact it has on delivering opportunities and supporting the development of future generations locally. **Skills** evaluates the provision of qualifications and vocational abilities across the workforce, how this balances against demand in terms of available and future employment and the resultant impact upon competitiveness and performance.

**Defining Key Sectors** provides an analysis of the range of sectors which contribute toward the local economy and their impact in terms of both employment and wealth generation. It looks to determine the key contributors to local economic growth and prosperity. **Quality of Life/Cost of Living** assesses the impact the high level of demand for the Poole lifestyle places upon local communities.

The **Consumer Economy** looks at the growth of consumer trends in national and local spending behaviours and the impact this has had on expectations of and demands on local economies. It considers this within the context of the credit crunch and the national drive to increase exporting activity. **Delivering Development Sites** considers the planned expansion of Poole based upon population and employment growth within the economic context and how these aspirations are aligned with demand expectations and contribute toward national growth targets.

## 5.1 Demographic Imbalance

Headlines

- The UK population aged 65+ has grown by 17% between 1985 and 2008 against a general growth of 10%
- Poole has the highest proportion of residents aged 65+ of any urban area in England
- This trend is balanced against a notably low number in the 20-35 age group
- Of the current workforce over one third will reach retirement age in the next 15 years
- Pension income has grown at one third the rate of inflation since 2000
- The proportion of retired households in Poole is double the UK figure; of these over 70% can be defined ‘pension-rich’
- The cost of the UK’s age-related public services is expected to exceed £300bn annually by 2025
- There is a direct positive correlation between the size of the retirement community and the level of local employment
- This is most likely to generate jobs in low skilled and low paid employment sectors

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The issue of demographic imbalance and the ageing population continues to have a major impact upon Poole and its sub-region. The shift toward an older population with a growing proportion of retired people is a national and European phenomenon. This is however more prominent within Poole and is compounded by a decline in the number of younger people of working age living in the area.

The age profile of the UK is continuing to display an upward trend in the population aged 65+. In 1985 this group accounted for 15% of the population of England whilst by 2009 it had risen to just over 16%. In numbers this has seen the 65+ population grow by over 1.2 million, a rise of just over 17%. Whilst this should be considered in line with overall population growth within England, this figure during the same period was just 10% indicating the pace at which the national population is ageing.

The disparity between national averages and the sub-regional proportion of Working Age and Retired populations has been identified as an ongoing concern for Bournemouth, Dorset and Poole. Whilst nationally Working Age accounts for 62% of people whilst retirees just over 16%, at the sub-regional level this is significantly different with 57% of working age and 22.5% of retirement age (Fig.5.1a). Of the 153 Upper Tier Authorities in England, Poole ranks 11$^{th}$ in terms of the proportion for which the 65+ age group account and is the first urban area to feature in the list; the second is Bournemouth, ranked 23$^{rd}$.

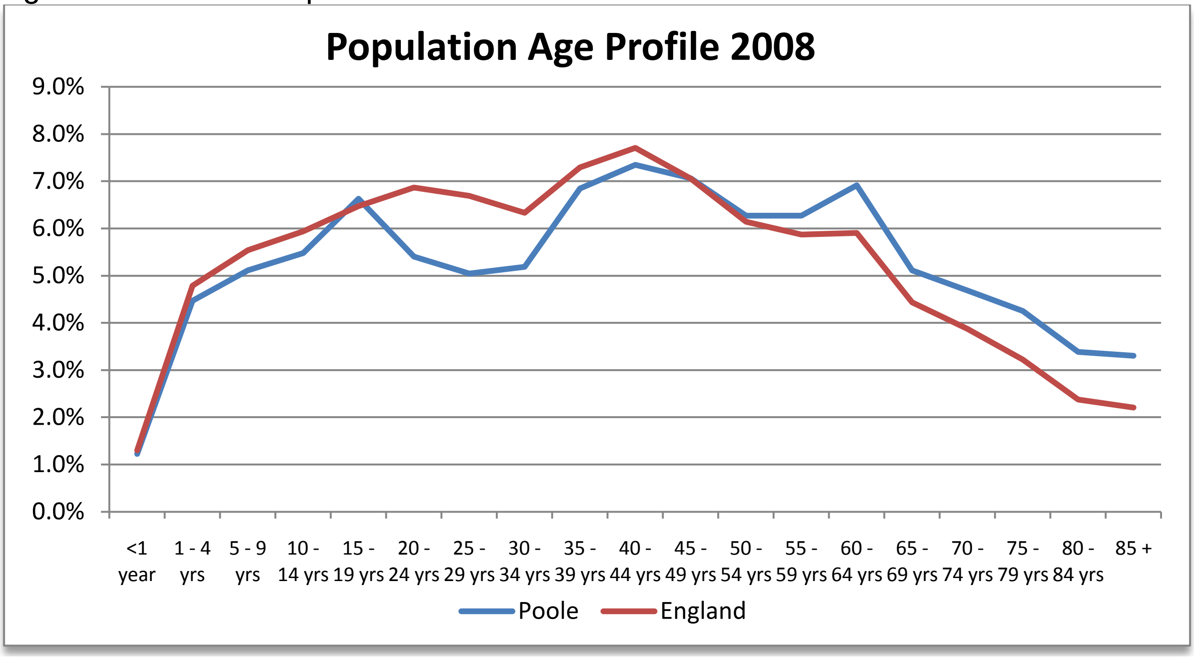
Figure 5.1a: Working Age and Retired Population 2008

| | Working Age Population (%) | Retired 65+ (%) |
|---|---|---|
| England | 62.10% | 16.1% |
| South West | 59.80% | 19.0% |
| SubRegion | 56.90% | 22.5% |
| Poole | 58.10% | 20.8% |
| Bournemouth | 62.10% | 19.4% |
| Dorset | 54.40% | 24.4% |

Source: ONS mid-year population estimates, 2008

Whilst Poole is not as adversely affected by this trend as other localities either nationally or in the Dorset sub-region, the difference to not only national averages but other Principal Urban Areas is notable. Looking specifically at the population profile for Poole there are two significant areas that divert from its echoing of national trends; the most expected is the divergence from the national trend from the age of 55 onward, with the local profile notably in excess of the national at every age grouping from here on. The second is the significant drop in population from the 20-24 age group. This only rectifies itself and once more converge with the national profile at 35-39 (Fig.5.1b).

Figure 5.1b: Poole Population Profile 2008

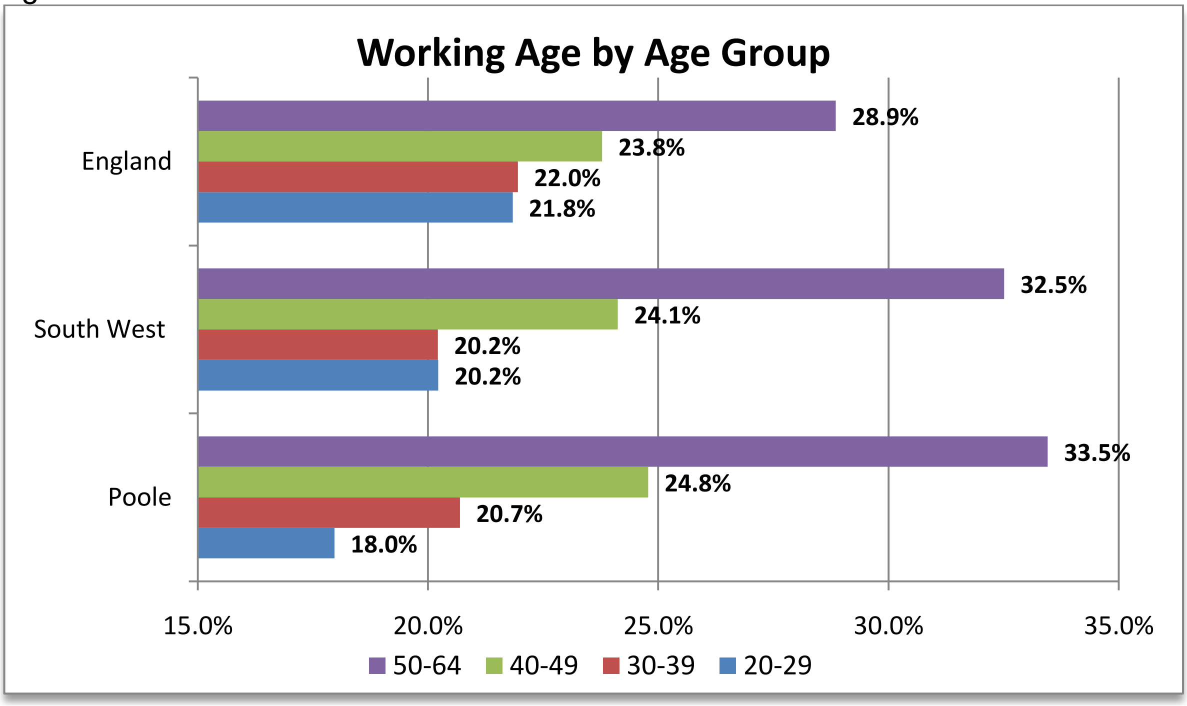



Source: ONS mid-year population estimates

This indicates that in terms of maintaining its economic performance Poole is potentially implicated in two areas; one is the ongoing loss of a workforce as older employees reach retirement age and a shortage persists amongst younger age groups to replace them. The second is the general impact to consumer and service demand shaped by the large and still growing retirement community.

The current workforce profile in Poole indicates how the immediate growth in the retired community may be exacerbated through indigenous change in the long term. When analysed on the basis of age groups, the proportion of the workforce aged 20-29 in Poole is close to 4% lower than the national figure. At the opposite end of the scale over 33% of the workforce are aged between 50 and 64 (Fig.5.1c). This third of the existing workforce in Poole will reach the (current) retirement age in the next fifteen years, some 27,000 people and a number which between them the existing youth population and expected in-migration are unlikely to cover.

Figure 5.1c:




Source: ONS Mid-Year Population Estimates 2008

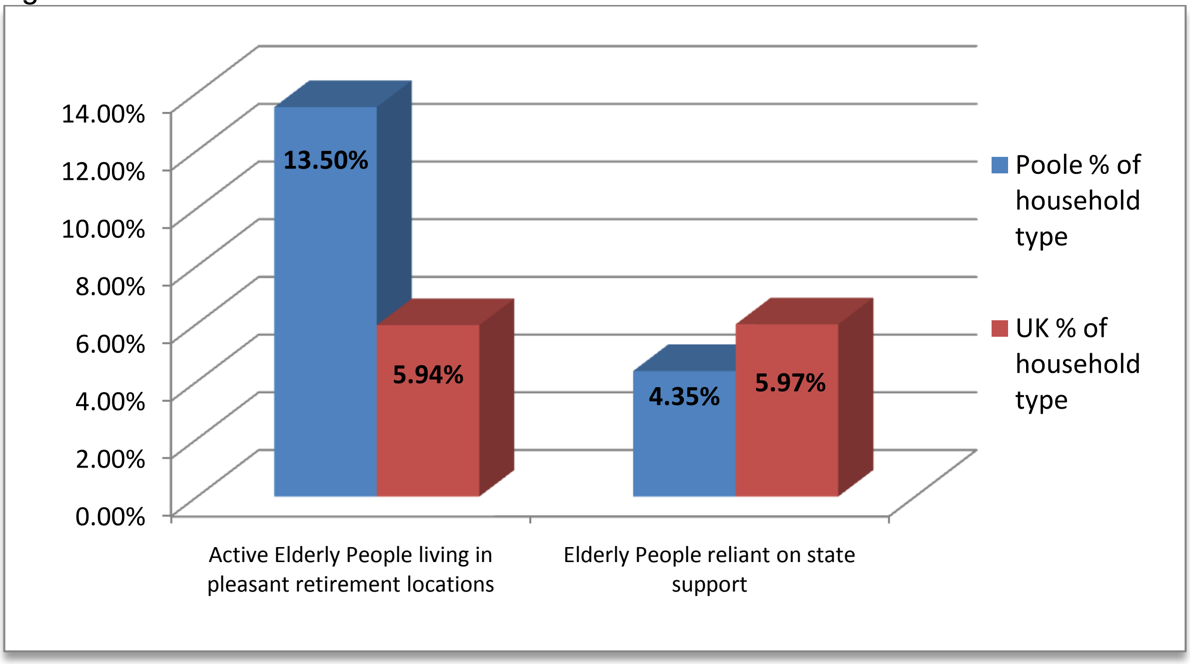
Considering the high number of retirees within Poole it is perhaps surprising that the local economy is so buoyant. The growth in the size of pensions retired people rely upon has during the past decade allowed their incomes to outpace inflation by one third[3]. Within this a more significant disparity has emerged between the pensioners with good incomes based upon private sources and those reliant upon state pensions alone, whose income has in real terms declined.

A profile of the pensioner community within Poole indicates both the severity of the local imbalance and the distribution of this group between the ‘pension-rich’ and the ‘pension-poor’. Based on Experian Mosaic data, households within the UK are divided into 15 different demographic categories. Of these there are two distinctive categories for pensioners; Active Elderly People living in pleasant retirement locations (pension-rich) and Elderly People reliant on state support (pension-poor).

[3] ONS Pension Trends

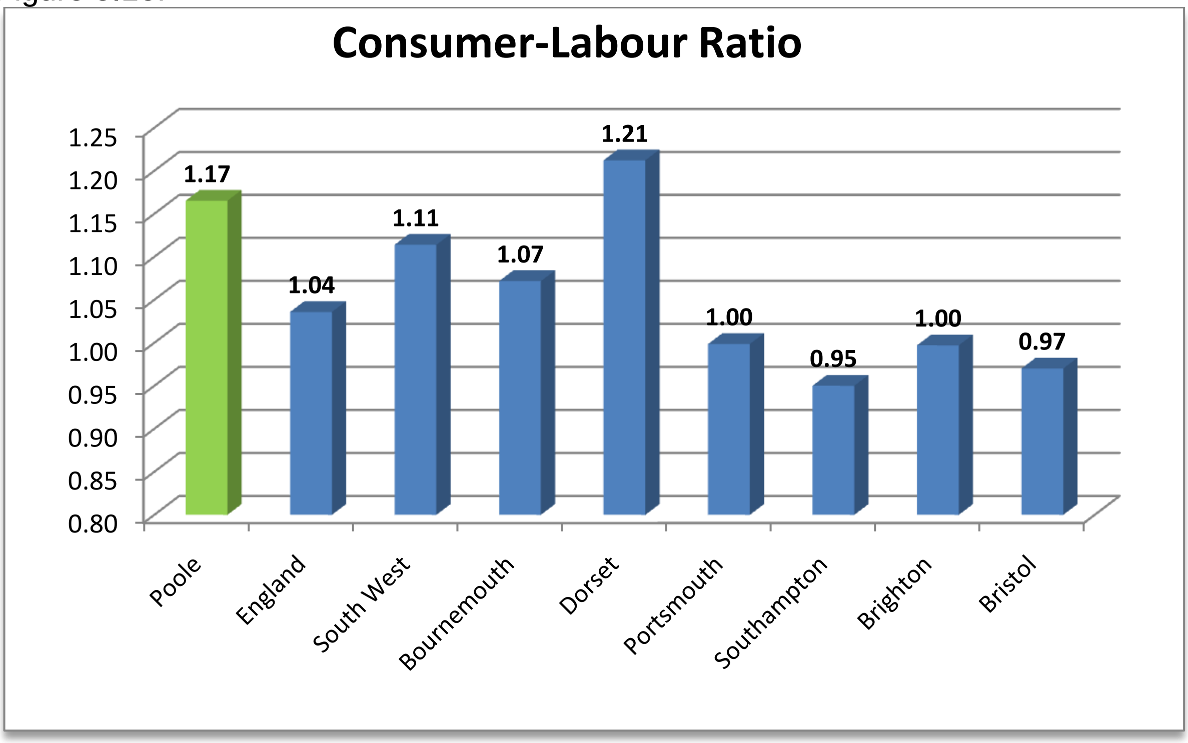
At the national level these together account for 10.3% of households; in Poole the figure is close to double this at 19.4%. Within this the distribution of the two groups is significantly different. At the UK level households are quite evenly split between the two groups, however within Poole the balance is 70:30 in favour of the more affluent demographic (Fig.5.1d). This high level of the ‘pension-rich’ has a significant impact on the local economy.

Figure 5.1d:




Source: Experian Mosaic dataset

Figure 5.1e:

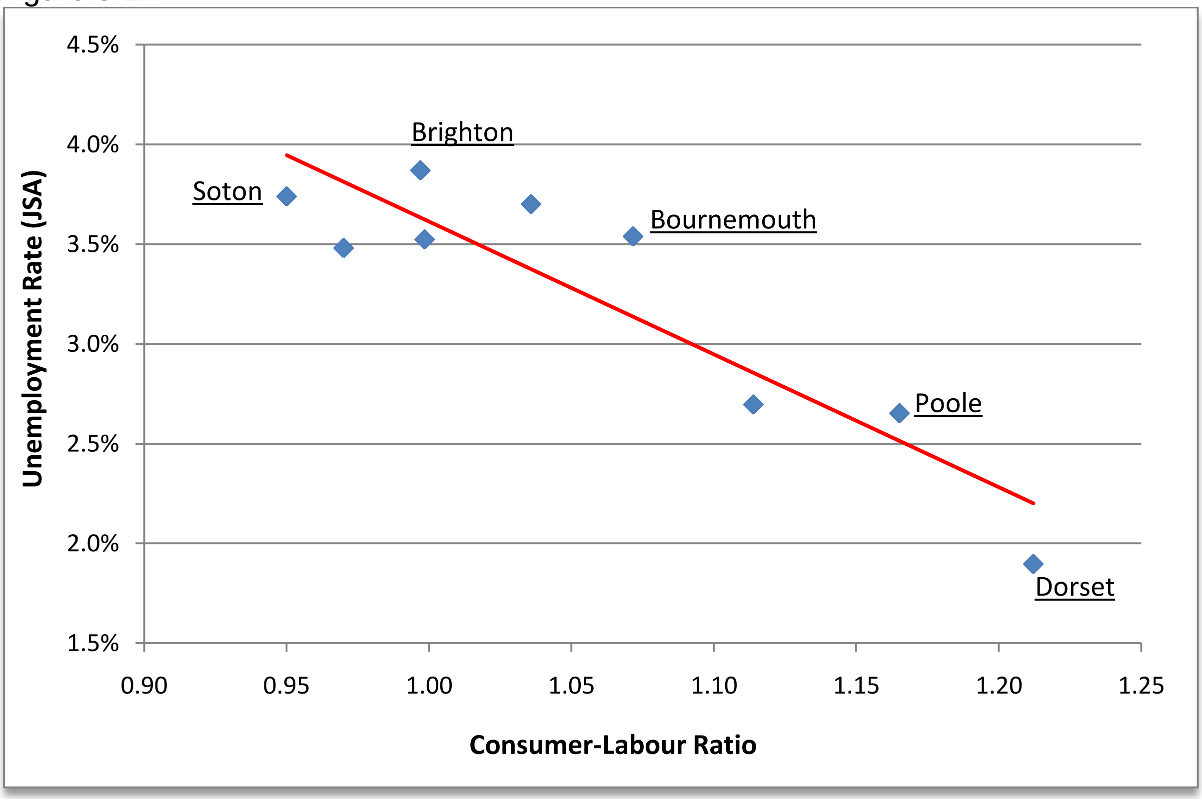



Source: ONS Mid-Year Population Estimates 2009, JSA Claimant Count May 2009

One of the most significant ways in which a growing retired community can affect a local area is in the level of inputs and outputs to the local economy. This is fundamentally the difference between the adult population active in the labour market and the adult population active as consumers. At the national level the Consumer-Labour Ratio is 1.04 – in short there is 1 resident in the labour market for every 1.04 consumers. This ratio increases or declines based upon the number of consumers who sit outside of the labour market – in effect the population aged 65+. A sample of comparator areas, based upon immediate neighbours and the defined peer group used in Chapter Two, indicates that Poole has a particularly high number of consumers in comparison to its labour supply (Fig.5.1e).

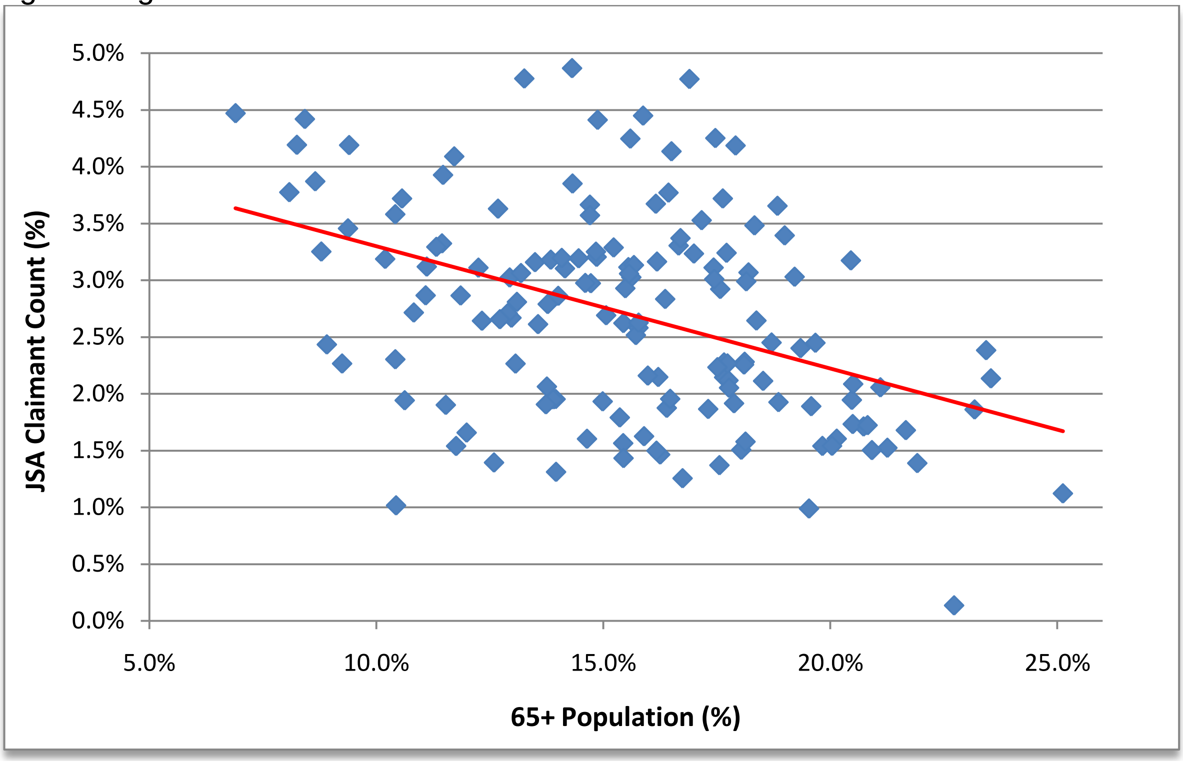
The impact this has on local employment can be significant. Fundamentally this is about input-output ratios; in areas with large retired communities – especially those of the 'younger' and more active age groups (up to 75) – the number of consumers putting money into the economy is high yet the demand for output – in this case employment – is significantly lower. This manifests itself as a positive correlation between employment and both the consumer-labour ratio and the retired population; the higher the proportion of 65+ in the population the lower the level of unemployment is likely to be. This impact on unemployment is a trend evident when we look at both the Consumer-Labour ratio for the peer group (Fig.5.1f) and the proportion aged 65+ across all County and Unitary areas in England (Fig.5.1g).

Figure 5.1f:




Source: JSA Claimant Count 2009, Mid-Year Population Estimates 2009

Figure 5.1g:




Source: JSA Claimant Count, Mid-Year Population Estimates

This effect has been fundamental in Poole maintaining the buoyant character of its economy during the recession. The spending power of this demographic relative to other households is significant and they devote a greater proportion of expenditure to both necessities and luxury items[4]. This makes them a significant influence at the local level as markets respond to the presence of such expenditure.

There are however equally negative aspects to the influence this demographic possess. This is largely based around how their collective demand and needs impact the provision of services to the rest of the community and has both a Public Service and a Private Business dimension.

Within the Public Services age-related expenditure stood at around 19% of GDP in 2007. With a projected rise in the 65+ population of 45% by 2033 this expenditure is set to increase dramatically, the combined costs expected to exceed £300bn annually by 2025. This is three times the current cost of the NHS[5] The old age dependency ratio in the UK is expected to rise from 30% to 34% by 2050[6]

These national forecasts will make stark reading for areas where the ageing demographic is in advance of the national trend. The demands on Public Services – Local Authorities and the PCTs in particular – will continue to increase, presenting stronger organisational and budgetary challenges as this demographic grows. It is likely to be to the detriment of other customers, as the demands of this influential group dominate the agenda.

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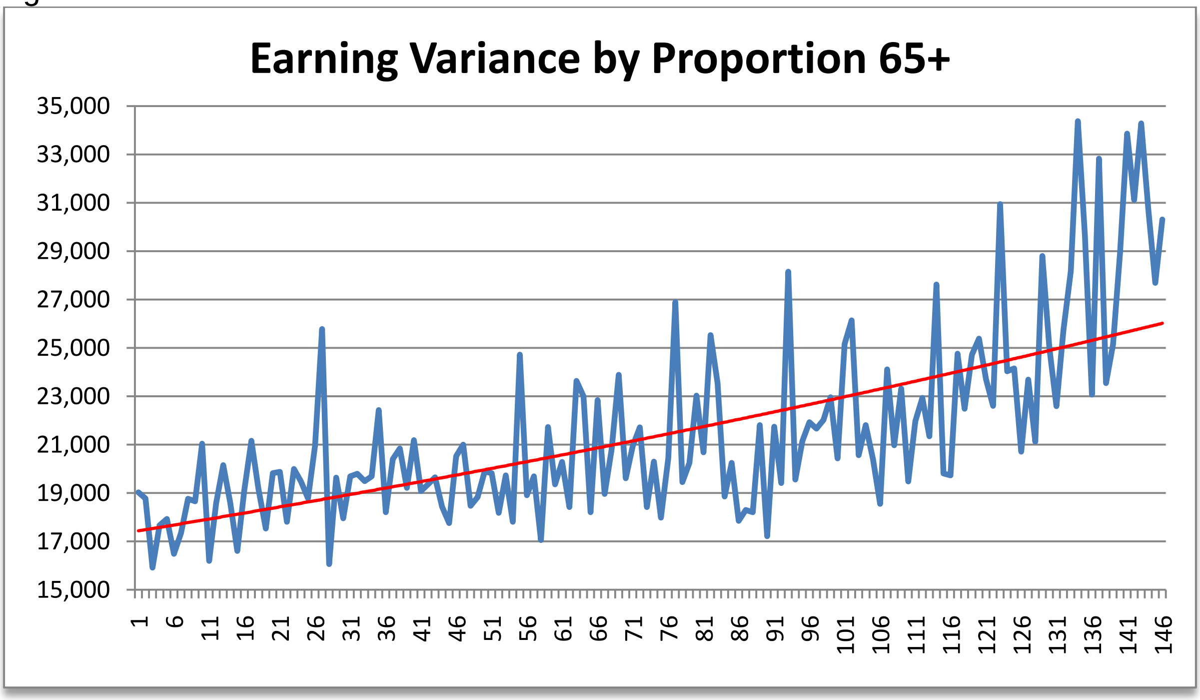
[4] BIS: Is Business ready for an ageing nation?, 2010
[5] Deloitte: Innovation that Matters, how innovation is currently supported in an ageing society, 2009
[6] BIS: Is Business ready for an ageing nation?, 2010

This influence transcends the public agenda and moves into the private sector by similarly shaping the provision of businesses active in the area, particularly around the consumer field. With the high levels of demand the prevailing demographic constitutes, whilst a positive result might be a strong employment market the negative side of this is the tendency toward occupations with lower earning and skills development potential. An analysis of employment proportions across Unitary and County areas in England indicate that in industries with lower earning potential and more generic skills requirements – such as retail or hospitality – the relationship between employment and the retired community shows a positive correlation. Looking at industries with higher earning potential and more specific skills demands – Finance and Professional, Scientific and Technical sectors – this correlation is negative *(Appendix 2)*.

Similarly the link between workplace-based earnings and the retired community also displays a negative correlation. If we rank the average earnings found across the Unitary and County areas within England on the basis of the proportion of their population aged 65+ (where 1 is the highest %) there is a clear trend for a rise in average income the lower this proportion becomes (Fig.5.1h).

Figure 5.1h:




Source: Annual Survey of Hours and Earnings 2009

The contribution of the retired community to Poole is strong and should not be ignored; neither should the risk this exposes in how their specific demands and influence shape a locality. The specific markets they encourage may prove detrimental to the development of a multi-skilled workforce as their patronage focuses on employment with demands for generic or ‘soft’ skills, easily recognised and transferable across sectors which provide low skilled employment but offering scant opportunity to progress into more high potential or diverse markets.

This presents a significant long-term risk particularly for Poole, Bournemouth and their neighbours. The Bournemouth, Dorset and Poole area and the conurbation in particular has benefitted greatly from growth in both the retired community and their spending power. Such an economy is therefore significantly reliant on this demographic maintaining their high level of affluence.

The growth in wealth experienced by the retired community has outpaced inflation since 2000. With the rise in the number of pensioners and the proportional decline of the workforce there is concern a pension shortfall may occur, essentially having more people ‘taking out’ than ‘paying in’.

Given such a scenario the influence of this demographic would become weakened and an economy reliant on them to compensate for shortcomings elsewhere could face a dramatic rise in unemployment and business closure. Similarly it could find itself exposed due to path dependency on low skilled employment and the limited potential within the workforce to diversify and enable the area to recover following its high reliance on a single demographic.

## 5.2 Skills Profile and Shortages

Headlines

- The UK has a shortage of skills across the workforce. To address this an ambitious national target was set in 2006
- This target will see skills growth at NVQ Level 4 from 29% to 40% of adults, at Level 3 from 47% to 56% and Level 2 from 69% to 90%
- Poole's skills profile indicates higher-than-average attainment for NVQ Level 2 qualifications. It is however behind in the availability of Level 4 skills
- The shortage of higher value skills presents a risk to local productivity, with the availability of Level 4 qualifications indicative of strong GVA
- Whilst local availability has improved, Poole's provision of Level 4 skills is amongst the lowest third of Unitary and County areas in Southern England
- Occupational demand in Poole and Bournemouth indicates a higher-than-average market for mid-to-high skills
- There is a relatively small candidate pool for high level occupations, an undersupply for mid-level roles, and a huge over-supply for low level jobs
- Major growth is expected in the highest level occupations with demand at other levels led by replacement need.
- The untapped potential of the low skilled labour pool will need to be exploited if growth demand is to be met

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The provision of an appropriate supply of skills is integral if actors within the local economy are to fulfil their potential. The demand for efficiency, innovation, improvement and productivity can only be met if the workforce at the disposable of our businesses has the right level of skills with which to respond.

The skill set across the UK workforce is considered short of the quality which many international peers demonstrate. The UK ambition is to be amongst the top quartile of OECD countries in terms of jobs, productivity and skills. Of these skills is the most pivotal, the catalyst to improving employment prospects and business productivity[7].

This pressing need to improve the range and quality of skills within the workforce is contrary to national progress. In 2006 the Leitch Review proposed ambitious targets for growth in a qualified workforce at NVQ Level 2, 3 and 4, the highest of these to rise by 11% by 2020. Current figures suggest that whilst progress toward the interim target (2011) has been made it still falls short of hitting its mark. In 2009 the UK's international ranking for Lower and Mid-Level Skills had slipped in spite of Government ambitions. Based on current progress by 2020 these are expected to have declined further and improvements only recognised in our High Level skills. In none of these categories will we achieve top quartile OECD status.

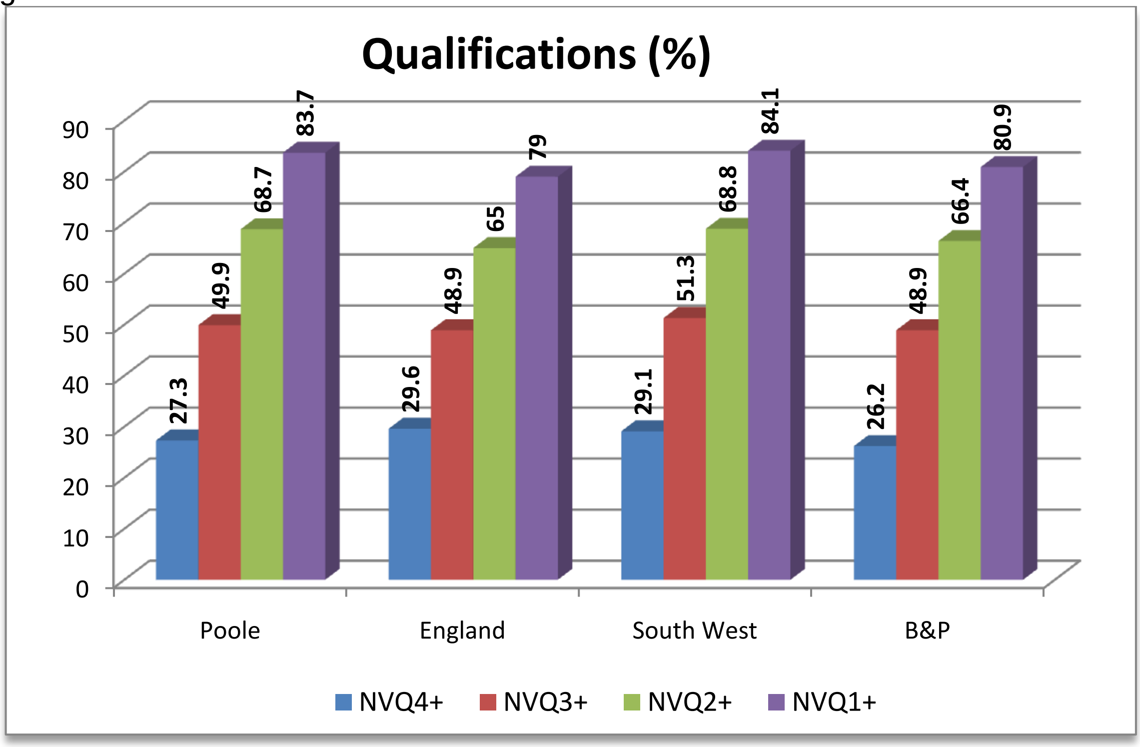
[7] UK Commission for Employment & Skills, Ambition 2020 (2009)

This risk to competitiveness is exaggerated by an ongoing polarisation phenomenon in the provision of skills in the UK. This is partly a result of the growth of mechanised industrial and manufacturing processes, although increasingly this sector has declined in the UK as operations are moved out to developed countries. It is also indicative of the key growth markets during the past decade, the high specification roles found in the Financial and Business Services sector, and the more prosaic requirements of Retail, Hospitality and Leisure.

This has yielded a notable growth in income inequality. In terms of earnings the UK is ranked the 7th most unequal country in the OECD. The earnings dispersion in the UK is the 7th highest in OECD.

A top level evaluation of Poole's skills profile indicates that proportionally the availability of a qualified workforce outpaces the National average and is on par with the Regional figure at NVQ Levels 1 and 2. At Level 3 Poole still scores higher than the National figure but falls a little further behind the Region. It is at Level 4 that the large gaps emerge; the figure for England at 29.6% is notably higher than that for Poole at 27.3%. When Poole is merged with Bournemouth as a single urban area the profile is significantly changed, falling behind the South West average at all four levels. The attainment of NVQ 4 for the Bournemouth & Poole area scores over 3% short of the National figure (Fig.5.2a).

Figure 5.2a

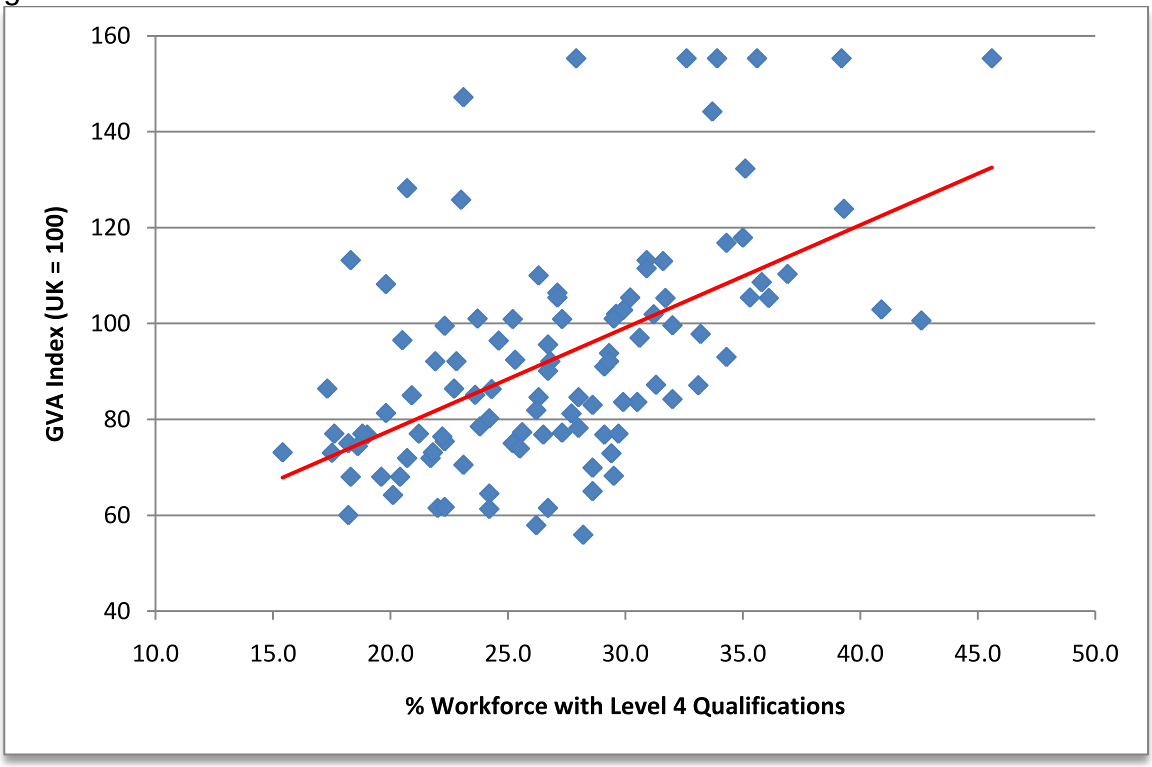



Source: ONS Annual Population Survey

The immediate inference of these results suggests Poole's productivity potential is significantly behind that of the South West and of England. With national economic growth and productivity improvements reliant on the escalation of markets dependent upon high level skills there is a presumption that such areas underperform. This argument is supported to some extent looking at the sub-regional GVA indices; against a UK benchmark of 100, GVA for England stands at 102 whilst for Bournemouth & Poole it is 100.9. The figure for the South West however, whose proportion of NVQ4 qualifications is close to 2% points higher than Bournemouth and Poole, is just 91.

The link between productivity and qualification levels is perhaps best illustrated through a comparison of skills and GVA at sub-regional level. Using the GVA Index and NVQ4 data for sub-regions across England (excluding London) there is a clear positive correlation between higher levels of productivity and the presence of a workforce with higher level qualifications (Fig.5.2b). The aspiration for Poole here is evident; if local productivity is to be improved the availability of higher skills across the labour market is pivotal.

Figure 5.2b:

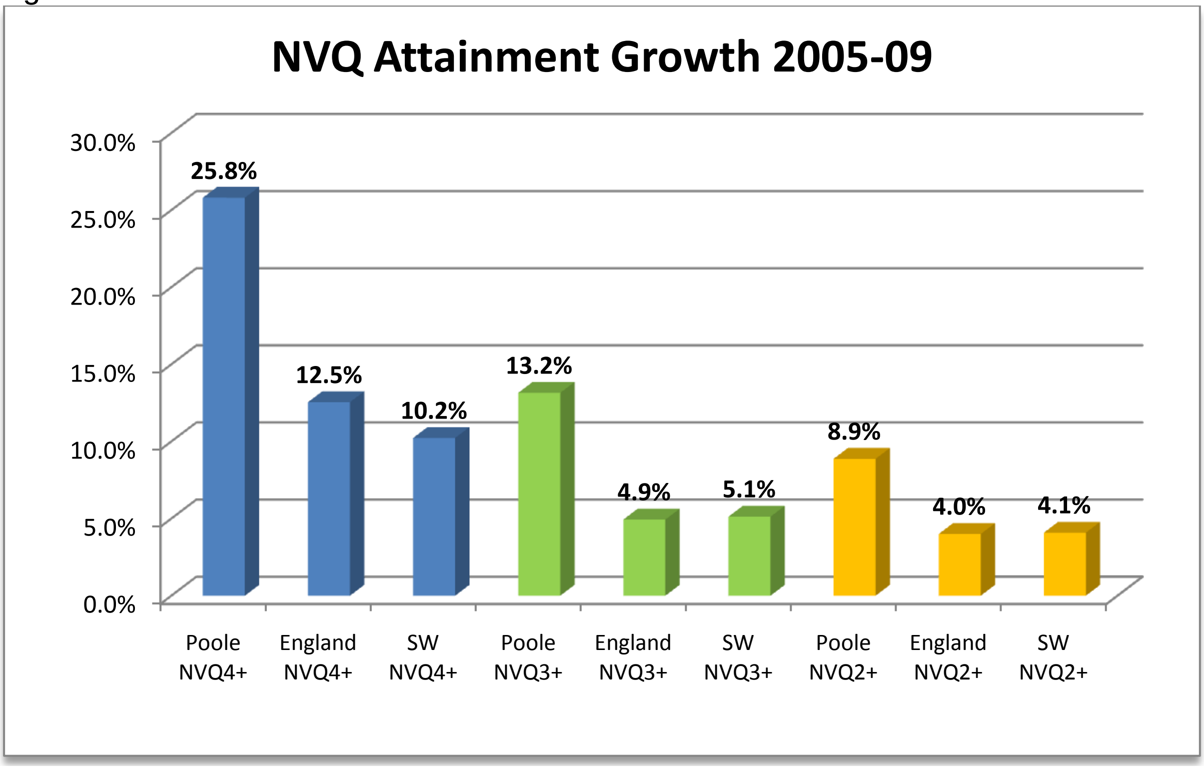



Source: ONS Annual Population Survey, ONS Regional, Sub-regional and Local GVA 2009

The local skills base has been making significant progress toward this target. Although on paper Poole is playing a greater game of catch-up, it has made significant steps toward this. With regard to NVQ qualifications the rate of improvement since the Leitch Review set out its targets has outpaced national and regional progress. This is most notable at NVQ Level 4, where growth in the proportion of the population qualified to this level has grown by close to 26% in the period 2005-2009 against a national growth rate of 12.5% (Fig.5.2c). The skills profile of Poole shows signs of closing on if not converging with the national figure.

This success however fails to address the overall progress made both locally and nationally in meeting the targets set out in the Leitch Review. With an interim target (2011) for skills set at 36% for Level 4, 56% for L3 and 79% for L2, despite positive progress the 2009 figures were still short of this target by 6% to 10% locally against 6% to 14% at the national level (Fig.5.2d). Whilst Poole's improvement may be set against a more modest level of growth within the UK, when put against peers with whom the town should be comparing itself the skills deficiency is clear. Compared to all unitary and county authorities in England (outside London) Poole ranks 53rd of 118 for NVQ4+ qualifications. When compared to these areas solely in the South of England (South East and South West) it stands 24th of 34.

Figure 5.2c:




Source: ONS Annual Population Survey

Figure 5.2d: NVQ Attainment Change 2005-2009 (%)

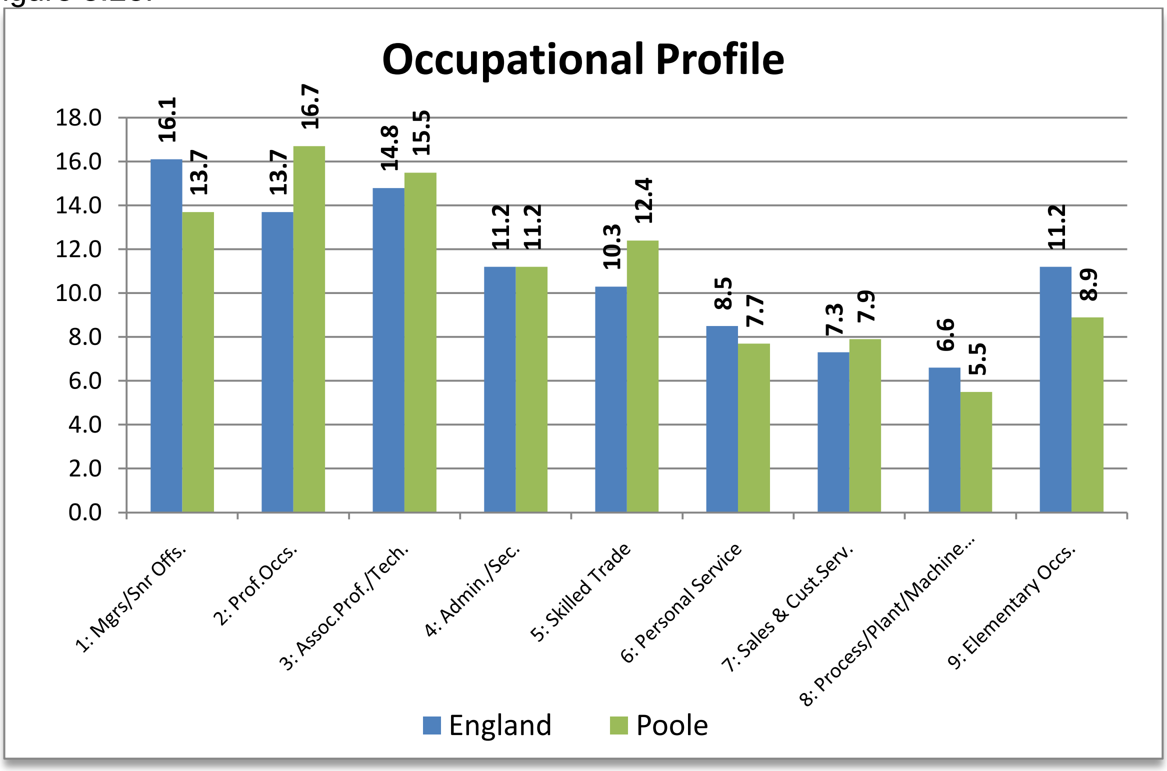
| | NVQ4+ | | NVQ3+ | | NVQ2+ | |
|---|---|---|---|---|---|---|
| | Poole | England | Poole | England | Poole | England |
| 2005 | 21.7 | 26.3 | 44.1 | 46.6 | 63.1 | 62.5 |
| 2006 | 25.2 | 27.1 | 49.0 | 47.3 | 66.4 | 63.2 |
| 2007 | 24.6 | 28.2 | 48.6 | 48.0 | 64.3 | 63.9 |
| 2008 | 24.8 | 28.2 | 49.3 | 47.6 | 65.7 | 63.5 |
| 2009 | 27.3 | 29.6 | 49.9 | 48.9 | 68.7 | 65.0 |
| Growth | 5.6 | 3.3 | 5.8 | 2.3 | 5.6 | 2.5 |
| 2011 Target | 36 | 36 | 56 | 56 | 79 | 79 |
| Shortfall | 8.7 | 6.4 | 6.1 | 7.1 | 10.3 | 14 |

Source: ONS Annual Population Survey

Progress against NVQ targets, particularly at Level 4, doesn't cover the full extent of the skills issue locally. Poole has its own distinct economy which for a range of reasons has managed to withstand the full impact of the recession. Whilst employment in some areas is in line with national trends, other sectors, such as Manufacturing and Care, have contradicted this, albeit for very different reasons. The aspiration to deliver skills to meet a standardised national agenda in order to improve the UK's competitiveness needs to not only push the production of skills at the highest levels but also needs to respond to social and economic demand which pragmatically represents established and sustainable local employment markets.

Evaluating the occupational structure of Poole indicates the types of professions and skills for which we have proportionally high or low demand. Occupational groups are set out in nine distinct categories ranging from Managers and Senior Officials to Elementary Occupations *(Appendix 3)*. The occupational profile of Poole indicates proportional differences against the national profile of over 1% at Occupational Groups 1, 2, 5, 8 and 9 (Fig.5.2e).

Figure 5.2e:




Source: ONS Annual Population Survey

Whilst this structure implies certain strengths and deficiencies it similarly needs to be considered in a wider context. First is the full occupational structure of the conurbation area; all urban areas have inherent 'travel-to-work' areas but more importantly is the need to recognise the local employment market as a consolidation of Bournemouth and Poole rather than two separate entities.

Second there is the implication of any divergence from national averages and whether this requires significant address to rectify embedded issues which weaken or prejudice the area. Finally the balance between qualifications and employment demands at the local level should fundamentally sit at the core of any activity.

The occupational profile for the Bournemouth & Poole conurbation makes a notable impact on how the area compares with national figures (Fig.5.2f), profiling closer to them in Groups 1 and 2 whilst some marginal divergence also occurs, most evident in Group 8. By consolidating the data for Bournemouth and Poole we get a more rounded picture of the local occupational structure and are able to identify where structural weaknesses in this profile may exist.

The nine occupational groups can be divided amongst four derived skills levels depending upon the qualification and experience considered necessary to effectively conduct the role (Fig.5.2f). The determinants for these skills levels range from general competence after completing a basic education to a requirement for a degree or equivalent through experience *(Appendix 4)*.

Figure 5.2f:

| | **England** | **B&P** | **Poole** |
|---|---|---|---|
| *Skills Level 4* | *29.8* | *29.9* | *30.4* |
| 1: Managers and Senior Officials | 16.1 | 15.1 | 13.7 |
| 2: Professional Occupations | 13.7 | 14.8 | 16.7 |
| *Skills Level 3* | *25.1* | *28* | *27.9* |
| 3: Associate Professional & Technical | 14.8 | 15.6 | 15.5 |
| 5: Skilled Trades Occupations | 10.3 | 12.4 | 12.4 |
| *Skills Level 2* | *33.6* | *31.9* | *32.3* |
| 4: Administrative and Secretarial Occs | 11.2 | 11.2 | 11.2 |
| 6: Personal Service Occupations | 8.5 | 7.6 | 7.7 |
| 7: Sales and Customer Services Occs | 7.3 | 7.9 | 7.9 |
| 8: Process Plant & Machine Operatives | 6.6 | 5.2 | 5.5 |
| *Skills Level 1* | *11.2* | *9.9* | *8.9* |
| 9: Elementary Occupations | 11.2 | 9.9 | 8.9 |

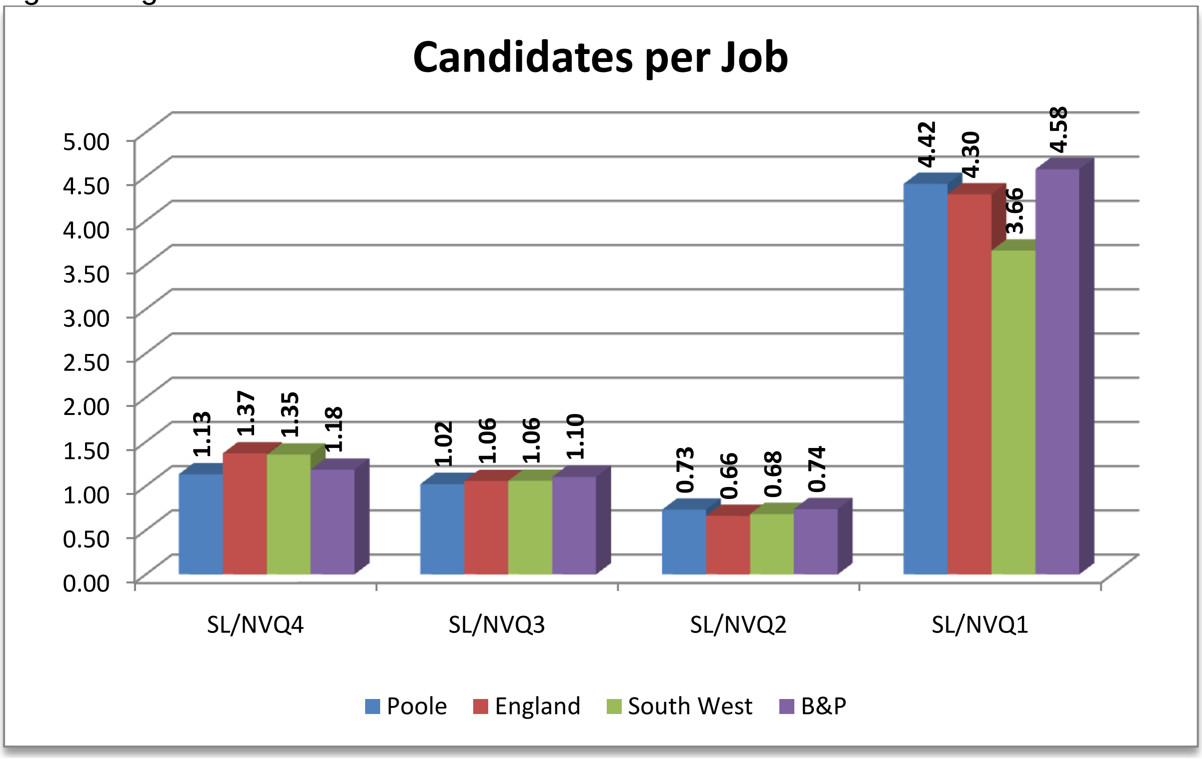
Source: ONS Standard Occupational Classification 2000

In occupational terms the Bournemouth & Poole area appears to have a marginally larger market for mid- to higher level skills and a lower level of demand for those of low- to mid-level. The higher proportion of occupations within Group 5 is indicative of the importance of the manufacturing base in Poole to the conurbation. Given the local demographic the lower figure for Group 6 is of interest considering the Healthcare professions which would be recorded under this category.

This profile suggests the Bournemouth & Poole area may be a little top-heavy in high skilled employment. Considering the qualification profile and the productivity level for the area there may be an issue in terms of the competitiveness in this high end market and the available candidate pool. Related to this there may be an issue in succession planning or internal progression for a number of businesses as the smaller number of low- to mid-level skills isn’t sufficiently broad enough to recruit, retain and develop the potential inherent within this pool.

The balance between occupational and qualification profiles in Bournemouth and Poole suggests there are two key areas of concern. In the higher end occupational market the number of candidates available per job for Skills Level 4 is just under 1.2; around 6 candidates for every 5 jobs. With the pool for Level 2 just above 1 this implies a shortage for employers to select from at the higher skills end (Fig.5.2g). This inference is compounded when compared with other urban areas in the South of England[8], coming well toward the bottom of the scale with only Crawley displaying a lower ratio (Fig.5.2h).

Figure 5.2g:

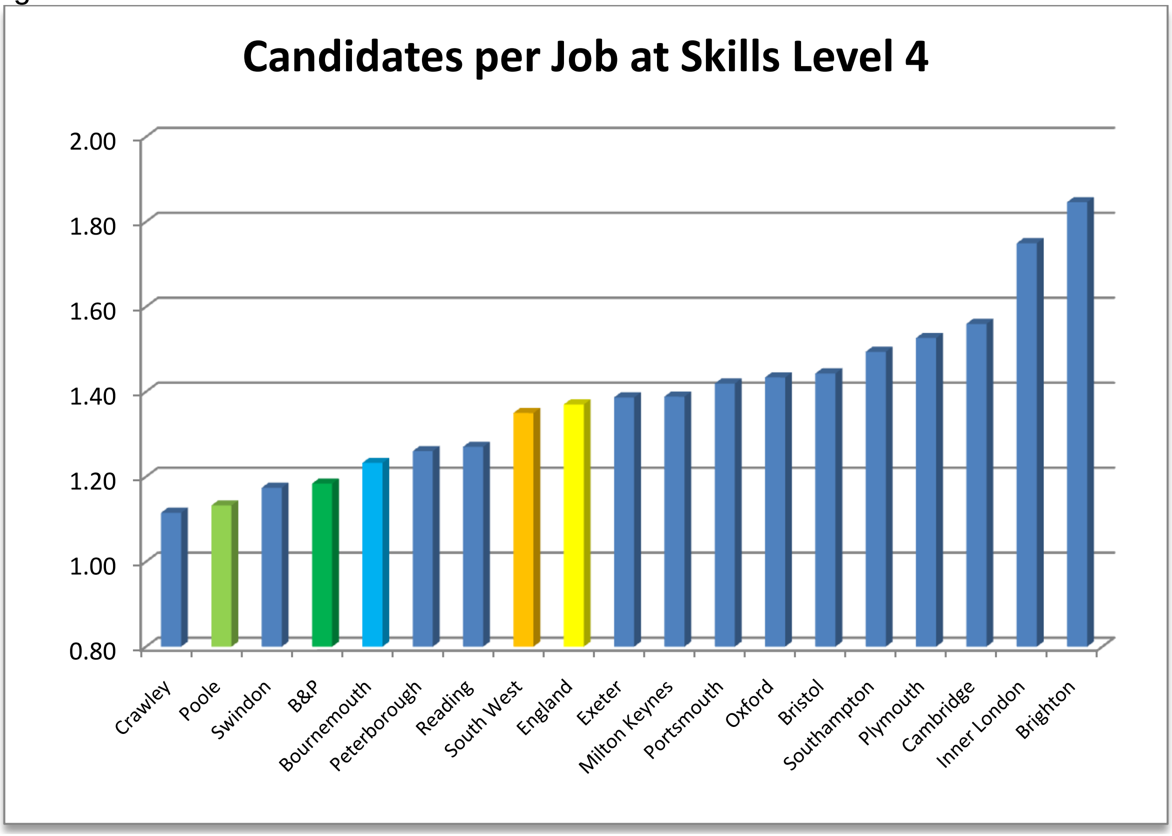



Source: ONS Annual Population Survey 2009

At the lower end there is a significant over-supply at Level 1 – although it should be considered that this will include a number of those classified as ‘economically inactive’ – but a large under-supply at Level 2 (around 3 people per 4 jobs). This suggests that in order to fill these vacancies employers may be reliant upon a candidate pool not appropriately qualified to effectively conduct their role. It does however also imply that opportunities may be present for those with lower skills levels to attain and progress at a higher level of employment.

[8] South West, South East and East of England regions (excluded London)

Figure 5.2h:




Source: ONS Annual Population Survey 2009

This shortfall will have an impact on the productivity of businesses within the Bournemouth & Poole area. It does however suggest significant potential to contribute toward the local agenda in combating poverty and in encouraging social mobility at the local level. Whilst this is a broad issue to address, the potential for working parents in the lowest earning employment market to progress into more meaningful, skilled, and better paid jobs could make some impact.

Figure 5.2i:

| **BDP Occupation Change** | | | | |
|---|---|---|---|---|
| | Skills Level 1 | Skills Level 2 | Skills Level 3 | Skills Level 4 |
| 2009 | 33,300 | 104,300 | 88,300 | 89,600 |
| 2009 (%) | 10.6% | 33.1% | 28.0% | 28.4% |
| 2017 | 35,300 | 107,300 | 90,800 | 103,600 |
| 2017 (%) | 10.5% | 31.8% | 26.9% | 30.7% |

Source: SLIM South West Regional Skills Analysis 2010

The potential of this group in improving their skills will also play a significant role in meeting the future skills demands for Poole. Projections for skills demands in 2017 indicate the local profile will swing 2.3% in favour of the Level 4 occupations (Fig.5.2i). Whilst an overall growth in employment of 21,500 is expected, there will be a decline in the Admin & Secretarial, Skilled Trade and Process Plant & Machinery occupations: whilst demand for these skills will be evident this will be created solely by replacement demand as the current workforce retires. The majority of job growth will occur in the top three occupational groups (circa 20,000)[9].

For Poole to both satisfy internal demand and fulfil its productivity potential a supply of higher level skills need to be forthcoming. This will be reliant upon a range of contributors, including the attraction of external human capital, the development of the indigenous workforce, and the establishment of a skills framework locally which responds to and integrated with the needs of local employers. Similarly the aptitudes and potential of Poole's low skilled workforce needs to be utilised and enhanced to respond to unmet demand within the current market and support such groups in themselves progressing up the skills ladder.

[9] SLIM, Sub-Regional Employment & Skills Analysis 2010

**5.3 Defining Key Sectors**

Headlines

- Key Sectors are usually considered on the basis of employment but their impact extends into GVA output, clustering potential and multiplier effects
- Around 70% of employment and GVA in the UK comes from 3 key sectors; Financial Services; Distribution, Hotels &Catering; and Public Services
- National economic policy seeks to rebalance UK industry, growing the production economy and stimulating private investment
- Local and Regional sector growth strategies should focus on those with the best growth potential, aligning existing strengths with opportunities
- Key local employment sectors are Manufacturing, Health, Retail & Education
- The key contributors to local GVA include Financial Services, Manufacturing, Public Services and Distribution, Hotels & Catering
- Poole is part of a strong Manufacturing cluster in Dorset and Wiltshire and a Health cluster which extends across to Portsmouth
- It falls within two strong employment clusters in Knowledge Intensive Businesses; Knowledge Intensive Services and High Tech Manufacturing
- The Marine sector is important locally, led by Sunseeker, but Poole also sits on the edge of the UK's strongest Marine cluster
- The strongest local multipliers are found in the Financial Services, Manufacturing and Construction industries

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The value and productivity of the economy is dependent upon a range of sectors providing a diversity of goods and services. Across and within these they will trade with customers and clients from local to international level, creating a range of supply and commodity chains which in turn stimulate business development and wealth retention opportunities.

Poole is considered to have a diverse economy and as such a broad range of sectors are key. These include established sectors with strong local roots such as the manufacturing cluster based on and around the Nuffield Industrial Estate and the Financial sector which includes major employers Barclays and LV. The Retail and Tourism industries are considered important due to the competitive advantage Poole's distinct natural capital. Emerging sectors such as the Creative Industries and the Environmental Goods and Services are also seen as an opportunity, particularly for Poole's continued growth and future competitiveness.

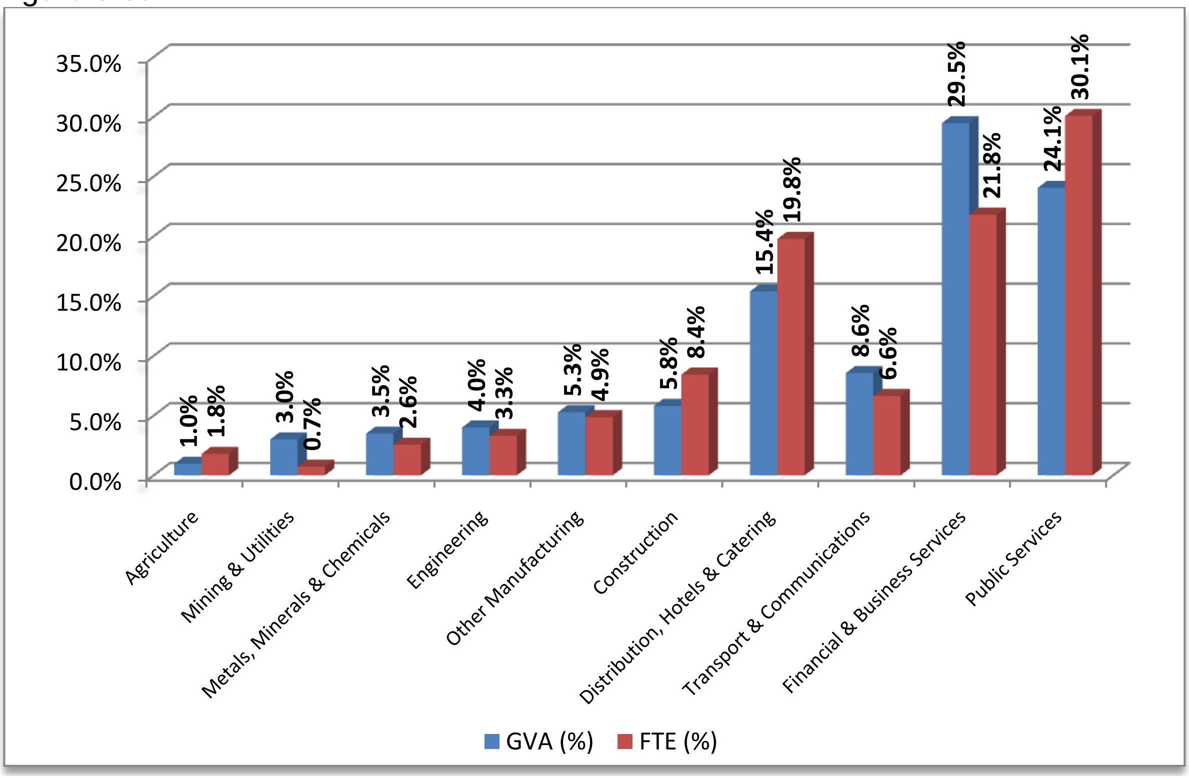
The value and importance of any of these should not be underestimated. There are however a number of presumptions made across the structure of the local economy which need to be analysed if we are to identify the priority key sectors in Poole.

The traditional approach to evaluating key sectors at the local level has been to assess their importance in terms of employment, the key sectors deemed those which produce the highest number of jobs. This approach however fails to take account of the complexity of local markets and recognise the economic core; those businesses whose activity create commercial and consumer chains which spin-out the spend at the heart of local prosperity.

To this extent GVA may be used as a stronger indicator of key sectors. This assesses the productivity of sectoral activity and how much value is added through the difference between inputs and outputs. The key sectors might be identified on a clustering basis; in such an instance they are likely to be determined by a wider geography than the Borough boundaries. Also considered should be the potential multiplier effects of growth in specific sectors and the indirect growth this is likely to stimulate across the wider commercial and consumer economy.

The national picture of key sectors displays notable differences in their contribution in terms of employment and GVA. The national economy provides around 25.3 million FTE jobs and contributes £1,023bn of GVA. For both measures around 70% is attributed to three key sectors; Public Services, Financial & Business Services, and Distribution, Hotels & Catering (Fig.5.3a). Whilst this is indicative of their importance in terms of volume, the productivity per capita for these sectors needs to be considered.

Figure 5.3a:




Source: ONS GVA by Sector 2009

The productivity of a sector is dependent upon its output per employee. To this extent those sectors which contribute a proportion of GVA which is in excess of their share of the employment market are arguably key sectors, producing goods and services of high value reliant upon a distinct set of skills and capabilities. GVA per capita is highest in the Mining and Utilities, Metals, Minerals and Chemicals, and Financial & Business Services sectors (Fig.5.3b).

Figure 5.3b:

| Sector | GVA per FTE |
|---|---|
| Mining & Utilities | £ 165,388 |
| Metals, Minerals & Chemicals | £ 55,049 |
| Financial & Business Services | £ 54,635 |
| Transport & Communications | £ 52,121 |
| Engineering | £ 48,925 |
| Other Manufacturing | £ 43,807 |
| Public Services | £ 32,362 |
| Distribution, Hotels & Catering | £ 31,467 |
| Construction | £ 27,898 |
| Agriculture | £ 21,671 |

Source: ONS GVA by sector 2009

The high level of employment and GVA generated in a relatively narrow collection of sectors is a concern for the Government. Emerging economic policy[10] seeks to support the restructuring of the UK economy so the dependency on the Public and Financial sectors is reduced. This in particular has focused on increasing our role as a production economy, reducing our reliance as a consumer on the availability of cheap imports and cheap credit, and stimulating wider levels of private investment.

As this economic restructuring occurs it is integral investment is channelled into the sectors which are best placed to stimulate growth and assist in the establishment of a robust and versatile economy. There is an expectation that a renaissance in manufacturing, the continued rise in the creative industries, and the advent of a green economy will be pervasive across the country.

The reality is that only a select number of areas will possess the right set of conditions to establish such clusters, particularly in the absence of public subsidy. Those towns and cities with the right conditions and resources are expected to already have a strong private sector and should look to this for guidance[11]. There needs to be a strong alignment between the existing industries within the immediate area and the growth they look to nurture.

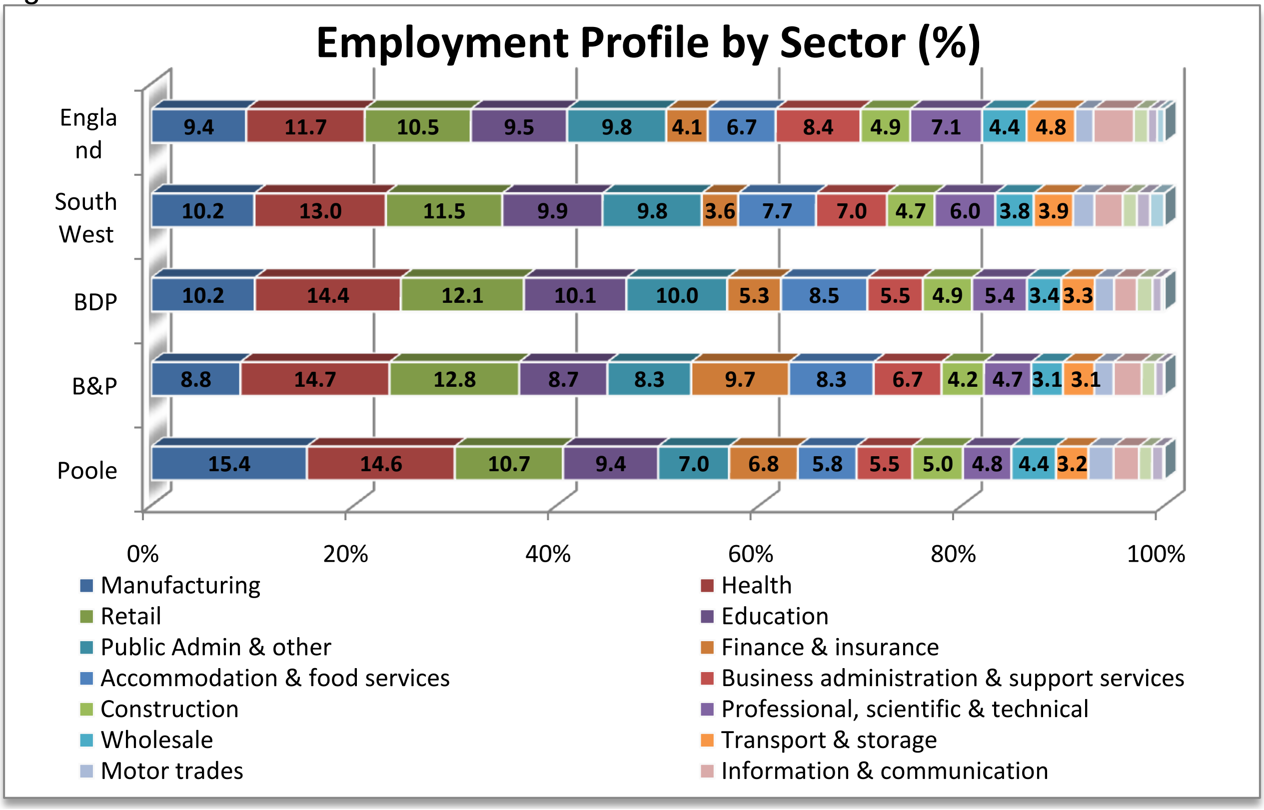
Such areas expected to enable national growth could include the Creative Industries, the Manufacturing-Services sector (particularly in long-term after-care contracts), the Low Carbon Industries, and High-Tech Networked Services[12]. These however need to be linked to existing specialisms in the immediate area rather than become speculative aspirations.

The sectoral profile of the Poole area indicates some notable differences from the picture at national, regional and sub-regional level. Some of these, such as the significant drop in Agricultural employment, are to be expected when focusing

[10] Local Growth white paper, 2010
[11] Centre for Cities, Firm Intentions, 2010
[12] The Work Foundation: No City Left Behind, 2010

specifically on an urban area. Other divergence is perhaps more surprising. The level of employment in Manufacturing is around 60% higher than the national average and the Health sector proportionally accounts for 25% more jobs at the local level. The proportion of Public Administration is around 3% points lower than the national, regional and sub-regional figure, the Finance sector is strong locally, and employment in the Accommodation and Food, Business Support and Professional, Scientific and Technical sectors show a notable decline (Fig.5.3c).

Figure 5.3c:

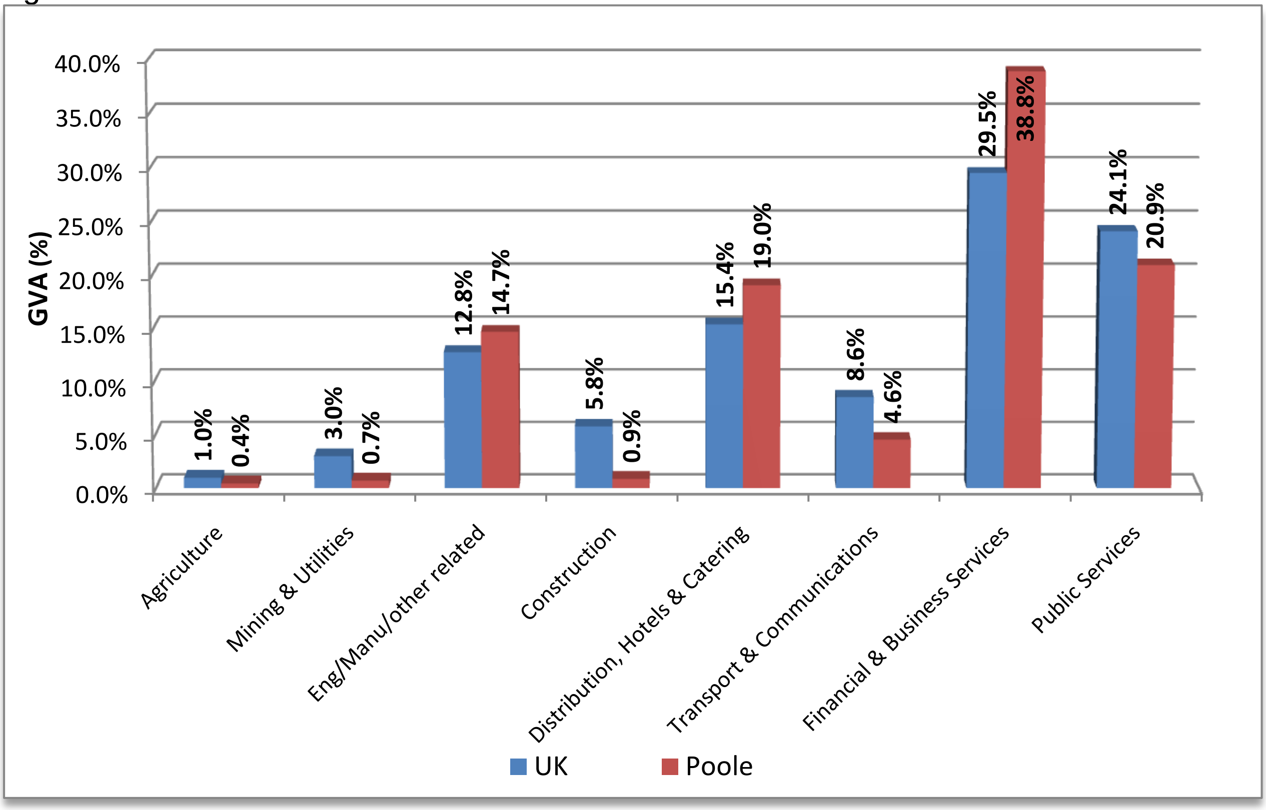



Source: ONS Annual Business Enquiry 2008/09

In GVA terms there are again differences between national and local picture. The proportion of GVA contributed across each broad industrial sector shows a significant diversion in some cases. The Manufacturing-related industries, Distribution, Hotels and Catering, and the Financial sector all contribute a higher proportion of locally-generated GVA, whilst the Public sector shows a drop of 3% points and Construction close to 5% points. The contribution of the Financial sector locally seems to be particularly strong, contributing close to an additional 10% in comparison to the national figure (Fig.5.3d).

When looking at key sectors locally the breadth and influence of peripheral areas need to be considered. The notion of Functional Economic Market Areas (FEMAs) and developing local economic policy in recognition of these underpins emerging economic policy, particularly in relation to the Local Enterprise Partnerships (LEPs). The strength of such sectors across a FEMA comes from agglomeration or clustering.

Figure 5.3d:




Source: ONS GVA Data and Regional Accounts

Clustering may occur in two forms; skills capture or supply chain. Where a skills capture cluster forms this incorporates an array of companies that start, relocate or evolve with a strong reliance on the quality of skills available locally in their particular field. The Manufacturing sector within Poole would be an example of a skills capture cluster.

A supply chain cluster is more of an economy of scale, where a major producer or commissioner underwrites a number of local suppliers through its sub-contracting. Such a cluster exists in Poole via Sunseeker's supply chain, estimated to be worth in excess of £160m[13].

Clusters will occur more significantly on a sub-regional or inter-regional basis. To this extent Sunseeker can be seen in isolation as the centre of a localised cluster or as part of a wider Marine cluster which extends along the South Coast from Poole to Southampton and Portsmouth. Identifying the potential for clusters in Poole requires us to look externally for any correlation in employment or output in excess of national or regional averages across a set of extended areas *(Appendix 5)*.

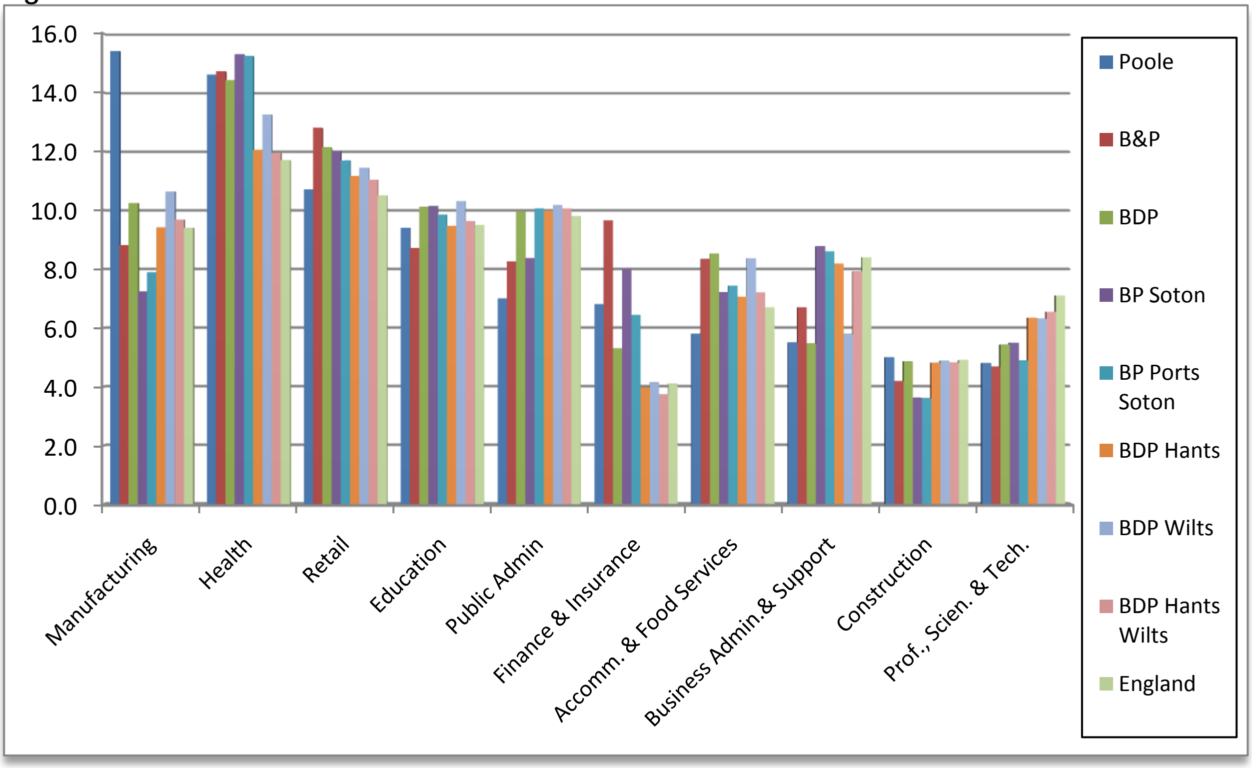
In respect of the key employment clusters within Poole the largest, Manufacturing, is a stand alone sector, the proportion declining notably when amalgamated with other areas. It is however part of higher concentration found across Dorset and Wiltshire which constitutes around 12% of jobs, around 3% points above the national proportion. The Health sector shows signs of a significant concentration not just in

[13] Economic Impact Assessment of Sunseeker, Borough of Poole, 2003

Poole but across the South East Dorset Conurbation, the Dorset sub-region, and the South Coast Urban Area (Bournemouth, Poole, Portsmouth and Southampton).

Retail employment is also healthy in the wider FEMAs, although not so significant in Poole, and Finance in Bournemouth & Poole has a strong presence. Across the extending economic area the employment in the Professional, Scientific & Technical sectors is notably low (Fig.5.3e).

Figure 5.3e:



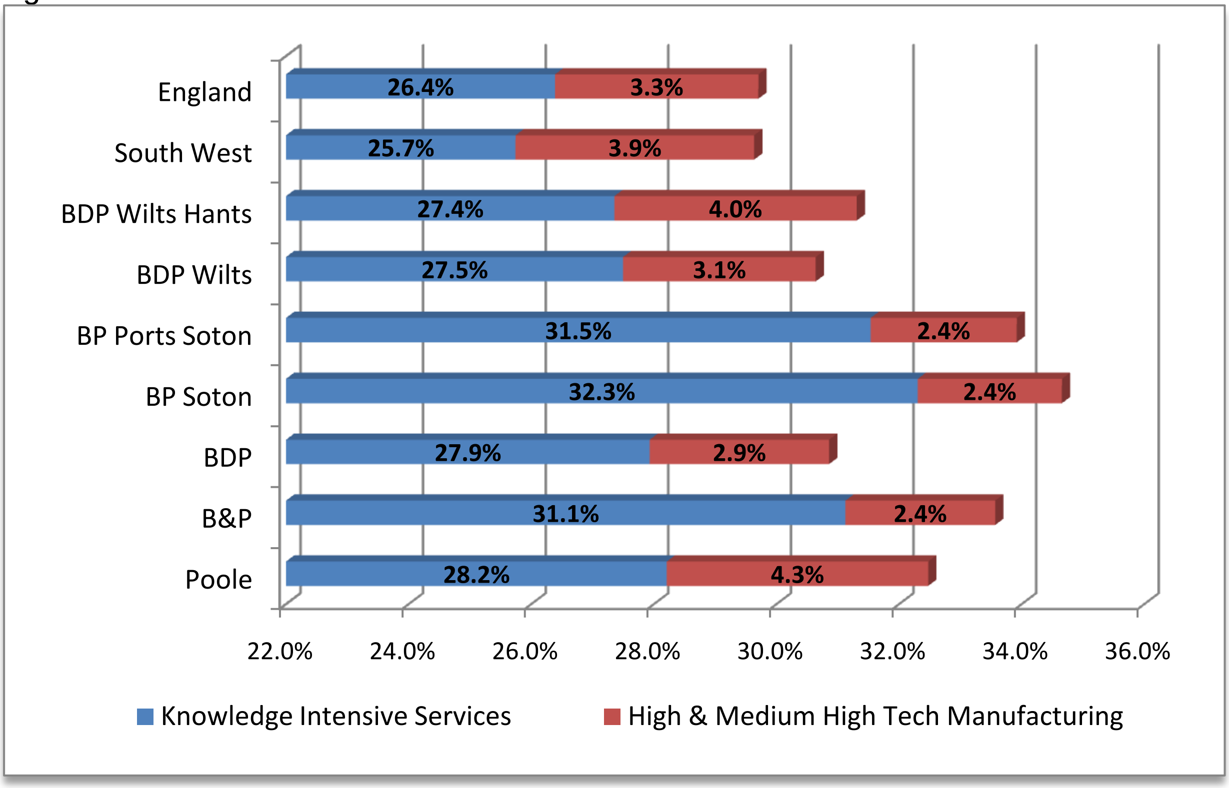

Source: ONS Annual Business Enquiry Employee Analysis 2008

Alongside these standardised sectors the potential that exists in Poole and the wider FEMAs needs to be considered in relation to high potential and emerging sectors. These include the Knowledge Intensive sector, which itself is split between manufacturing and service industries, the Marine sector, the growing Creative Industries, and the emerging Environmental Goods and Services.

The **Knowledge Intensive** sector covers three sub-sectors; Knowledge Intensive Services, High Tech Manufacturing and Medium-High Tech Manufacturing. This covers aactivities from the development and manufacturing of transport and communications to financial and real estate activities. The employment characteristics in this sector suggest that Poole has a strong collective cluster of High and Medium-High Tech Manufacturing industries, particularly around the manufacture of machinery and of computer, electronic and optical products.

This strength is echoed across a cluster which extends into Dorset (excluding Bournemouth) and Wiltshire. The data also suggests Poole is part of an extended cluster in the Knowledge Intensive Services, particularly those related to Finance and Health, which is concentrated across the South Coast Urban Area (Fig.5.3f).

Figure 5.3f:




Source: ONS Annual Business Enquiry Employee Analysis 2008

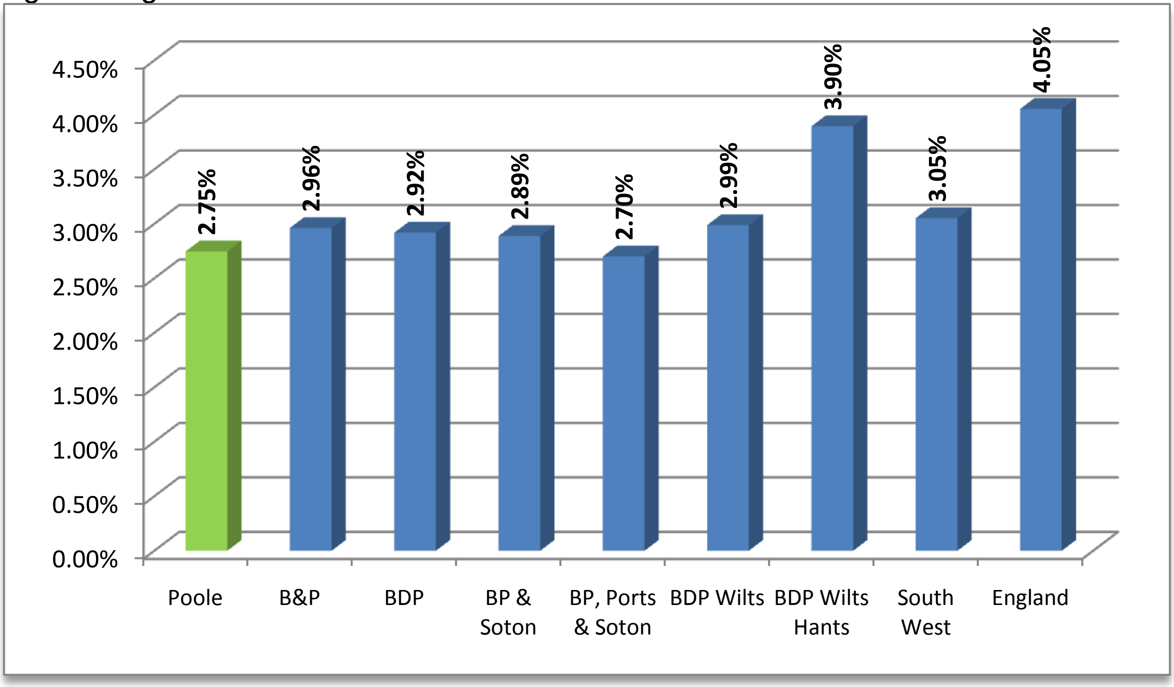
The **Marine** sector is already considered key to Poole, both through its history as a port and the ongoing activity around the Harbour led by Sunseeker and the Poole Harbour Authority. The definition of the Marine sector can be difficult as quantitative analysis does not allow for a full evaluation of what are cross-sectoral activities, although top level analysis suggests employment locally is one third higher than the national average.

Poole also sits on the periphery of the UK's most significant Marine cluster; this industry in the Solent area contributes around £1.9 billion GVA per annum, has a turnover of around £125k per employee (against a regional average of £48k), and a GDP contribution close to double its employment impact. The sector is seen as a priority nationally in achieving aspirations for economic rebalancing and restructuring, with expectations to increase the potential of our research, development, design and manufacture in naval, commercial, leisure and marine renewable good s and services[14].

The **Creative Industries** have been one of the major success stories of the past decade. This sector covers a vast territory and spans crafts and artisan-based activities to cutting edge software and application development. Both in the Poole area and across the potential FEMAs the evidence for clustering of the CI sector is limited. At its top level the concentration of employment is well below the national average, only closing on this if Hampshire (and thereby IBM) is included in the equation (Fig.5.3g).

[14] BIS, UK Marine Industries Strategic Framework, March 2010

Figure 5.3g:




Source: ONS Annual Business Enquiry Employee Analysis 2008

An evaluation at sub-sector level suggests Poole does have some strength in the Creative sector, predominantly in Arts & Antiques and in Software and Electronic Publishing. The latter of these, one of the potential high growth and high contributing sub-sectors of the Creative Industries, is still below national averages and its strength is not mirrored in the wider Bournemouth, Dorset & Poole area.

The **Environmental Goods & Services (EGS)** market is expected to grow rapidly in the UK as the economy looks to respond to the social, business and regulatory challenges of the sustainability agenda. These challenges will extend the breadth of sectoral activity; whilst a core set of activities may be involved directly in areas such as renewable or waste management the green agenda is expected to permeate across business activity to the point where every job becomes by virtue a 'green collar job'[15].

The EGS sector manifests itself across a variety of traditional sectors, ranging from agricultural activities to business consultancy and carbon trading. The biggest potential contributor to the development of this sector in the BDP sub-region is the availability of natural capital with which to work. It has been at the heart of success in the area, providing the platform for Marine and Marine Logistics operations as well as a strong tourism and leisure offer. This potential now includes a range of renewable opportunities from the 900MW offshore wind farm set for the Dorset coast to the micro-generation potential of the local micro-climate and solar exposure.

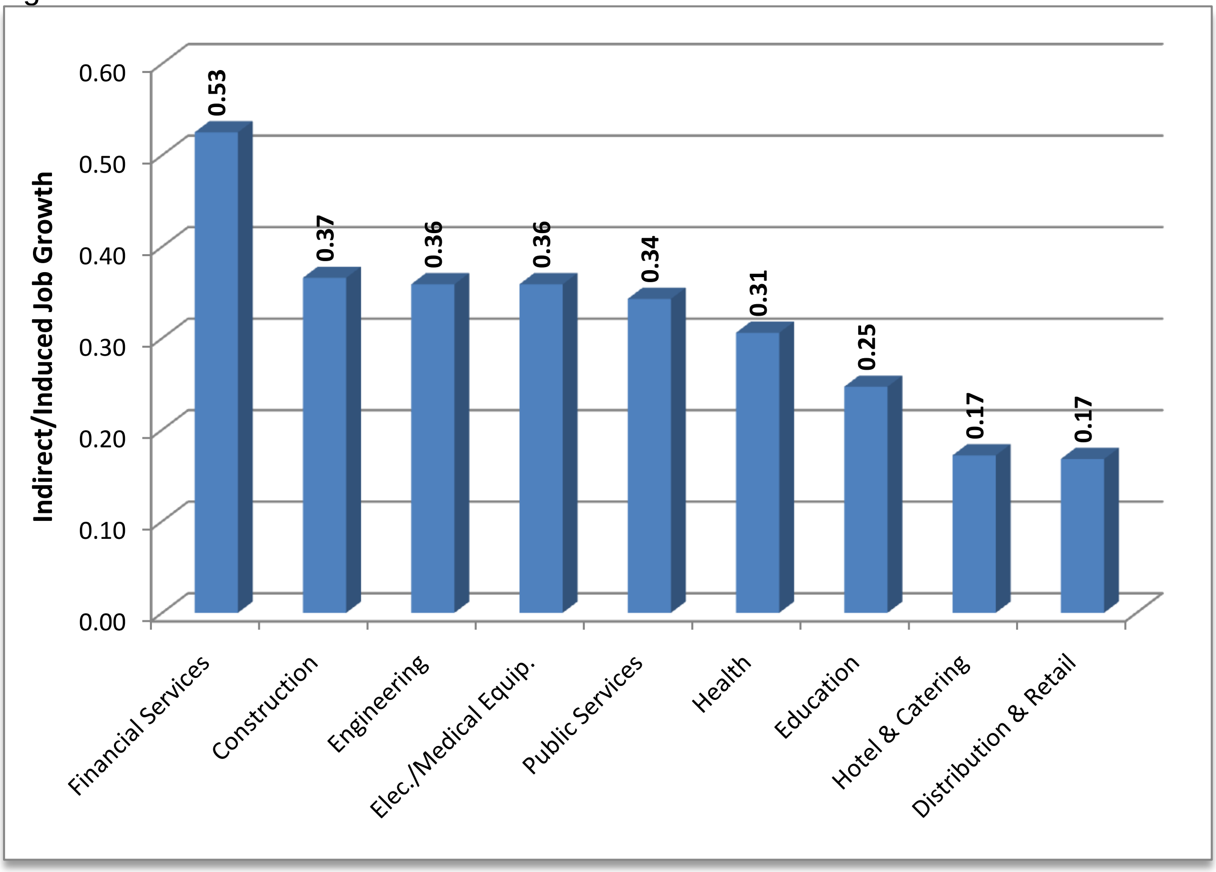
[15] Cabinet Office, Jobs of the Future, Sept 2009

The demand created by the EGS sector is expected to stimulate a greater breadth of sectoral opportunity, particularly for industries such as Engineering and Manufacturing, recognised as a 'backbone sector' in establishing a Green Knowledge Economy[16]. The potential impact of collaboration between this key sector and the research strengths of Bournemouth University's environmental sciences in developing cross-discipline R&D partnerships are significant, particularly when aligned with the potential to establish localised Venture Capital and Green Investment networks through the embedded Financial sector.

The final unit of analysis for key sectors in Poole is the Multiplier Effect. Multiplier Effects describe the impact which growth in specific industries and activities have on the local economy. This is based upon the recirculation of income, the development of supply chains and the generation of additional spend for both commercial and consumer economy.

The capacity of multipliers to be captured at the local level can be difficult, particularly within as small an area as Poole. There is a notable difference in the multiplier effects of investment at the regional level and at the local level, which can be in excess of 50%; the greatest disparity is found in the Construction and the Electrical Manufacturing sectors. In terms of local capture of investment the best multipliers are in the Education and Health sectors.

Figure 5.3h:




Source: South West Observatory Regional Accounts Industry Analysis

16 GeoEconomics, An Action Plan for the Green Knowledge Economy, October 2009

At the local level a multiplier of 100 jobs was used to identify the impact locally in terms of job creation and GVA. The multiplier effect was found to be highest in the Financial Services, with indirect and induced job creation of 53 posts and a GVA return of around £13.7m. Growth in the Construction and Manufacturing industries induced an additional 36 to 37 new jobs, and in Public Services it was just over 34 new posts. The Hotel & Catering and Distribution & Retail sectors saw the lowest induced growth of around 17 additional jobs. The lowest GVA created by sectoral growth was in Health, Hotel & Catering, and Construction. (Fig.5.3h).

## 5.4 Quality of Life/Cost of Living

Headlines

- The Quality of Life offer is seen as pivotal to Poole's identity and its popularity with residents and visitors. There is however evidence of polarisation.
- An indices of key contributors, including employment, life expectancy, and natural environment, validate this high standard
- Poole is ranked 216th of 364 Local Authorities for deprivation. Some 40% of District and Borough's across England are less deprived
- One third of Poole's Super Output Areas are amongst the more deprived 50% of England's communities
- High levels of downsizing in-migration and a strong buy-to-let and second home market effect the local housing market
- Poole experiences marginally lower-than-average wages but significantly higher-than-average house prices
- The high cost of property has a knock-on effect on the cost of consumer goods locally
- Local wage polarisation sees low income groups hit the hardest

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Poole's reputation and its popularity as a town in which to relocate is strongly dependent upon its 'Quality of Life' offer. The coastal resort, quayside and proximity to Dorset countryside make a compelling case which encourages people to the area as new residents and visitors. Similarly this creates a strong employment sector through the provision of services to these specific markets, covering a range of retail, hospitality and leisure activities.

Such a high level of demand on a limited resource creates tensions alongside the benefits it yields. The scope of interests places pressures upon a limited land and service capacity, has the potential to degrade local environmental quality through consumer congestion and related forms of pollution, and exudes a heavy influence across the surrounding environment.

The definition of quality of life can be quite subjective and requires assumptions on what elements contribute toward the achievement of this. At the lowest common denominator level this incorporates access to food, shelter and employment but at a higher level includes a wider area of elements which contribute toward our overall physical, emotional and psychological well-being.

A range of indices have been developed to measure which cities around the world offer the highest quality of life. These are produced at an international level and as their focus is on cities do not include Poole. The indicators they use to determine quality of life cover elements including safety, healthcare, hygiene, stability, infrastructure, climate, architecture, and environmental issues.

A Quality of Life indices was used in benchmarking Poole's position against comparator areas (Chap.4: 4.2.1), guided by the Sustainable Cities Index produced annually by Forum for the Future. This indicator suggested the quality of life enjoyed within Poole was of generally a good standard, with a strong employment market, long life expectancy, and access to open spaces and the natural environment.

In terms of deprivation the extent found in Poole is limited, although there are pockets where this is strongly embedded. The 2007 Indices of Multiple Deprivation (IMD) ranked Poole at the 216$^{th}$ least deprived Local Authority of the 364 Unitary, Borough and District Council's in England. Whilst this is an indicator of the quality of life found in the Borough it does suggest around 40% of Local Authority areas in England experience lower levels of deprivation.

The IMD also looks at more localised levels of deprivation found within the Borough at sub-Ward level (Super Output Areas or SOA's). Of the 91 SOA's in Poole 5 experience a level of deprivation which places them amongst the 25% most deprived areas in England, and a further 25 are within the 50% most deprived areas. In spite of the quality of life testimony offered for Poole around one third of the SOA's in the Borough experience deprivation which puts them amongst the lower half of England's communities (Fig.5.4a).

This intelligence suggests polarisation may be an issue within Poole and that there is an inherent cost to achieving the good quality of life within the Borough. This is a cost that becomes disproportionately the burden of lower income communities.

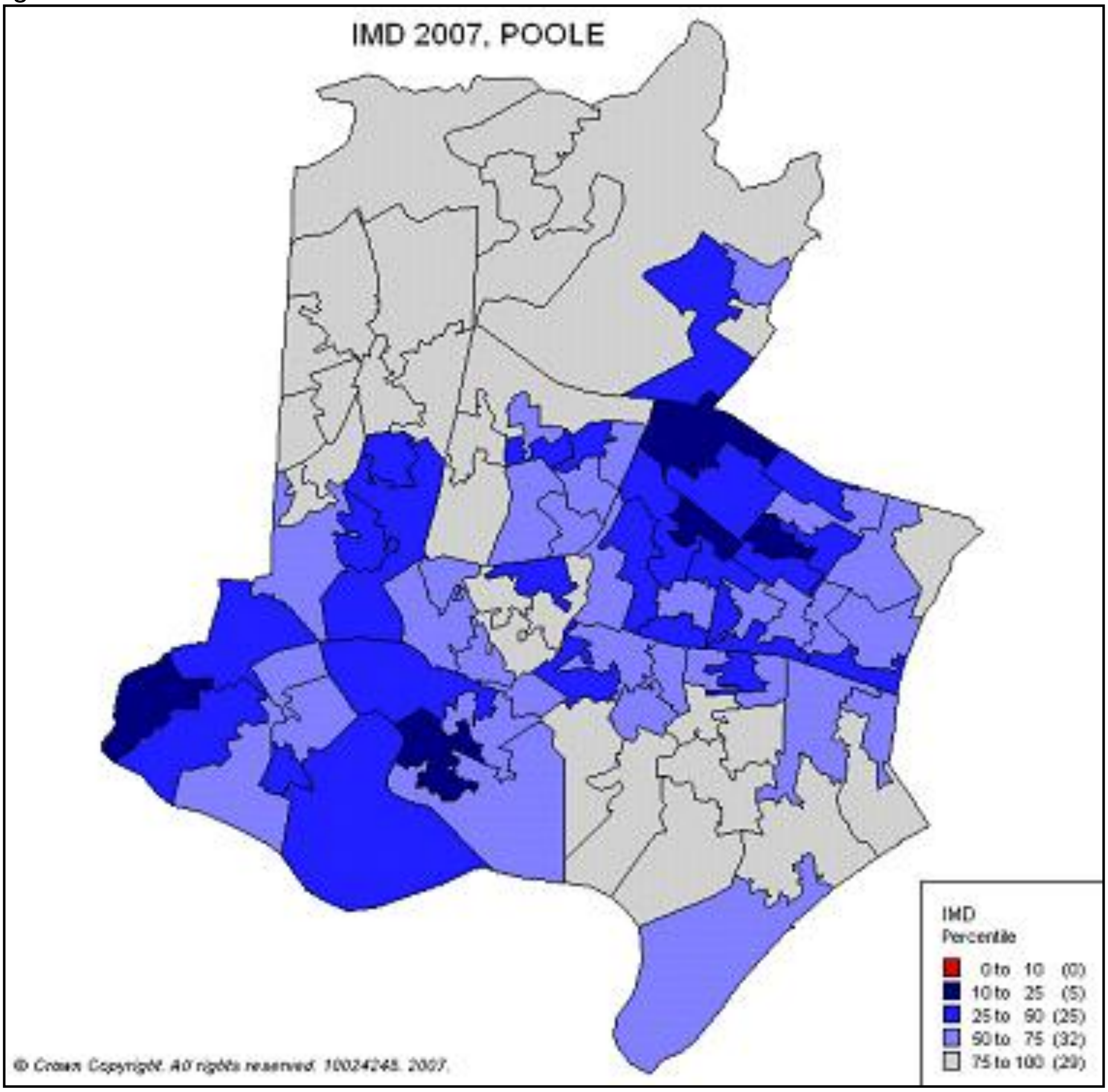
The largest impact is perhaps on the housing and related property market. Poole has an established reputation for the high cost of housing, a reputation perpetually reinforced by media focus on the real estate values in Sandbanks. The demand generated by the quality of life reputation serves to stimulate a secure investment environment and interest from a range of potential markets.

The retirement interest in Poole is documented in Section 5.1 (p46) but this demand is significant in shaping the local housing market; in 2007 around 56% of households moving in the past two years with no mortgage were from outside of the area[17]. This downsizing trend exerts a significant influence on the cost of housing locally, further exacerbated by the influence of growing buy-to-let and second home markets. In 2009 an estimated 3.5% or 13,116 homes in the sub-region were second homes; this is the second highest number in the UK (outside London). The growing demand in the UK market for second homes is expected to widen the affordability gap and continue its influence on local housing markets[18].

The high comparative cost of local housing has been outlined previously (para.4.5.1) but the influence of the demand which shapes this value has a wider influence. It permeates the cost of land in all use classes and makes a significant contribution toward setting artificially high and unrealistic land valuations for development sites, threatening the viability of alternative types of development. This issue will be covered in Section 5.6 (p.85).

[17] Dorset Survey of Housing Need and Demand, Fordham Research, 2008
[18] Knight Frank Residential Research (http://www.knightfrank.co.uk/news/Second-homes-drive-local-house-prices-higher-by-up-to-130-0127.aspx)

Figure 5.4a:

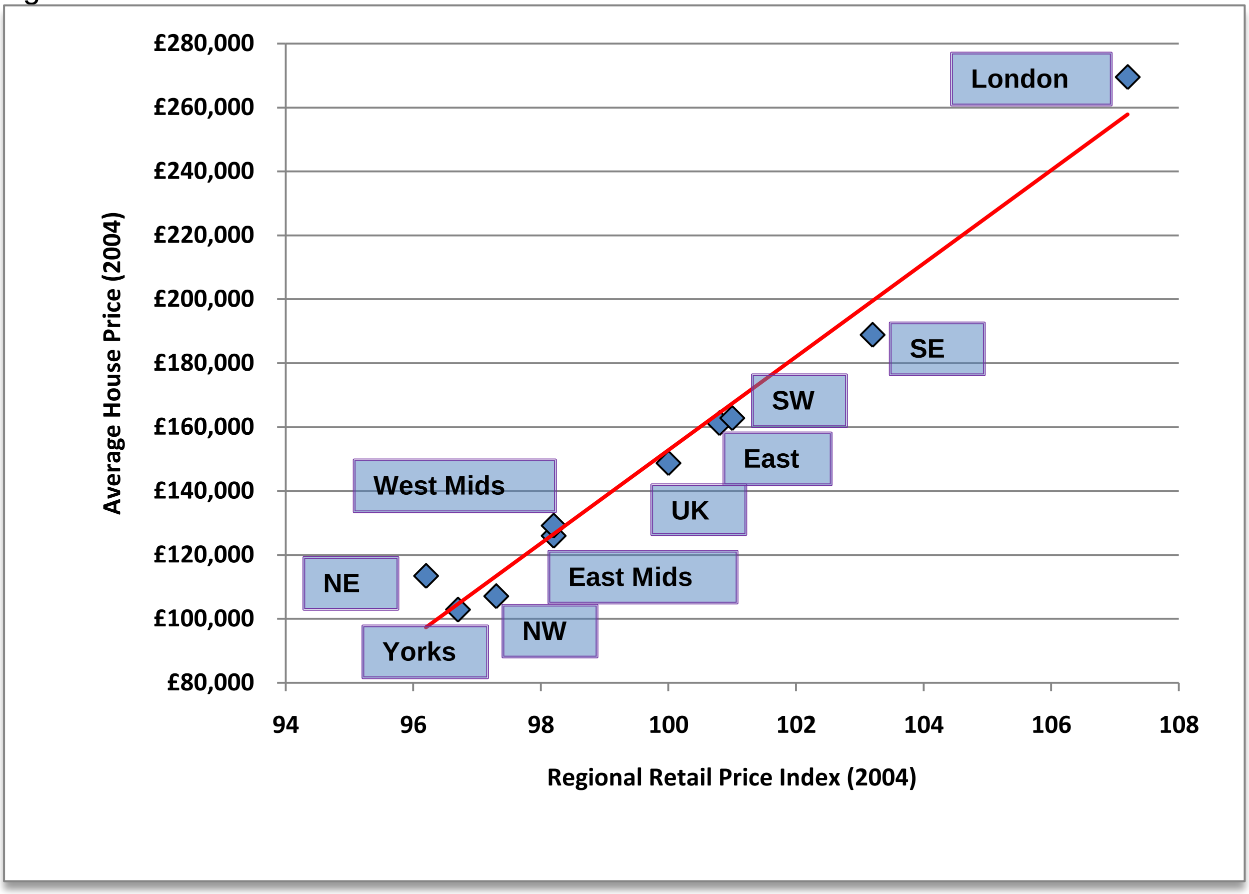



Source: 2007 IMD Results for Poole, Borough of Poole Corporate Research

More relevant to the cost of living argument is the impact this has in terms of the type of employment it encourages and the effect it has upon the local living conditions. Such demand does have a regenerative effect in terms of delivering employment opportunities and attracting external investment (albeit household investment). The effect of this demand on employment is positive but it is in the disparity between income generated and the high cost of goods and services in Poole where the issue is most prevalent.

The inflation of property and rental values places a premium upon the baseline of a range of services. This impacts the cost of goods generally; a regional Retail Price Index published in 2004 indicates the effect of localised inflation on the affordability of a collection of core essential goods. When evaluated against the regional cost of housing for the same period there is a direct positive correlation between this cost and the affordability of retail goods (Fig.5.4b).

Figure 5.4b:




Source: Land Registry, ONS Relative Regional RPI

The secure investment environment such areas present does make a significant impact in generating employment and attracting money to the area, and in some cases this has influenced an economic renaissance, particularly in fading coastal towns. In Poole however its influence on a balanced economy is to imply a localised demand for services which generate low-skilled employment catering to an indigenous market.

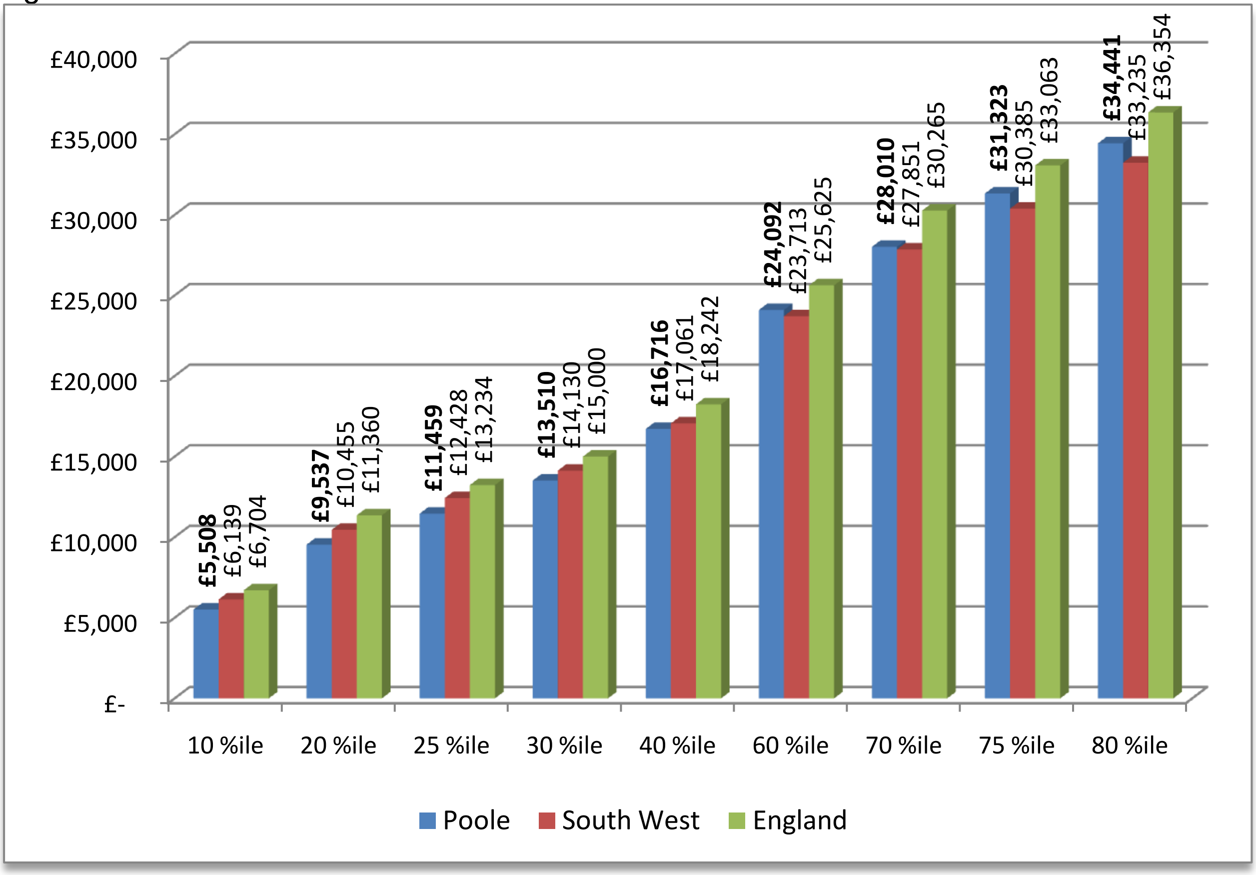
This is particularly significant given the gap that appears between the have and have-nots and between those who can afford the quality of life offered in Poole and those more excluded. Although on paper employees in Poole earn a below-average annual income this is marginal; £25,995 against a national figure of £26,138[19]. The significance of this figure is illustrated when compared to the cost of housing; using an indices where England & Wales is 1, Poole's average earnings stand at 0.97 of the national figure whereas the average house price is close to 25% higher at 1.23.

Whilst this gap is significant enough the level of potential exclusion and the income polarisation in the Borough is put into context when considering differences in the earning percentiles. The average annual gross pay for Poole residents in the lowest 10% of paid workers is around £5,508, compared to a regional average of £6,139 and national figure of £6,704. It is also below the average for both Bournemouth and Dorset, in spite of Poole's housing cost being the highest in the sub-region. Whilst

[19] ONS Annual Survey of Hours and Earnings 2009

Poole's average median wage is higher than the regional figure, at the percentile level average earnings only register as higher than the regional figure when they reach the 6th percentile (Fig.5.4c).

Figure 5.4c:




Source: ONS Annual Survey of Hours and Earnings 2009

This makes not only housing but the full cost of living a significant burden for lower income groups within Poole. In terms of housing affordability the mid-year house-cost to earnings ratio for Poole in 2009 was just under 7.5 against a national figure of just under 6. For the bottom quartile of earners looking to purchase an average terraced house in Poole this difference is over 13 times, a 75% increase, against a national average of under 9 times, a 50% growth. In the social rented sector, residents in Poole in the first percentile face both a lower level of earnings and higher rent. The residual income after rent for Poole residents is close to 50% lower than the average for England (Fig.5.4d).

Figure 5.4d: Weekly Earnings and Rental

| | 10%ile Earnings | Social Housing Rent* | Residual Income |
|---|---|---|---|
| Poole | £ 105.92 | £ 74.00 | £ 31.92 |
| England | £ 128.92 | £ 68.70 | £ 60.22 |
| **Rental value for 2 bed premises* | | | |

Source: ONS Annual Population Survey 2009, Dorset Survey of Housing Need and Demand

The comparative low level of earnings, high property freehold and rental values, and the knock-on effect this has on the cost of goods locally has a decidedly negative impact on lower income groups living in the Poole area. The outcome of this situation is Poole experiences a high level of deprivation which falls into the realms of poverty within working households. An estimated 57% of children in Poole who live in poverty are themselves living in working households[20].

The extent of this issue is felt by a wide range of groups, from young people entering the employment market to residents and their families employed in lower grade occupations. It is contradictory that the impact of a demographic which contributes toward a consistent employment market should by the same token so seriously prejudice the ability of those who populate such roles to be able to afford living in Poole.

[20] Borough of Poole, Poole's Child Poverty Needs Assessment, November 2010

## 5.5 The Growth of the Consumer Economy

Headlines

- The national economy has undertaken a structural shift from production toward consumption
- This national trend has been echoed in Poole, nurtured by the town's strong consumer demographic
- During the past decade huge growth has occurred in related sectors, including Real Estate, Construction and Hotels & Restaurants
- The national deficit on exports was around £32bn in 2009
- Consumer spending to support this growth has seen personal debt soar to over £1,444bn
- In the South West export shortfalls have seen the need to create an additional £11bn annually
- As investment, demand created by consumer spend has the lowest return in GVA and job creation
- The highest return from investment can be found from Overseas Service Exports, Government investment, and from Non-Profit Organisations

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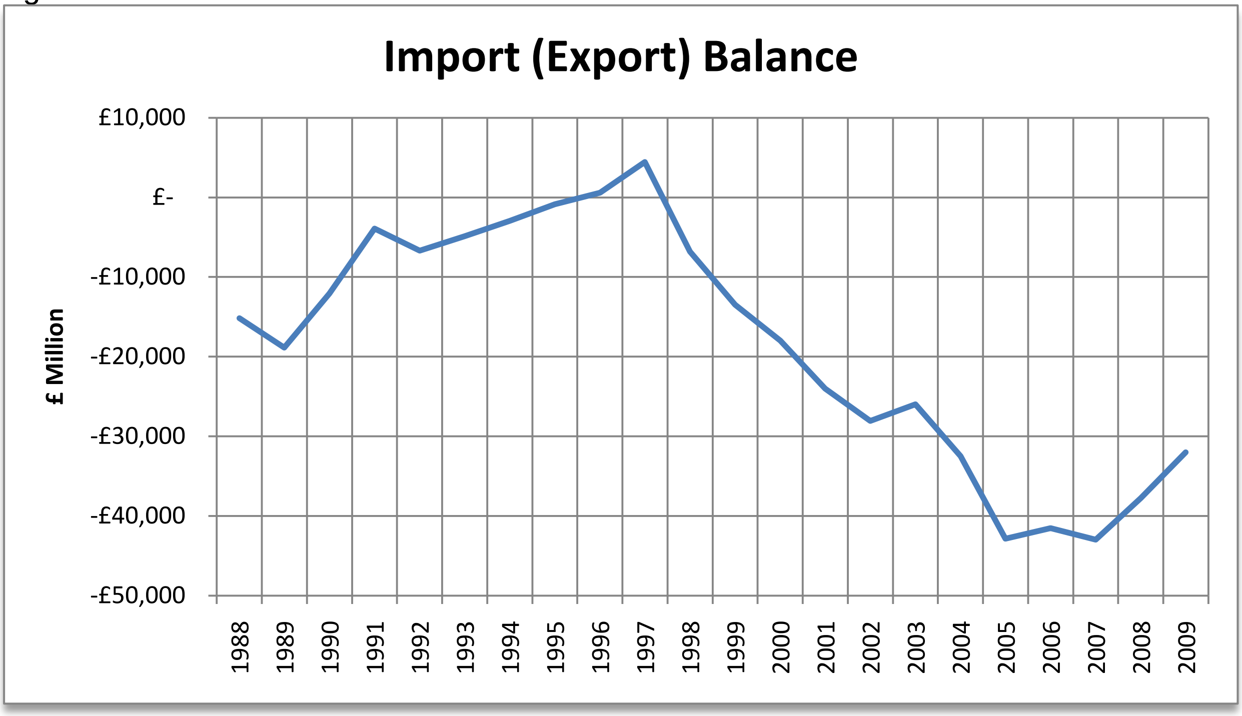
One of the biggest potential threats to the UK economy has been the transition from a production economy with a level of self-sufficiency to a consumer economy reliant upon a wealth of imported goods. Rising levels of disposable income have enabled households to increase their consumption and through this exert a powerful influence on both local and national economy and landscape. Whilst this has delivered short term success the over-reliance on a consumption economy present significant structural challenges.

Business growth in England averaged around 2% per year between 1998 and 2007[21], the total stock rising by 19% overall during this period. There has however been a variation on success stories within this growth with some sectors flourishing whilst others stagnate. A decline has been registered in production sectors such as Manufacturing and Agriculture. Over 90% of growth is split between three sectors; Real Estate, accounting alone for over 60%, Construction, and Hotels and Restaurants.

The shift toward a service based economy can also be seen clearly in national Import and Export figures. The principle behind this transition has been to place the UK as a world leader in the development of intellectual property and technical and creative services, and therefore a net exporter in such disciplines. This has worked to an extent, with the export of services growing by close to 100% during the past decade. There has however been a growing deficit between the value of exports and value of imports; in 2009 this was over £32bn (Fig.5.5a). This deficit continues to be evident in the balance of national credits and debits, which during the past decade totalled £262bn[22].

[21] VAT registration Data, ONS
[22] Balance of Payments, Bank of England Pink Book 2010

Figure 5.5a




Source: Bank of England Pink Book 2010

The compensation of this shortfall has placed significant pressure on the generation of internal value. This has partially come about through the growth in the services sector and in service exports. Growth in disposable income has also assisted, with UK households having seen a 27% rise since 1997[23]. The pursuit of growth and settling of this deficit has itself created an industry in servicing the additional debt required for it to maintain.

The UK has amassed a huge level of personal debt through the availability of and necessity for high levels of mortgage, loan and credit card borrowing. This stood just short of £1,500bn in 2008, a figure in excess of UK GDP[24]. This debt had been an income generator for the UK until the level of borrowing and the amount of associated risk grew too high resulting in a decline in available credit and therefore the inability of the consumer market to continue its spending.

The level of debt also extends into the commercial market. In order to continue growth and satisfy the perceived demand businesses were happy to themselves borrow large amounts under the assumption that such demand for their products or services would perpetually grow. Amongst UK sectors the highest level of Net Debt (gross debt less deposits) occurs in those sectors most reliant upon direct consumer spend (Fig.5.5b). Whilst these industries may own other assets to compensate for their high level of debt, their exposure given the financial climate at the start of 2011 is clear.

[23] ONS Distribution of Household Income
[24] Grant Thornton Personal Debt report //www.grant-thornton.co.uk/press_room/uk_personal_debt_exceeds_uk_gd.aspx

Figure 5.5b:

| Sector | O/s Deposits (£bn) | O/s Lending (£bn) | Net Debt (£bn) |
|---|---|---|---|
| Real Estate | 35.4 | 227.6 | 192.2 |
| Hotels & Restaurants | 5.1 | 29.6 | 24.5 |
| Wholesale & Retail | 33 | 44.2 | 11.2 |
| Transport & Comms. | 19.5 | 29.2 | 9.7 |
| Health | 15.9 | 22.5 | 6.6 |
| Construction | 17.9 | 23.8 | 5.9 |
| Utilities | 8.9 | 9.5 | 0.6 |
| Education | 12.7 | 11.8 | -0.9 |
| Manufacturing | 48.1 | 46.1 | -2 |
| Mining | 14.7 | 7.2 | -7.5 |
| Public Admin | 31.7 | 11.1 | -20.6 |
| Business & Prof. Services | 83.2 | 35.1 | -48.1 |
| Financial Services | 806.1 | 650.9 | -155.2 |

Source: Bank of England Analysis of deposits and lending to UK resident sectors, December 2010

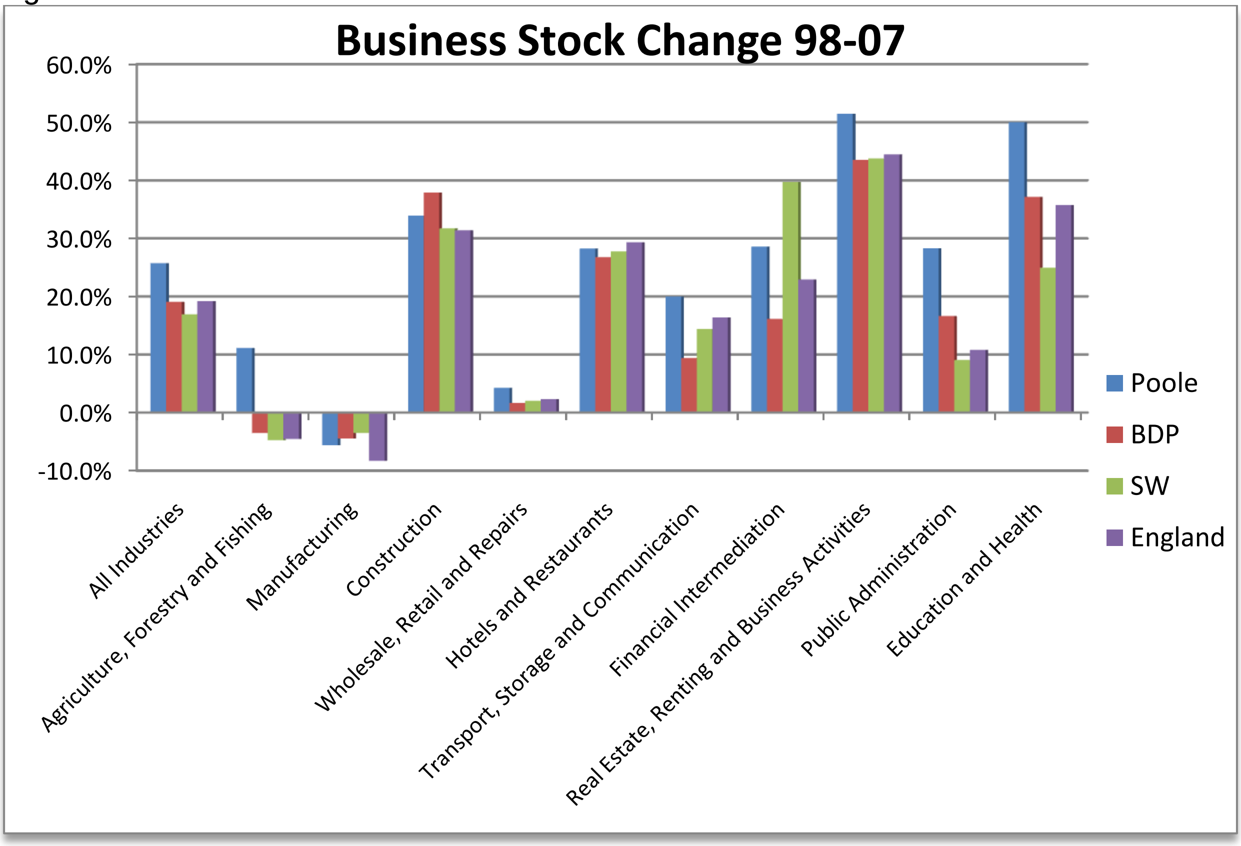
Such circumstance could significantly impact Poole and its aspirations for development and growth. The reliance on and over-exposure of the consumer economy presents issues which extend into social and environmental dimensions. The reliance on indigenous markets and the shortage of replacement opportunities in the current climate may have far reaching effects for this area.

Locally the business success story of the last decade has largely mirrored the national picture. The highest stock growth has occurred in the Real Estate sector, followed by Construction. The Hotel & Restaurant sector has grown, although this is marginally outpaced by local growth in units associated with the delivery of Public Services (Fig.5.5c). Growth in the national 'Big Three' is also significant at the local level, although contributes only 85% of new stock as opposed to the 90%+ occurring at Sub-regional, Regional and National level.

The growth of the Real Estate and the Construction sectors are not solely limited to the consumer economy; they also incorporate the investment in and development of commercial and industrial stock. A significant share of this market however has been underwritten by investment in retail premises to capitalise on growing consumer demand and to service the demand for the purchase and improvement of residential premises as consumers sought to take advantage of the exponential growth in property values.

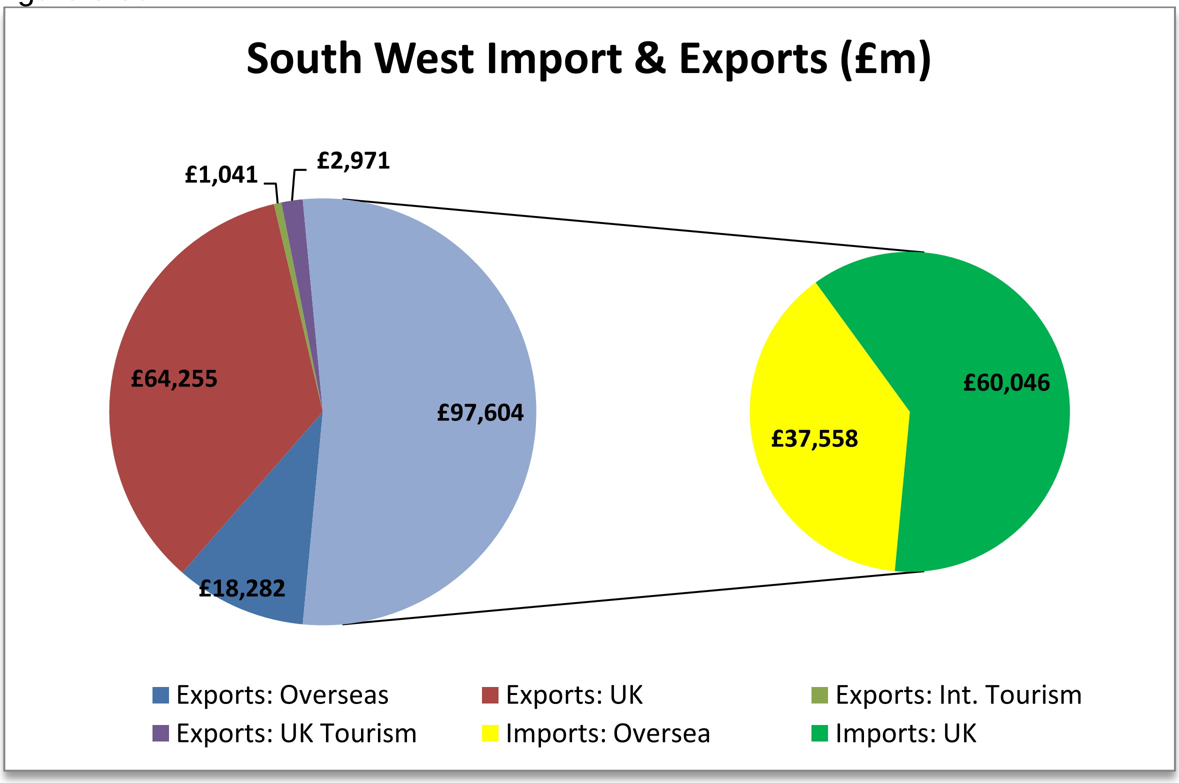
In terms of local import and exports, an analysis of this market for the South West region exposes both the weaknesses of the economy and the potential opportunities which exist for Poole. The balance of imports and exports at the regional level indicates a deficit of some £11bn or 13%. This is significantly higher when we consider overseas trade, where the import value of £37bn is around 105% greater than the £18bn exports (Fig.5.5d).

Figure 5.5c:




Source: ONS, VAT Stock Data 2007

Figure 5.5d:




Source: South West Regional Accounts 2007

The presence of this deficit implies two issues need to be addressed; the first is how it might be reduced, the second how the internal revenue to counteract it might be generated. The breakdown of South West exports by sector indicates just under 50% of export income is generated by the Manufacturing sector alone, and within this the largest contributors are the manufacture of transport equipment, of food and drink, and of electrical and medical equipment. The next biggest exporter is the Financial sector contributing 17.5% of trade (Fig.5.5e). The majority of this trade is still focused on the UK market, with only 25% of manufacturing exports and just over one third of financial services heading outside the UK.

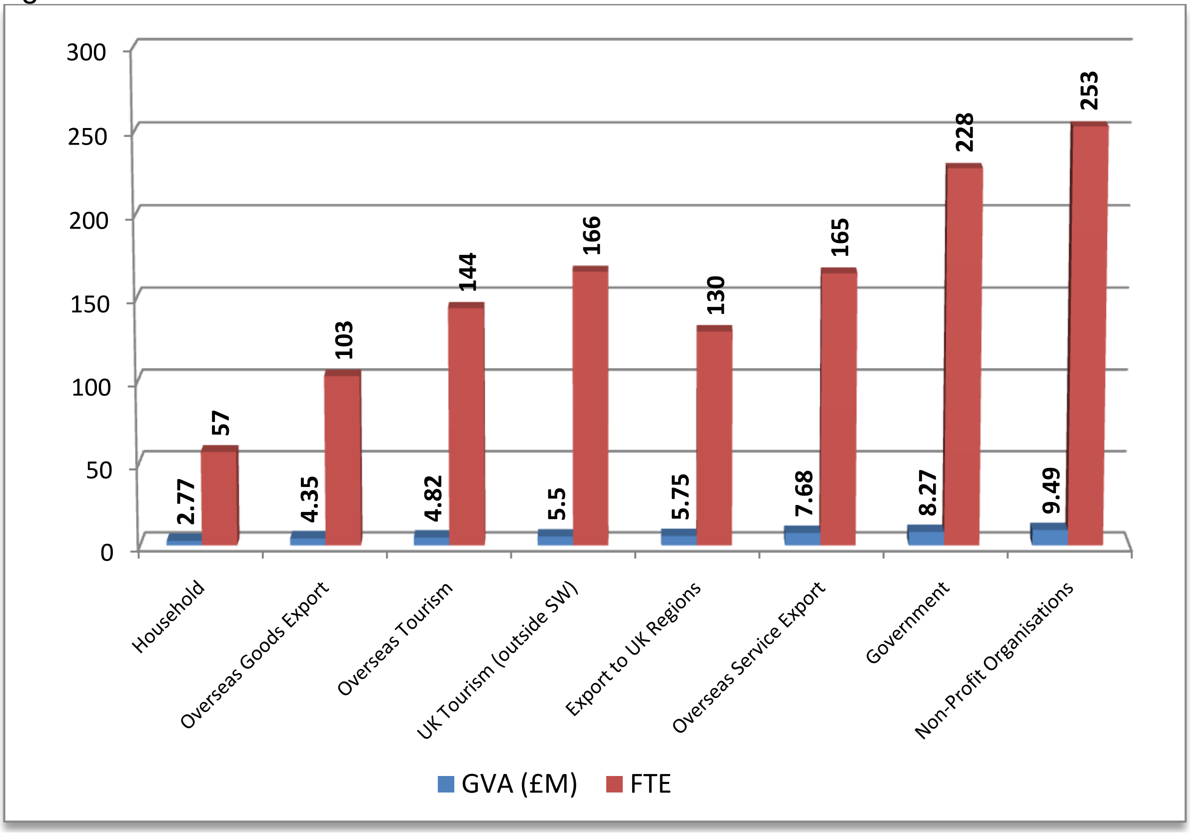
Figure 5.5e:

| Sector | Total Export (£m) | Total Export (%) |
|---|---|---|
| Agriculture | £ 1,661 | 1.9% |
| Mining & Utilities | £ 5,021 | 5.9% |
| Manufacturing | £ 42,026 | 49.1% |
| Construction | £ 2,842 | 3.3% |
| Distribution, Hotels & Catering | £ 7,425 | 8.7% |
| Transport & Comms. | £ 6,248 | 7.3% |
| Financial & Business Services | £ 15,041 | 17.6% |
| Property & Real Estate | £ 3,034 | 3.5% |
| Public Services | £ 402 | 0.5% |
| Education | £ 464 | 0.5% |
| Health | £ 452 | 0.5% |
| Other | £ 969 | 1.1% |

Source: South West Regional Accounts

The capture of such a market would make a contribution toward reducing the export deficit but would also generate additional internal value through the extension of business activities in these markets. In terms of additional regional spend and its impact through new jobs and added value, the internal consumer economy – interpreted here as household spend – would generate the lowest level of growth in comparison to other forms of investment. An additional household spend of £10m would generate around 57 new jobs and £2.77M in GVA. In comparison the same investment in the Overseas Service Export market would deliver make an impact close to three times this figure. The highest contributor is anticipated to be the Non-Profit Sector, where an additional spend of £10m would see GVA generated at around £9.49m and create over 250 new FTE jobs (Fig. 5.5f).

Figure 5.5f:




Source: South West Regional Accounts Demand Analysis

The exposure of weaknesses created through the growth of a consumer economy is perhaps more pronounced at the local level than those experienced nationally. The demographic and demand for living and experiences in and around Poole allows the area to exploit this growth to its advantage. The need to reinvest in production activities and look to more external markets to supplement internal income rather than rely on the continued recycling of indigenous consumer expenditure presents an opportunity to which Poole's sectoral strengths should be able to respond.

## 5.6 Development Sites

Headlines

- Poole is set to see major development progress delivering a range of social and economic benefits for the community
- The limited amount of land in the Borough requires creative use if the full extent of local demand is to be met.
- Growing pressures are faced by the Council and by developers on both legislative and viability fronts, with major risk to the mix of uses.
- Development is planned on the basis of growth projections, but these also need to be future-proofed against changing lifestyles, behaviours and trends
- Anticipated growth of 14,000 new jobs by 2026 predicts the majority of this in the Services sector
- Current demand intelligence suggests the industrial sector is short of premises by up to 600,000 sq/ft
- The key imperative is to deliver the regeneration area sites but progressing the employment aspect of this is at present at odds with the market
- Regeneration within Poole is considered on the basis of the delivery of the core regeneration site as opposed to full portfolio of key sites

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Poole is set to undergo a period of major development. The Twin Sails Bridge, set for completion in 2012, will open up a large area of brownfield land for new housing, community and employment premises. The designated Regeneration Area is expected to be progressed at the same time as major plans are underway for the Town Centre to extend its retail offer and improve the urban fabric.

This level of development will impact the town in a number of ways with its proposals for affordable homes, community facilities, and employment space. The need for this development to progress along with funding pressures on the Local Authority poses a risk to the application of designations determined in the Core Strategy. At its most extreme this could reverse the planned impact from a positive generational change for the marginalised of Poole to a reinforcement of the exclusivity with which the town has become synonymous.

The arising issue in relation to the economic aspect of this development has two core elements; the principle element is contributing toward the delivery of the employment designation. There is additional to this the role of Economic Development in contributing toward the attraction of investment and the achievement of balanced and sustainable communities, the delivery of a new quarter for Poole that is both independently functional and integrated within the Borough and the wider sub-region.

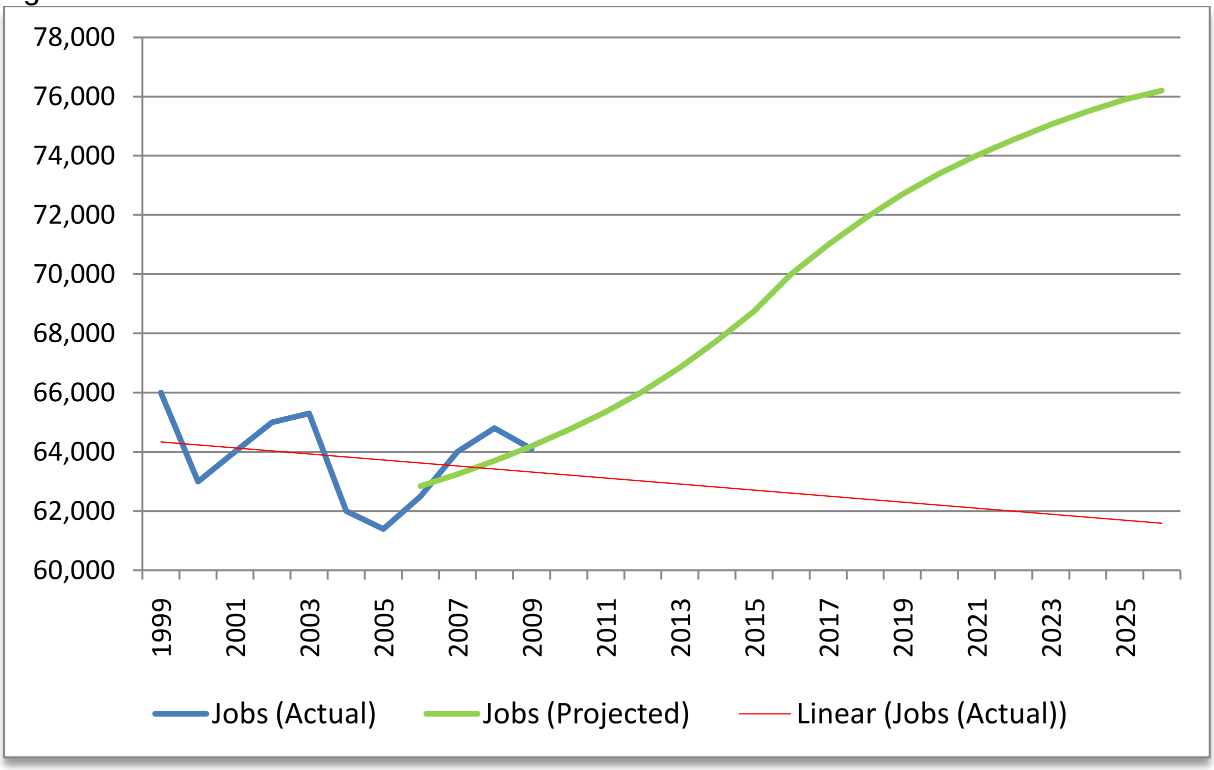
Development within Poole has always been complex and growth in the town is fundamentally curtailed on all four sides. The accommodation of growth expectations is therefore reliant upon the creative use of brownfield sites within the Borough. This however creates the first major tension development faces, where the market created by scarcity of land puts pressure on its value and therefore its viability.

This tension is enhanced through increasing legislation on land use and development form. The responsibility to address contamination issues on brownfield sites adds an additional cost, as does the growing expectations of the Code for Sustainable Homes and related BREEAM requirements for non-residential development. Changes to rate relief for empty property have exerted further pressure. Together these contribute to the risk of development and the will of investors to take on what are perceived to be less attractive schemes.

Alongside this we can anticipate major changes in working practices and consumer behaviour. The rapid evolution and personal and professional adoption of IT, of digital media, and of the internet have radically changed the social and economic landscape. Remote capabilities have allowed a growth in home working, and the knock on effect has been businesses rationalising the volume of space their operations require. Internet retailing has more than trebled its market share since 2006. These will have significant repercussions on the shape of new development.

The expectations in Poole are to see employment grow by close to 14,000 new jobs by 2026, over 80% of this target in the Services sector[25]. To achieve this requires year on year creation of 650 new jobs from the 2006 baseline. Fluctuations in the local employment market have actually seen a decline in employment since 1999 and the growth forecast appears a bold aspiration considering an employment trend which locally is in retrograde. The current level of employment locally is however largely in line with projections (Fig.5.6a).

Figure 5.6a:




Source: ONS Annual; Population Survey/Roger Tym Employment Projections

[25] Roger Tym & Partners/South West Regional Assembly, Employment Projections (2008)

These figures provide a strong guide for the progression of sites but fail to take account of localised market activity. A criticism levelled at such projections is they apply national scenarios to localised settings, therefore anticipating the pace and structure of economic growth will be uniformly manifest nationally, regionally and locally. The implications for Poole, if we consider it as an independent economic area, are significant and would see a radical structural shift counter-intuitive to local sectoral strengths.

Intelligence on supply and demand for premises in Poole is readily available through the data collected via the local Inward Investment service, Invest in Bournemouth, Dorset & Poole. Records from the period 2005-2010 show just over 1,500 enquiries for commercial and industrial property in Poole were received during this time, 72% of which were for designated B-class premises.

Given the anticipated growth scenarios the expectation would be for the majority of this demand to occur in the Office market. The demand materialising across the Borough however implies a strong level of interest in industrial investment and expansion; enquiries for Industrial, Light Industrial, Warehousing or Workshops accounted for 44% of all enquiries and over 50% of enquired space.

The level of supply when compared against this demand is indicative of a major deficiency Poole faces if looking to stimulate business growth. For the three major commercial premises markets – Industrial, Office and Retail – the level of enquiries has surpassed supply by at least 80% (Fig.5.6b).Even considering the future supply which was actively being marketed during this period (development land designated for B class use), the under supply for the Office market was around 150,000 sq/ft (or 40% of the designated B1 in the Regeneration Area) and for the Industrial market was in excess of 630,000 sq/ft.

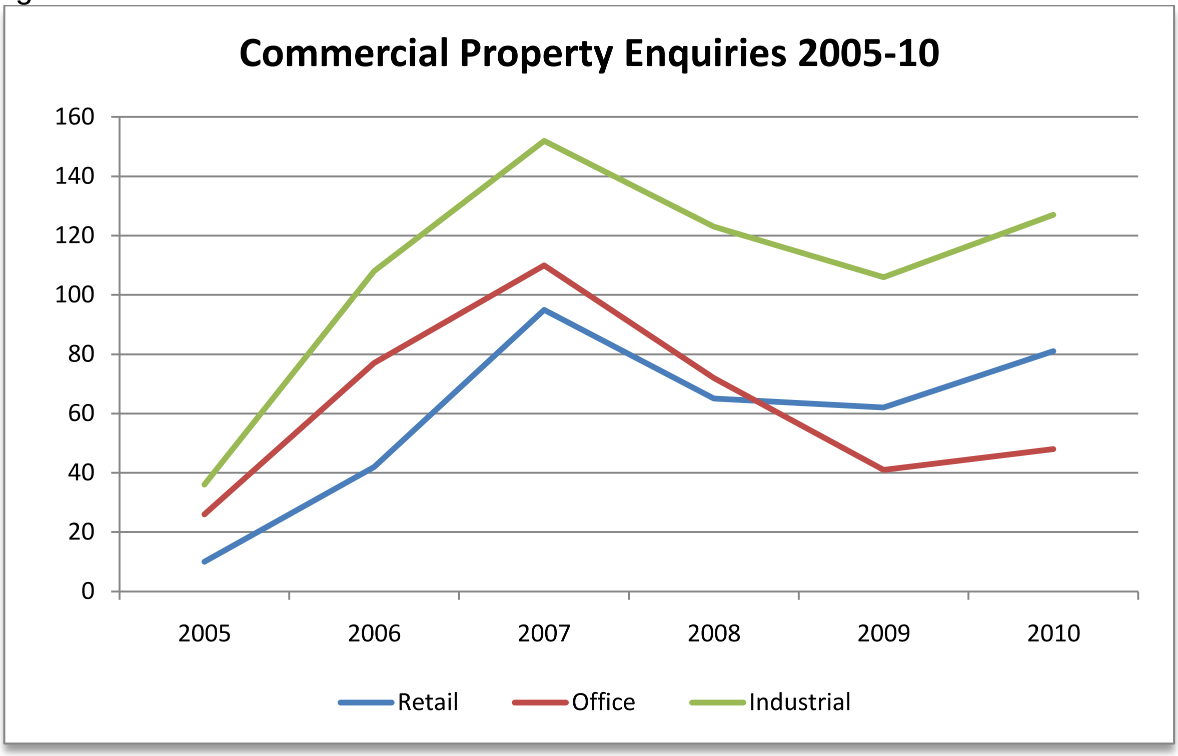
Figure 5.6b

| | Supply Units | Demand Units | Supply F/spc (sq/ft) | Demand F/spc (sq/ft) |
|---|---|---|---|---|
| Industrial | 313 | 677 | 1,622,665 | 2,335,378 |
| Office | 219 | 393 | 446,779 | 1,008,607 |
| Retail | 160 | 387 | 240,843 | 746,531 |

Source: Invest in Bournemouth, Dorset & Poole

Whilst it has to be accepted that enquiry data is very different from completions and should be interpreted carefully, the inference here is a strong market remains in Poole for commercial property. This has of course been affected by the recession and a clear decline in enquiries was evident between 2007 and 2009. Since this period there has been an upturn in interest in both the Industrial and the Retail markets. The Office market however has seemingly been hit the worst and whilst a recovery is evident the pace of this is slow (Figure 5.6c).

Figure 5.6c:




*Source: Invest in Bournemouth, Dorset & Poole*

Providing support for the delivery of land in line with the demand for both the Office and the Industrial markets presents two very different problems. For Industrial premises there is a large indigenous market with significant local employers interested in expanding or consolidating operations. The potential to satisfy this demand is threatened by the limited land resource, the prejudicial local land values, and by the application of standardised growth expectations to local policy which failed to consider the distinctive structural nature of the local economy.

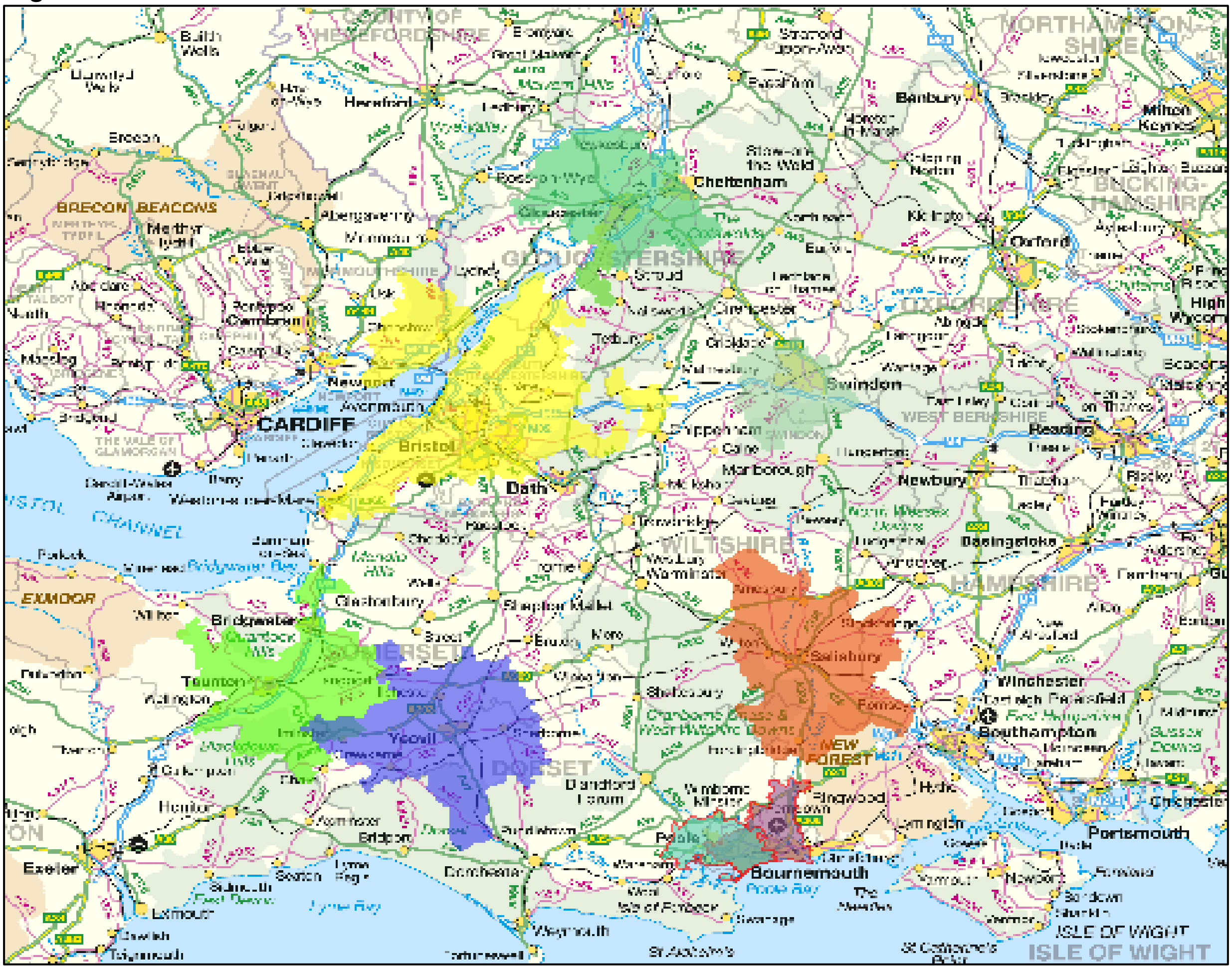
The office market is very different; On paper there appears to be a good demand yet this is reliant largely on smaller businesses requiring up to 5,000 sq/ft of accommodation. Anecdotally the small amount of quality refurbished space in Poole Town Centre has proved popular and shifted quickly over a fallow period for the market, although this was a result of a large local relocation taking the majority. The need for better quality office space in Poole appears to be there; this is however expected to be delivered as part of the Regeneration Area and to progress a set of anchor tenants will need to be identified.

The Retail market for the Borough has recovered well and vacancy levels have remained low even during the heights of the recession, although location also has a major influence here. The expansion of this sector is expected to deliver around 350,000 sq/ft in the Town Centre North redevelopment alone, yielding as estimated 2,000+ new jobs. Additional space is anticipated in the Regeneration Area and on other peripheral sites.

Retail expansion has been key to urban regeneration initiatives and underwritten by the strong UK consumer economy. Investment in future schemes however needs to consider the future of this market and the local context. Poole has an strong consumer economy and an influential consumer demographic. It is however a poorly established retail centre with a very limited catchment. Its potential has seen the Dolphin Centre change hands recently for in excess of £80m. The threat to the high street from online retailing may not yet have been fully recognised, changes in the availability of credit and levels of personal debt have affected spending behaviour, and the proposed expansion to the retail offer in Bournemouth will impact both potential and interest in Poole’s retail growth potential.

In terms of retail hierarchy Poole is classed a regional retail centre but does not fall within the major centres bracket and its catchment is limited. In comparison to the reach of Bristol’s Cribbs Causeway and Salisbury its catchment is small; this is also affected by the level of internal competition from the similar standing of Bournemouth Town Centre (Fig.5.6d)

Figure 5.6d:




Source: SQW, Spatial Economic Analysis Tool South West

Online retailing as a preferred method of shopping has boomed during the past 5 years. Market share has grown from just under 3% in November 2006 to 10% in January 2011, and the lower level of overhead involved in this form of retailing means the price of goods can significantly undercut the High Street. The online option and the virtual showroom allows retailers to stock and display a much wider number of products with which the limited floorplates found in smaller retail centres are unable to compete. The market is still in its infancy and growth is expected to slow; the impact however has already been felt in areas such as music and book retailing and the potential significantly narrows the market for the High Street.

In the current post-recession climate the progression of development sites is made more complex. Sites across the Borough have been purchased or valued on the back of an unrealistically high peak, and for the delivery of a mix of uses this presents major viability issues. The pressure on the Planning Authority is to sanction a form of development that allows for uplift in return through higher value uses potentially detrimental to the aspirations for the specific sites, undermining the spatial employment strategy for Poole. The strong local market which exists for second, holiday, retirement and care homes presents an investment environment which compounds the core issues discussed previously.

This scenario itself is impacted by the situation in funding public services. With English Councils facing cuts of £29bn for 2011/12 there will be increased pressure to find alterative sources. The potential of financial contributions to plug this gap across a range of Council services via Section 106 or Community Infrastructure Levy agreements will provide additional pressure on the progression of key sites. This presents a risk where the needs of the Developer and the needs of the Council yield a resolution which is contrary to the needs of the community.

The focus on the delivery of the Twin Sails Bridge and the development opportunity this unlocks has resulted in significant focus upon the progression of the surrounding Regeneration Area sites. As a result there is a strong desire to bring forward proposed development for which there is limited evidence of an established market whilst sites where more pressing market interest is evident are perhaps marginalised. The achievement of Poole's restructuring is seemingly based upon the narrow interpretation of regeneration sites as those within the Town Centre /Hamworthy area as opposed to a wider portfolio across the Borough.

### 5.7 Summary

The key issues Poole has to navigate in developing its economy are as complex as anywhere. The prosperity of the area and the high level of consumer demand generated by the lifestyle, tourism and retirement interests play as much of a role in compounding the Borough's deficiencies as they do in enhancing its success.

The measure of the extent of these issues is how they act as a barrier in developing the enterprising, innovative and sustainable economy which the community aspires toward. The level of opportunity presented locally can be significant with regard to the formation of new businesses and the strong consumer economy; this sets the scene for an entrepreneurial economy but doesn't make it either innovative or sustainable. The inference here is that between them the impact of the demographic imbalance, the cost of living, and the consumer economy prejudice the recognition of more prosaic sectors as key with an impact on the provision of employment opportunities and the development, enhancement and attraction of skills which might contribute toward innovative industries.

The capacity to develop innovative activities, to attract or develop the skilled workforce in their support, and to encourage investment in this area is constrained by more immediate indigenous demand. Whilst this can be considered the market determining the provision of goods and services locally it places the future prosperity of the area at risk.

Most significant is the need to address the immediate needs of the Borough's assets and utilise these creatively rather than easing their way along the path of least resistance. The ageing demographic of the area poses a strong opportunity to develop localised innovation networks; this moves beyond the simple provision of carers, care homes, and burgeoning retirement ghettos. The lifestyle offer inherent in Poole presents a strong brand through which to attract inward investment into the area to enhance and safeguard local economic dynamism. It is the response to these demands which will determine the success of any economic policy in contributing toward the amelioration of local conditions.

## 6: Political Climate

In May 2010 a new Government was elected, formed of a coalition between the Conservatives and the Liberal Democrats. In the wake of the recession the new administration introduced a new policy programme looking to encourage greater autonomy at the local level amongst communities and businesses, aimed at achieving greater ownership of services and responsibilities amongst communities as opposed to their being the sole territory of the state.

In policy terms two major factors will preside over the term of this Government. The first is the reduction of the state and the introduction of measures to encourage the Big Society. The second is the immediate need to reduce the national deficit. These factors are consolidated in a major programme of cuts across public sector organisations as the Coalition seek to reduce public expenditure whilst unfettering residents and private and third sector organisations to take a more participatory role in their community.

In the context of economic development and regeneration the landscape has shifted dramatically. Whereas previously the lead in this had been taken by the Regional Development Agencies (RDA) as the designated implementation and investment leads for microeconomic policy the Coalition has introduced the Local Enterprise Partnership. LEPs will provide a strong strategic influence on local policy and public investment in regeneration and economic development through its business influence, representing the interests and demands of the local economic community, and acting as the conduit in leveraging additional investment. The structures, status and resources available to deliver regeneration has significantly changed (Fig 6a).

Figure 6a:

| | Labour Administration | Coalition |
|---|---|---|
| Governance | Regional Development Agency | Local Enterprise Partnership |
| Status | Centrally-appointed QUANGO | Locally determined and represented partnership |
| Approach | Implementation and delivery of centrally-determined economic policy with local context provided through Regional Economic Strategy | Influenced by central economic policy but autonomy to shape local strategy and investment in line with specific needs |
| Finances | Public funding for direct investment and leverage | Private funds to complement, enhance and influence public investment |
| Resources | Allocated employees and budget to directly deliver and influence partner activity | To be determined: any direct employees or budget at discretion of LEP board |
| Funding | Directly allocated, including;<br>Single Pot (direct) investment<br>ERDF co-financing | Bid determined, including;<br>Regional Growth Fund<br>Capacity Fund<br>ERDF (central administration)<br>Other euro pots (direct bidding) |

This scenario presents a challenging time for the public sector. Although the rhetoric has changed significantly Government at both the national and local level are still seen as being key champions of the economy, investing and developing policies and mechanisms designed to support local growth and improvement. At the local level organisations need to prove their areas are and will continue to be competitive in order to attract the necessary investment for the benefit of their varying communities. This will in some cases require public sector partners to think strategically and across broad areas which may sit outside of administrative boundaries and political comfort zones.

### 6.1 Governance

The landscape for the Governance of economic policy under the previous administration was strongly led by central doctrines. Whilst the RDA's were the principle delivery vehicle for economic policy in the region their influence filtered into more localised areas through natural alignments with Local Strategic Partnerships, whose broad remit for community improvement include an economic element. The need for governance and to devolve responsibility to the sub-regional and local level saw the introduction of Local Area Agreements and Multi-Area Agreements.

The new model of governance offers both greater autonomy to the local area in determining its sub-region along with greater authority for the business sector in shaping local investment in line with their priorities. Whereas private sector involvement was important for the RDA's and MAA's this was largely in an advisory and steering capacity. The LEP model requires a more active role of the private sector in leading the development of local strategy and interventions, influencing the expenditure of the public sector within the sub-region, and enhancing this through injecting its own resources.

The LEPs will therefore navigate complex territory, manoeuvring between the demands of the taxpayer and communities on the investment of public money and the expectation of return from private funds. To achieve this a clear line on priorities, purpose and commitment needs to lead the development of the LEP to which Poole will belong; lessons must be learnt from the 'function follows form' mistakes of the Bournemouth, Dorset & Poole MAA.

The clarity in question should come from a clear set of activities based on the strengths of the area and building on these in line with both national policy aspirations and local expectations. The generic approach to economic development, where every sector is a priority allowing partners to hedge their bets and appease all parties need to be resisted. In its place should be an evidence-based programme aligning itself with the most indicative strengths which present the opportunity to growth and tackle its most extreme barriers[26].

[26] NESTA, Driving Innovation in Cities, July 2010

The lead in collating this intelligence should be the first priority of the LEP board as they look to determine key areas for investment rather than going along with politically-driven or emotive local calls. Supported by this intelligence the LEP as lead for local economic development should set out a programme of investment which will yield the best results for the area. This will include a selection of asks for the public and private sectors in relation to developing, delivering and funding the necessary projects.

The new leadership model proposes a board with at least a 50:50 split between public and private sector participants, and the lead role given to a key private sector participant. The legitimacy of this will be tested in a number of respects through the recognition of voices from the various geographical localities involved in the finalised LEP as well as the sectoral divisions and size-based business communities. Leadership in managing these relationships and interests will be essential.

The accountability of the LEP and the LEP board members will also need to be established. Interested communities will need to recognise a form of scrutiny which checks and ratifies programme, budget and progress. All members will need to be held accountable to the economic community on the basis of their success.

### 6.2 Funding

The funding of economic development and regeneration is the aspect which has perhaps changed most dramatically. The English RDA’s (outside of London) had a collective budget of around £1.4bn for the year 2010/11. The budget set aside for the LEPs via the Regional Growth Fund (RGF) will be of a same figure to cover three years. The strict criteria and onerous scrutiny involved in the RGF will provide significant obstacles for LEPs looking to utilise the fund, as will the requirement that match funding should come principally from the private sector.

The perspective in Poole however may be slightly different to this general view. Government regeneration investment has been evident in the town, most notably in the money put in to the delivery of the Twin Sails Bridge. The RDA commitment to this has been a loan secured against the uplift in development land value the bridge will realise. Comparatively Poole has not been a priority area for the past administrations regeneration funds; as such they are unlikely to be missed.

The funding environment relevant to regeneration is however wider than simply the single and match pot funds of the RDAs. Overall public expenditure in the UK will fall by a figure expected to reach £83bn by 2014/15[27] with implications for all services. This has already made its mark in Poole with cuts of £14.6m and 162 jobs expected in 2011/12. This impacts the Local Authority’s capacity not only to support the economy through its spending and commissioning programme but to implement or adopt regeneration initiatives within its core service activities.

The expectations of the government are that a decreased state will unleash the private sector which will respond accordingly with new jobs and increased investment. To capitalise on this the LEP as the lead for local economic development

[27] Budget Report 2010

needs to both play a significant role in creating the conditions to attract this investment and in attracting peripheral funding or leverage to complement this.

The aforementioned Regional Growth Fund will provide some leverage for private investment. The criteria for this fund are onerous and conditions of payment may make it a risky endeavour for private investors. The recently introduced Capacity Fund provides an additional £4m ring-fenced for intelligence and training but this is a derisory amount across the proposed 50-60 LEP's. Opportunities will be nationally forthcoming via the Technology Strategy Board and the Green Investment Bank.

An ongoing resource will be the availability of European funding, with the current structural funds programme running until 2013. The European Regional Development Fund (ERDF), previously under the auspices of SWRDA, will move to the administration of BIS from April 2011. The ERDF should be considered a potential resource for the LEP and may be both more secure and less of a burden than the RGF. The Competitiveness element of the ERDF looks at supporting enterprise to increase economic productivity whilst the Territorial Cooperation stream (formerly Interreg) funds collaborative cross-regional projects. A meta-theme of moving toward a low carbon economy exists in the current programme which fits with the Green Knowledge Economy aspirations of BDP.

Additional to these public sources attention should be given to encouraging private investment in the area. This will look at the form in which this private money is attracted; this could include development funds or inward investment to progress development sites and angel investors or venture capital to support innovative business development. The potential of the third sector and social enterprises may yield significant returns for local employment and wealth capture (p84-85).

*Figure 6b: LEP Funding Sources*

| *Source* | *Government (UK)* | *Government (EU)* | *Private Sector* | *Third Sector* |
|---|---|---|---|---|
| *Fund* | *Regional Growth Fund* | *European Regional Development Fund* | *Private Investment funds* | *Social Enterprise Investment funds* |
| *Value* | *£1.4bn across UK 2011-2013* | | | |
| *Route* | *Direct bidding* | *Direct bidding* | | |
| *Partners* | *Private sector involvement key* | | | |
| *Match* | | | | |
| *Priorities* | *Stimulating private investment and creating sustainable private sector jobs;* | *Toward a low carbon economy; enterprise and competitiveness, territorial cooperation* | | |

### 6.3 Policy Alignment

Emerging economic policy at the national level is focused upon the growth of the private sector and the shaping of this in a way which encourages equity and access of opportunity for all. The state will take the role of facilitator for the stimulation of private growth, supporting this through infrastructure investment and a sound and consistent policy base and planning framework which encourages confidence.

This position is in principle not so far removed from the previous administrations later position. The difference is primarily in execution; the Labour approach saw the development of Quangos to lead in this facilitation, providing a strong steer at regional and local level to ensure the precedence of national policy. The Coalition approach encourages greater local autonomy and a stronger focus upon the demands, the interests, and the potential contribution of a given area in meeting these demands.

To this extent the broad national policy position is a bigger and stronger private sector, a broader mix of sectoral strengths representative of local specialism, an increased production sector to counterbalance the extensive growth in and reliance upon the service and consumer economies, and a greater level of private input into public sector interventions to better align public investment with business needs. The LEP’s will be the key vehicle in aligning local aspirations with this national policy and in determining how this is interpreted and implemented at the localised level.

### 6.4 Partners

Partnership continues to be a key element in implementing economic policy. The principle shift here is the move from a partnership of primarily public sector organisations to one evenly split but headed by private sector representation.

The business community therefore has never been more important in localised delivery. The previous administrations approach to regeneration perhaps undervalued the contribution of the private sector and across all sectors this needs to be better recognised. The move to aligning business demands with skills provision and the formation of Employment & Skills Boards has once again engaged the private sector in a core partnership shaping local public investment. The LEPs will extend this further with their input into a wider array of public investment streams.

The continued involvement of the public sector peripheral to regeneration and economic development will remain integral. Such services sit both inside and external to the Local Authority. Key partnerships within the Council will include the involvement of Planning, of Property, of Procurement and of Housing services. Education and Healthcare organisations will continue to play a role in shaping and delivering initiatives from directly providing training to looking for collective investment opportunities and efficiency savings.

Additionally the potential of the Universities and Colleges should be recognised and capitalised upon. At the highest level these institutions possess the potential for stronger levels of engagement with the business community acting as ‘wellsprings of innovation', encouraging innovation networks, knowledge transfer and R&D partnerships[28]. This can filter through the small business community, utilising small and simple innovations for productivity improvements, to larger self-perpetuating innovation circles established between high potential local sectors.

The third sector, social enterprise and charitable investment organisations will play a growing role in the delivery of jobs and retention of wealth locally. At it most parochial this can be translated as the development of community cooperatives owning and running local stores or post office or developing community heating or power systems, stimulating immediate employment and encouraging the recycling of expenditure within their communities. At the more strategic level the attraction of social investors onto key development sites may be the catalyst to delivering some of the principle but under pressure uses.

### 6.5 Collaboration

The LEP model proposes a significant shift in the form of collaboration and the territory for local economic development. The fundamental move is to the development of relationships on the basis of Functioning Economic Geographies as opposed to those within pre-defined administrative boundaries.

The difference between the market area and the administrative boundaries within Bournemouth, Dorset & Poole has been a contentious issue throughout the reign of the RDAs. Prior to their introduction Bournemouth and Poole operated as part of the South Coast Metropole, an extended coastal zone which reached from Poole across to Portsmouth. The introduction of the RDAs saw this relationship end as the BDP sub-region was established as part of the South West; the economic centre of the South East Dorset conurbation however has a much stronger level of integration with Southampton than with other centres in the South West[29].

The original LEP submission for the Bournemouth, Dorset & Poole sub-region recognised this deficiency. The potential to work in partnership with other LEPs where economic synergies were identified was acknowledged in a commitment to adopt 'porous boundaries' which enabled this form of collaboration[30]. Such boundaries may be adopted where we work with existing clusters such as Marine within Hampshire and Dorset, Finance and Health across the former Metropole area, and High Tech Manufacturing in Dorset and Wiltshire.

Additionally collaboration should be considered outside of immediate bordering areas. This in particular is relevant to the development of European funding projects along the territorial cooperation stream. Poole has made significant progress in fostering relationships with European partners, particularly in the French region of Basse-Normandie.

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[28] NESTA, Driving Innovation in Cities, July 2010
[29] DTZ Pieda South West RDA Spatial Prioritization, Review of Economic Activity Zones, July 2001
[30] Local Enterprise Partnership for Bournemouth Dorset & Poole, Expression of Interest, September 2010

## 6.6 Role of the Local Authority

The finalised LEP in which Poole will participate will take on a range of responsibilities which exceed the remit of the Local Authority. The Council does however have a significant role to play in implementing and supporting economic growth and regeneration initiatives.

The regeneration masterplan for Poole proposes the introduction of considerable development within the Borough. The Local Authorities role however extends beyond this. The role of the Council will be to act as a primary facilitator for economic growth and investment within their jurisdiction.

At the strategic level this will include providing both leadership and vision for Poole. The Authority's role in liasing with and guiding communities through the Local Strategic Partnership will be pivotal in helping develop local policy and in defining sustainable growth and development targets. These targets will extend to the use of statutory powers in determining internal measures and indicators which contribute toward their achievement.

The need to invest in local infrastructure will continue as the development and maintenance of road, rail, public transport and digital infrastructure will be paramount if private growth is to be nurtured. Whilst some of this falls outside of the remit of the Borough it will play a major role in influencing such investment.

The Council itself has historically delivered a number of regeneration initiatives, taking a lead role in the development and delivery of partnership programmes to address worklessness, skills development, career awareness and business improvement. To some extent these programmes will continue, and the retrenchment of services such as Business Link will result in a local demand for replacement to which the Borough may respond. The role of the Economic Development service as the local information source for national support programmes will need to be maintained.

The proposal to introduce a General Power of Competence for Local Authorities will allow a greater degree of freedom. This will provide a stronger incentive for Councils to become involved in revenue generating activities which both contribute toward the achievement of local and national targets whilst receiving a supplemental income to relieve the pressure on both services and local tax payers.

Additional financial incentives have already been proposed in the shape of the New Homes Bonus, the Business Increase Bonus, and the Tax Increment Finance. These potentially allow Local Authorities to borrow for the purpose of investment in development programmes which will increase local tax revenue, enabling communities to financially benefit from the growth of their local area.

The forthcoming Public Services Bill, which proposes the divestment of Council services and their integration within community organisations and the social enterprise sector, will elaborate additionally the role of the Local Authority in developing the Big Society. The implementation of opportunities this presents will sit firmly within the gift of the Local Authority ***(further info when PS Bill released)***

### 6.7 Success

The measure for success in economic policy has been set out simply by the new administration. Private sector growth, broader sectoral strengths and sustainable jobs will be the benchmark by which progress is measured.

The autonomy offered to local areas through the introduction of LEPs and the reduction in top-down government control will allow these measures to be enhanced on the basis of the localities own priorities. These additional measures will be the responsibility of the LEP to determine. The progress of the LEP will be judged on its ability to act as the route to and lever for additional investment as well as the catalyst for regeneration programmes which yield the defined jobs targets within the local area.

# 7. Priorities

The previous chapters have set out the position of Poole's economy in relation to its aspiration, the array of factors which contribute in different ways to both its success and its deficiencies, and the emerging public sector approach to economic policy in the Coalition era. This collective data provides the basis for determining the priorities on which intervention should be focused for the Borough.

To determine these requires an assessment of the strengths and weaknesses which emerged through the evaluation process. These indicate a set of opportunities and threats which need to sit at the heart of any priorities and the focus of local economic policy.

### 7.1 Strengths

- An established strong and diverse economy which has proved robust during a major recession
- A strong Private Sector presence
- Strong presence of knowledge intensive sectors
- Strong sectoral mix well tuned to aspirations of national policy, with strengths in Manufacturing, Health and Finance
- New policy environment plays to established strengths in Poole (i.e. manufacturing and exports)
- Presence of University and good skills infrastructure
- Growing community and business environmental awareness
- Integration of natural and urban environment at the heart of quality of life offer
- Strong consumer economy supported by affluent demographic including retirees and downsizers
- Major development and investment potential of Poole regeneration areas
- Demand for employment premises
- Low reliance on state subsidy limits extent of cuts threat to ED in Poole
- Good business survival rates
- Improving skills profile with growth in attainment at NVQ levels 2, 3 and 4
- Established strong relationships with local and sub-regional delivery partners complemented by growing reputation within local private sector

### 7.2 Weaknesses

- Limited capacity to attract external government funding, particularly around regeneration
- Low levels of innovation
- Manufacturing employment in defence-related activities at risk in face of MOD spending cuts
- Lack of research strong University to aid attracting investment/ talent
- Recent local growth over-reliance on consumer-led markets and recycling of income from housing boom

- Overseas import spend more than double export income (South West)
- High levels of residential waste generation and commercial energy use
- Ahead of the curve in ageing population with implications across Poole's communities in the face of public spending cuts
- Inability to attract or retain skilled young people
- Unchecked areas of deprivation with exclusion perpetuating on basis of cost of living and housing affordability
- Restrictions to development and local need presented by high land values
- Scarcity of land supply for future development demands
- Quality of existing employment stock, particularly offices
- Regional and National connectivity: road, rail and broadband
- Relatively low business start-up levels
- Path dependency and skills polarisation evident in local employment and labour market
- Limited qualified labour force to compete for occupations at skill levels 4,3 & 2
- Political tensions within sub-region disruptive to partnership aspirations

**7.3 Opportunities**

- Extended clustering potential in key sectors including High & Medium High Tech Manufacturing in Poole, Dorset & Wiltshire and Marine across Poole, Dorset, Hampshire, Portsmouth and Southampton
- Knowledge Transfer and R&D potential of University-Business networks
- Strong skills development infrastructure
- Renewables market growth through offshore wind farm and in solar micro-generation to establish Poole as a sustainable centre
- Development of environmental goods and services market through adoption of sustainable business practice across industrial estates
- Utilising the business skills of older generations to enhance those of younger business people
- Potential to lead in the innovation of healthcare and healthcare products in relation to ageing
- Development site places Poole Regeneration Area as the prime regeneration area for Dorset if not South Coast
- Access to investment interests presented by high net worth residents and organisations in both commercial and altruistic
- Presence of large local employers with potential for interest in relocating to Regeneration Area
- LEP and public-private partnerships building on established relationships

**7.4 Threats**

- Inability of private sector locally to respond to demands of public sector job losses
- Growth aspirations hit by withdrawal of state-funded business support services
- Cuts in government spending impact Poole businesses reliant on public spend

- Impact of social and economic activity on the inherent value of natural capital and environment
- Pressure on public and community services through growth in demands for elderly care
- Cost of housing and lack of pull for younger demographic result in labour shortage
- Ongoing slowdown in development industry holds up growth and job creation potential
- Indigenous growth potential poached by more responsive and reactive neighbours
- Land values on Regeneration site prejudice development to deliver uses not in line with core strategy and community and business need
- Loss of employment land to non-employment uses
- Downturn in household spend and shortage of credit leads to decline in local consumer market
- Failure to establish credible LEP and agree terms, roles, responsibilities and commitments between Private and Public sector participants

### 7.5 Defining the Priorities

The identified Strengths and Weaknesses within Poole suggest there are a number of key areas upon which our aspirations for growth and economic improvement should be focused. These are echoed across the resultant Opportunities and Threats, providing the basis for identifying the core priorities which should constitute any local economic policy.

Poole is placed particularly well to respond to the demands of national economic policy. The economy is broad, the private sector is strong, and the established presence of emerging priority industries offer a strong local advantage. Innovation however is considered low, the capacity of the University to enhance this is limited at present, and there is perhaps an over-reliance on public spending within the local private sector.

The advantages these strengths offer Poole need to be capitalised upon to enhance the surrounding infrastructure and reinforce their position as local growth poles. The opportunities presented locally in the high tech manufacturing and marine sectors offer huge clustering, knowledge transfer, and R&D potential. The presence of a University, albeit a weaker one in research terms, provides the core infrastructure for capturing this potential, utilising these relationships in the commercialisation of research activity and expansion of its own interests.

***Priority One****: Developing Competitive and Comparative Advantage*

The need to respond to the demands of the environment will have a major impact on business growth. In the run up to 2020 and the EU carbon reduction aspirations for this date increasing legislation can be expected which implicates a variety of markets. The environment is of great importance to the community of Poole, who place a high value on the town's natural capital.

This level of environmental awareness and the basic raw materials on offer puts Poole at an advantage as its businesses look to respond to comply with relations such as the Carbon Reduction Commitment. The high levels of consumption evident across the town do however suggest Poole is not moving fast enough and both residents and businesses can do better in adapting sustainable practices.

The potential for the renewable market is strong locally, particularly for solar energy, arguably the most passive of renewable. The local market in Environmental Goods and Services could be significantly enhanced by an upturn in commissioning for the development of sustainable approaches to business, including resource and energy efficiency measures.

***Priority Two**: Maximising Environmental Assets*

The buoyancy of Poole's economy has been greatly assisted by an affluent and active community of retirees and downsizers, people who are active in the consumer market but not so in the labour market. This demographic does however suggest a risk as the ageing population surges ahead of national trends, the youth population declines, and the cost of living enforces polarisation and deprivation.

Locally the healthcare market is strong and demand for this sector will only grow as the current trend persists. The activation of innovation potential in this market, to ensure both public and private investment go further, will be pivotal. The skills of the retirement community can additionally provide a key resource in developing entrepreneurial potential.

***Priority Three**: Managing Demographic Imbalance*

The business infrastructure covers a wide territory. Whilst it is primarily about the built environment, connectivity is always a major business concern, This has extended into a virtual dimension as the need for world class broadband to provide a competitive edge emerges.

Poole has arguably the number one development site on the South Coast, the 26 hectare quayside Regeneration Area, which presents a huge development programme for the town over the next 15 years. Indicative data for employment demand suggest the market for employment premises is good considering the current investment climate.

Historically Poole has always experienced high land values which present a challenge to development in the town. Employment growth targets will prove unachievable if the town centre site is not progressed, and the scarcity of land implies this is the principle local solution for the creation of new jobs.

The need to attract investment and stimulate interest in developing employment land within Poole will be integral if the opportunity presented by the Regeneration Area is to be capitalised upon. There is also the need to lobby on behalf of the business community with regard to ongoing improvements to the road, rail and broadband infrastructure.

***Priority Four****: Investing in Business infrastructure*

In order for Poole to continue to prosper the business community needs to improve its competitiveness. This is most pressing during periods when public and private spending is low and the need for process, product and investment innovation emerges.

The requisite developments can take a manner of forms, from sectoral growth initiatives and leadership development programmes to skills utilisation across employees and skills improvement amongst the labour force in general. The support structure in Poole is well established to assist in a number of way; delivering vocational qualifications, apprenticeships, business and management improvement seminars and networking events.

The rationalisation of the Business Link service will remove an important resource from Poole which could impact already low business start-up rates. The availability of skills at certain levels presents a problem in competition terms, and significant improvement is needed if the demand for higher level qualifications emerges as forecasted. The expectations of the private sector in responding to the impact of the recession and the ongoing downturn in public spending need to be safeguarded through a strategically designed programme of support.

***Priority Five****: Supporting Business Development and Skills*

The Poole community has a strong interest in enabling the town to achieve its aspirations. It also has significant investment potential from the array of affluent residents and business interests in corporate social responsibility ventures.

With the advent of the enabling measures being proposed in response to the Government's 'Big Society' ambition the potential of this interest to invest in the third sector and support the development of a strong Social Enterprise set needs to be capitalised upon. The fall in direct support for such organisations from ongoing public funding cuts will present a major barrier to breach; the potential of local philanthropic interests and the formation of Community Interest Companies and co-production ventures enabled through Council patronage may fill this gap in provision and stimulate greater local ownership.

***Priority Six****: Developing Social Enterprise*

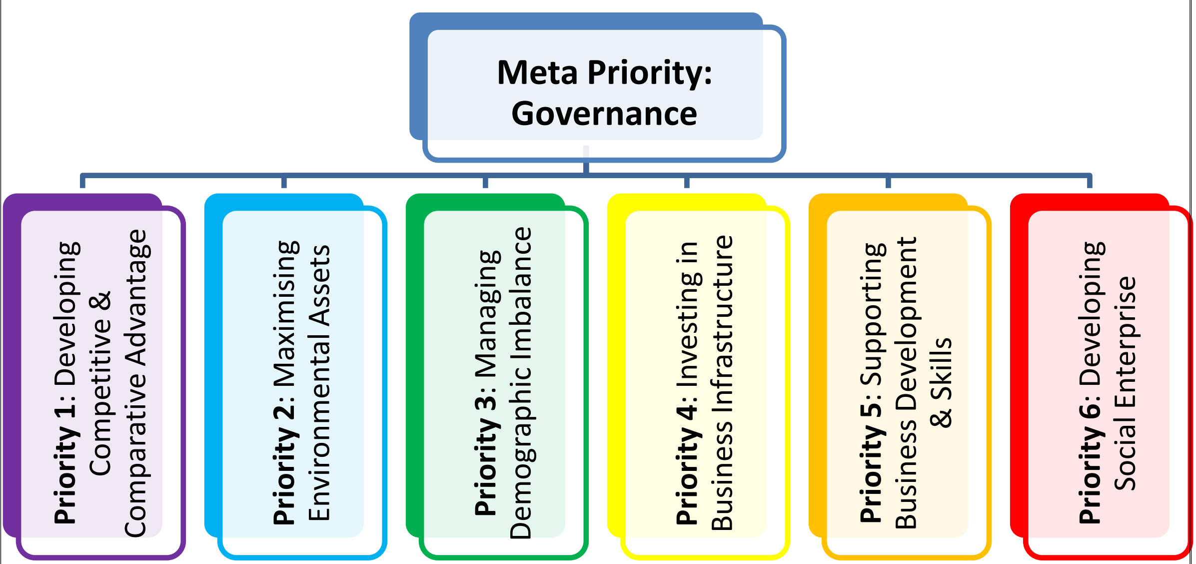
## 7.6 The Meta-Priority

Alongside the priorities and actions defined in terms of economic focus the governance directly aligned to their achievement will be fundamental. This is a priority which itself sits above each of the six priorities due to its impact upon their delivery.

The relationships which have been established within the Council, with partner organisations, but most pivotally with the private sector puts Poole in a strong position for progressing a set of initiatives which will be heavily reliant upon business input. There are however significant risks not only from the rapidly changing public sector environment but similarly in the political tensions which preside over the relationship between the upper tier authorities in the sub-region. As the LEP is likely to emerge in the shape of Bournemouth, Dorset and Poole the risk posed by this disruption needs to be mitigated.

The pivotal nature of this aspect of delivery makes the establishment of a strong system of governance, along with the firm clarification of roles, responsibilities and commitments amongst partners and contributors, a meta-priority which sits above the six established areas of action (Fig.7.1).

Figure 7.1:



### 7.7 Actions

Developing Competitive & Comparative Advantage
- Engagement with and support for key sectors
- Support extended clusters in Marine (Poole, Southampton, Portsmouth & Hampshire), High & Medium-High Tech Manufacturing (Poole, Dorset & Wiltshire) and Knowledge Intensive Services (South Coast Metropole)
- Facilitate links between key university departments and key local sectors to generate knowledge transfer, R&D and innovation networks
- Lead in the development of local investor networks for new and growing business ventures
- Support and sponsor new networks providing support for supply chain development and product diversification
- Promote Poole's export potential

Maximising Environmental Assets
- Promote sustainable business practice
- Promote opportunities in the renewable sector
- Develop sub-regional eco-systems services potential

Managing Demographic Imbalance
- Lead on the development of innovation networks for managing care for the elderly through product development and testing
- Develop a pool of experienced business mentors to support young business people and assist start-ups
- Encourage retention and attraction of younger labour force through positive promotion of local opportunities
- Develop local cultural offer and night-time economy to represent Poole's different communities

Investing in Business Infrastructure
- Lead investment initiatives to attract businesses and developers to key employment sites within Poole
- Provide support in the development and justification of contributions clauses for investment in employment initiatives resulting from major developments
- Lead in the acquisition of additional funding from public and private sources for investment in local initiatives
- Provide advocacy for investment in transport and broadband infrastructure for the benefit of Poole's economic community

Supporting Business Development & Skills
- Deliver business support programme for small and start-up businesses
- Facilitate private sector influence and investment in the local skills development infrastructure through the Employment & Skills Board
- Promote the improvement of management development and improvement and skills utilisation
- Utilise the Council's corporate spending and procurement process to encourage skills development in businesses and support local wealth creation

Developing Social Enterprise

- Promote opportunities for the formation and establishment of social enterprises to SME and Third Sector communities
- Educate communities and organisations on the benefits of Social Enterprise
- Manage network of businesses and high net worth individuals interested in social and philanthropic investment
- Lead in promoting the role BoP can take in supporting the growth of this sector in line with Coalition aspirations for devolving public services, community empowerment and co-production

# 8: Action Plan

| Governance & Partnerships | Key milestones | Lead Officer | Resources Required | Indicator | Outcome / Measure / Monitoring | Priority Level (High/Med/Low) | Comment |
|---|---|---|---|---|---|---|---|
| A: Lead in the development and implementation of a Local Enterprise Partnership and other cross-organisational or cross-territorial partnerships | | | | | | | |
| A1: Progress LEP bid | | AT | | | | | |
| A2: Contribute toward agreement of terms of reference and roles and responsibilities within LEP and corporate agreement and adoption of these | | AT | | | | | |
| A3: Contribute toward the development of a LEP strategy | | AT | | | | | |
| A4: Progress Employment & Skills Board | | AT | | | | | |
| A5: Establish relationships with neighbouring LEPs | | AT | | | | | |
| B: Develop business relationships with organisational partners and private sector | | | | | | | |
| B1: Maintain a programme of company visits | | AT | | | | | |
| B2: Develop stakeholder awareness and involvement | | AT | | | | | Inc business breakfasts |
| B3: Support partner organisations and services through collaborative programmes | | AT | | | | | |
| C: Obtain corporate agreement for BoP Economic Development Strategy | | | | | | | |
| C1: Present ED Strategy to Management team and LEOS | | AT | | | | | |
| C2: Progress corporate adoption of ED Strategy | | AT | | | | | |
| C3: Deliver a communications plan to raise awareness and involvement in delivery of ED Strategy | | AT | | | | | |
| D: Develop external funding potential | | | | | | | |
| D1: Develop and maintain relations with strategically important partners in progressing funding bids | | AT | | | | | To include neighbouring LEPs and European partners (i.e. Cherbourg) |
| D2: Utilise resources available to aid funding plan | | SEDO | | | | | I.E. SWUKBO, Ann Minto at DCC, etc. |
| | | | | | | | |
| Overall | | | | N/S | | | |

| **1 Developing Competitive & Comparative Advantage** | **Key milestones** | **Lead Officer** | **Resources Required** | **Indicator** | **Outcome / Measure / Monitoring** | **Priority Level (High/Med/Low)** | **Comment** |
|---|---|---|---|---|---|---|---|
| 1.1 Establish and support a set of networks to support the development of key sectors and business clusters, including Manufacturing, Marine, and the Knowledge Intensive Services | *See 1.1.1-1.1.5* | | | N/S | | High | |
| 1.1.1 Identify existing local networks and gaps in network potential in key local sectors | Complete report on key sector networks, their structure and activities (Q2) | SEDO | Officer time | N/S | Contacts and potential of existing networks established; gaps identified | High | i.e.MarineSW and the Manufacturing network run by Bournemouth & Poole College |
| 1.1.2 Engage with key employers and active networks to contribute toward the development of local activity | Visit top 20 local employers and established network leads in key sectors (Q2) | SEDO | Officer time | N/S | Relationship with key stakeholders and creating buy-in for network support and development work. | High | |
| 1.1.3 Establish relations with Economic Development and Governance organisations in neighbouring areas to progress the development of cluster-led networks | Meet with colleagues in other LAs, business and sector support and representation organisations in identified cluster areas for key sectors (Q2) | AT/SEDO | Officer time, LEP+ to cover cluster areas (Dorset/Hants/ Wilts) | N/S | Understanding of support for key sectors peripherally; map of support organisations and networks for key sectors in clustering areas. | High | To represent the larger clusters Poole is a part of – Marine in the Soton-Ports-Hants area, Hi & Med-Hi Tech Manu with Dorset & Wilts, and Finance & Health Services in B'mth, Soton & Ports |
| 1.1.4 Complete a project plan for the development of local networks and their linking with cross-regional cluster support work | Plan completed (Q3) | SEDO | Officer time, LEP+ partners | N/S | Plan completed with recommendations for progression of network development activity | High | |
| 1.1.5 Support or sponsor the development of networks to represent emerging and strategically important sectors | Promote and advocate identified network (ongoing). Where | SEDO | Officer time, sponsorship budget | N/S | Increased awareness of networks, greater membership, attendance of events, etc. | Medium | Could include Low Carbon South West for the Environmental Goods & Services, Creative Dorset for the Creative Industries, plus a Social Enterprise |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | sponsorship agreed and available agree and monitor SLA (Q1 - ongoing) | | | | | | network |
| | | | | | | | |
| Overall | | | | N/S | | | |

| 1 Developing Competitive & Comparative Advantage | Key milestones | Lead Officer | Resources Required | Indicator | Outcome / Measure / Monitoring | Priority Level | Comment |
|---|---|---|---|---|---|---|---|
| 1.2 Encourage and stimulate relations and partnerships between Bournemouth University and Bournemouth & Poole College and the business community, especially in the key sectors | *See 1.2.1-1.2.4* | | | N/S | | High | |
| 1.2.1 Promote Knowledge Transfer and R&D partnership opportunities with BU | Opportunities promoted through business engagement and information resources (ongoing) | SEDO | Officer time, BDP partners | N/S | | High | |
| 1.2.2 Facilitate/organise presentations and events via networks or through presence at/membership of networks | Support/organise at least 3 presentations and 2 events for networks during year (2011/12) | SEDO | Officer time, LEP+ partners | N/S | | High | |
| 1.2.3 Directly introduce businesses to BU personnel or departments with shared research or commercial interests | Direct introductions arising from business / university engagement (ongoing) | AT/SEDO | Officer time | N/S | | High | |
| 1.2.4 Develop with BU a KTP & R&D database to promote interests and current or historical research activity to businesses. | Collate information with BU and develop database (Q2) | SEDO | Officer time | N/S | | High | |
| | | | | | | | |
| Overall | | | | N/S | | | |

| 1 Developing Competitive & Comparative Advantage | Key milestones | Lead Officer | Resources Required | Indicator | Outcome / Measure / Monitoring | Priority Level | Comment |
|---|---|---|---|---|---|---|---|
| 1.3 Develop a local investors network and investment database | *See 1.3.1-1.3.3* | | | N/S | | High | |
| 1.3.1 Identify local businesses and individuals involved or with interest in investment networks and venture capital | Partners identified via business engagement (ongoing) | AT | Officer time, B&P partners | N/S | | High | |
| 1.3.2 Develop a database of investors and investment interests | Database scoped and developed (Q2) | SEDO | Officer time, B&P partners | N/S | | High | |
| 1.3.3 Organise an annual ideas and investment panel to showcase businesses looking for capital direct to investors | Project scope and partners identified (Q2), Panel established and first showcase held (Q4) | SEDO | Officer time | N/S | | High | Ambition should be for panel to become at least bi-annual |
| | | | | | | | |
| Overall | | | | N/S | | | |

| 1 Developing Competitive & Comparative Advantage | Key milestones | Lead Officer | Resources Required | Indicator | Outcome / Measure / Monitoring | Priority Level | Comment |
|---|---|---|---|---|---|---|---|
| 1.4 Promote UKT&I services and Foreign Direct Investment to encourage exporting and international business partnerships | *See 1.4.1-1.4.3* | | | N/S | | Medium | |
| 1.4.1 establish contacts with UKT&I and understanding of service provision post-RDA | Contact and new operational structure established (Q1) | SEDO | Officer time | N/S | | High | |
| 1.4.2 Develop a contacts group across networks through which to circulate FDI enquiries | Contacts identified (Q2) | SEDO | Officer time, BDP Export Group | N/S | | Medium | |
| 1.4.3 Develop a database of business interests for reference in relation to FDI enquiries | Develop database (Q1), populate via business engagement (ongoing) | SEDO | Officer time | N/S | | Medium | |
| | | | | | | | |
| Overall | | | | N/S | | | |

| 2 Maximising Environmental Assets | Key milestones | Lead Officer | Resources Required | Indicator | Outcome / Measure / Monitoring | Priority Level | Comment |
|---|---|---|---|---|---|---|---|
| 2.1 Promote and encourage the adoption of sustainable business practice | *See 2.1.1-2.1.2* | | | N/S | | High | |
| 2.1.1 Deliver a set of articles and events promoting and informing on sustainable business practice and compliance | Publish 4 articles and deliver 1 event (2011/12) | SEDO | Officer time, budget for event (sponsorship?) | N/S | | High | |
| 2.1.2 Promote national SBP support programmes to the business community | Signpost via website and other business information sources (2011/12) | SEDO | Officer time | N/S | | High | Includes Environwise and the National Industrial Symbiosis Programme |
| 2.2 Establish relations with Eneco and other partners involved in delivering the West of Wight windfarm to promote commercial opportunities in the development | Continue engagement with Eneco & partners to establish opportunities; include partners (i.e. PHC) (2011/12) | AT/SEDO | Officer time, BDP partners | N/S | | Medium | |
| 2.3 Promote renewable energy | *See 2.3.1-2.3.2* | | | N/S | | High | |
| 2.3.1 Promote opportunities and incentives relating to the renewable energy and micro-generation schemes | Promote FITS and PV4Free through articles and business engagement (2011/12) | SEDO | Officer time | N/S | | High | Including the Feed-In Tariff and PhotoVoltaics for Free offers |
| 2.3.2 Develop advice for businesses on the installation of PV and other renewables | Produce advice sheet with PP/BC (Q2) | SEDO | Officer time, Planning Policy & Building Consultancy support | N/S | | High | Focus on local planning and building regulations: Planning Policy and Building Regs to support |
| 2.4 Develop with BU Centre for the Green Knowledge Economy a programme to promote the opportunities of the Green Knowledge Economy and stimulate the potential of the Environmental Goods & Services and Eco-Systems Services markets. | Deliver a GKE event for the Poole/BDP business community (2011/12) | SEDO | Officer time, BDPpartnership | | | High | Key contact: John Brackstone |
| Overall | | | | N/S | | | |

| 3 Managing Demographic Imbalance | Key milestones | Lead Officer | Resources Required | Indicator | Outcome / Measure / Monitoring | Priority Level | Comment |
|---|---|---|---|---|---|---|---|
| 3.1 Develop an innovation panel for elderly healthcare and supported living | *see 3.1.1-3.1.2* | | | N/S | | High | |
| 3.1.1 Establish a working group consisting of BoP Adult Social Services, NHS, BU, Care providers and the Healthcare Sector | Working group meeting one held (Q2) | SEDO | Officer time | N/S | | High | |
| 3.1.2 Support the establishment of partnerships in R&D and pilots aimed at supporting elderly needs and testing new products and ideas | Partnerships established via innovation panel: target of 3 for inaugural year (2001/12) | SEDO | Officer time | N/S | | High | |
| 3.2 Recruit a pool of retired business professionals to provide mentor services for pre-start and start-up businesses | Recruit 20 new mentors (2011/12) | GBB | Officer time | N/S | | Medium | Part of Dormen |
| 3.3 Promote employment opportunities in key sectors through schools, college and universities | *See 3.3.1-3.3.2* | | | N/S | | Medium | |
| 3.3.1 Deliver a promotional programme linking schools with professionals | Organise and deliver 12 events (2011/12) | GBB | Officer time, budget (through sponsorship) | N/S | | Medium | 'Meet the Engineer' |
| 3.3.2 Support the development of apprenticeship programmes and work with training providers to identify business placements | Recruit and refer 30 businesses with interest in apprenticeships (2011/12) | GBB | Officer time | N/S | | Medium | |
| 3.4 Support the development of local cultural events and the evening economy | *See 3.4.1-3.4.2* | | | | | Low | |
| 3.4.1 Provide promotional support for Town Centre, Arts and Leisure activities and events | Publish min 2 articlesin business info mediums (2001/12) | GBB | Officer time | | | Low | |
| 3.4.2 Facilitate private sector investment | Link to sponsorship and investment interests (6.2.2) | GBB | Officer time | | | Low | |
| Overall | | | | N/S | | | |

| 4 Investing in Business Infrastructure | Key milestones | Lead Officer | Resources Required | Indicator | Outcome / Measure / Monitoring | Priority Level | Comment |
|---|---|---|---|---|---|---|---|
| 4.1 Promoting growth and investment through Poole's development sites and business premises | | | | N/S | | High | |
| 4.1.1 Deliver the Invest in Poole/Property Pilot service to promote employment premises and service business enquiries for property | Database and online facility maintained and enquiries reviewed (2011/12) | GBB | Officer time, budget (for Jo Rufus/Property Pilot contract) | N/S | | High | |
| 4.1.2 Develop a portfolio of key sites and development opportunities to present to large investors and relocation enquiries | Portfolio produced in hard and/or digital form (Q2) | GBB | Officer time, materials budget | N/S | | High | |
| 4.1.3 Engage with large employers in the area to discuss future needs and relocation potential | Engage with top 25 office-based employers in Poole (2011/12) | AT/GBB | Officer time | N/S | | High | |
| 4.1.4 Promote potential for development of managed workspace centres to leading market providers | Engage with 3 managed workspace providers (2011/12) | GBB | Officer time | N/S | | High | i.e. Basepoint, Oxford Innovation and Verve Properties |
| 4.1.5 Identify target companies, sectors and mediums for promotion of investment opportunities | Inward Investment project plan complete(Q2); Promotional campaign started (Q3) | GBB | Officer time, materials and promo budget | N/S | | High | |
| 4.2 Provide support and advice to Planning regarding employment land | *See 4.2.1-4.2.2* | | | N/S | | High | |
| 4.2.1 Collate intelligence on supply and demand | Produce bi-annual reports with PP data (Q2) | SEDO/GBB | Officer time | | | High | |
| 4.2.2 Provide ED input to planning applications with employment land | Provide response as | SEDO | Officer time | | | High | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| element | requested (ongoing) | | | | | | |
| 4.3 Manage and leverage additional funds for infrastructure investment | *See 4.3.1-4.3.2* | | | | | Medium | |
| 4.3.1 Manage the investment or allocation of received contributions for loss of employment land | Progress proposals for allocation of Old Orchard funds (Q1) | SEDO | Officer time | | | Medium | |
| 4.3.2 Contribute toward the development of S106/CIL requirements in relation to loss of employment land | Input as required (ongoing) | SEDO | Officer time | | | Medium | |
| 4.4 Provide advocacy for the business community in relation to Council and partner investment in road, rail and broadband infrastructure | Input to boards, partnerships and steering groups as required in line with business intelligence | AT/SEDO | Officer time | | | Medium | |
| | | | | | | | |
| Overall | | | | N/S | | | |

| 5 Supporting Business Development and Skills | Key milestones | Lead Officer | Resources Required | Indicator | Outcome / Measure / Monitoring | Priority Level | Comment |
|---|---|---|---|---|---|---|---|
| 5.1 Provide support services for businesses, including the start-up and micro/small sector | *See 5.1.1-5.1.4* | | | N/S | | Medium | |
| 5.1.1 Provide a promotion service for local businesses | Produce a (biennial) business directory for Poole (Q1) | | | N/S | | Medium | Business Directory |
| 5.1.2 Deliver an information service to local businesses | Publish 4 Business Briefs, keep updated business pages (2011/12), Publish an Economic Profile for Poole (Q2) | GBB | Officer time | N/S | | Medium | |
| 5.1.3 Deliver direct business advisory service | Provide support for 50 Poole businesses through the DORMEN service (2011/12) | GBB | Officer time, funding for DORMEN programme | N/S | | Medium | |
| 5.1.4 Develop a legacy plan for business support in Poole to mitigate decline of publicly funded support | Plan completed (Q2) | GBB | Officer time, BDP partners | N/S | | High | |
| 5.2 Manage the implementation and delivery of the Employment & Skills Board | Complete strategy and progress toward agreed targets (2011/12) | AT | Officer time, project manager (B.Payne), BDP partners | N/S | | High | |
| 5.3 Promote the skills development infrastructure to the business community and provide support in this engagement | Promote business development and improvement courses and facilities at Universities and Colleges (ongoing) | GBB | Officer time | N/S | | High | Include BU and the EBC, B&P College and PTPs |
| 5.4 Develop the employment skills of young people through the delivery of an employability programme | Deliver an employability programme at 8 schools across Poole (2011/12) | GBB | Officer time, sponsorship of Young Enterprise | N/S | | Medium | |
| Overall | | | | N/S | | | |

| 6 Developing Social Enterprise | Key milestones | Lead Officer | Resources Required | Indicator | Outcome / Measure / Monitoring | Priority Level | Comment |
|---|---|---|---|---|---|---|---|
| 6.1 Promote Social Enterprise as an opportunity to internal stakeholders, communities, charities and businesses | *See 6.1.1-6.1.4* | | | N/S | | High | |
| 6.1.1 Deliver a BoP seminar on the impact and opportunities presented by Social Enterprise | Seminar organised and completed (Q2) | GBB | Officer time, seminar budget, partnership with LSP(?) | N/S | | High | |
| 6.1.2 Promote Social Enterprises through a series of articles and events | Publish at least 2 articles and deliver 1 event (2011/12) | GBB | Officer time, event budget, B&P partnership | N/S | | High | Event to coincide with Social Enterprise Day as part of Global Entrepreneurship Week (Nov 2011)?? |
| 6.1.3 Provide a referrals service for Social Enterprise support groups and products | Refer enquiries for SE support (ongoing) | GBB | Officer time | N/S | | High | |
| 6.1.4 Contribute toward internal review of how Council can support the development of Social Enterprise | Attend and contribute toward work programme; lead actions where necessary in line with priorities (2011/12) | GBB | Officer time | N/S | | High | |
| 6.2 Manage a pool of social and philanthropic investment interests from the business community and other partners | See 6.2.1-6.2.2 | | | N/S | | Medium | |
| 6.2.1 Actively participate in the development and delivery of the Poole Community Foundation initiative | CF established, investment attracted and grants allocated (ongoing) | AT | Officer time | N/S | | Medium | |
| 6.2.2 Manage a business sponsorship fund for Social Enterprise, Voluntary and Charitable activities within and peripheral to the Council | Develop database of funding and sponsorship from business (Q2) | AT/GBB | Officer time | N/S | | Medium | |
| | | | | | | | |
| Overall | | | | N/S | | | |

## 8: Measuring Progress

Monitoring the progress of delivery and the impact on the objective of the economic strategy should be embedded as part of the delivery plan. This however needs to consider the availability of data for the period over we the dedicated programme of intervention has been active.

Monitoring the progress and the impact should be approached separately. The progress of delivery against the Action Plan will be a pivotal element of this and will be absorbed within the core departmental reporting process. The established monitoring system for the Planning and Regeneration Business Plan – a ‘red-amber-green’ model – will apply to the Economic Strategy Action Plan.

Measuring the impact will take a separate form. This will look to replicate the benchmarking exercise, identifying how Poole has improved against a set of comparators. The group of competitive peers will remain consistent when the benchmarking exercise is revisited. The aspirational group however may well have changed; this will be dependant upon improved performances in other cities in the UK or a decline in fortunes to the current aspirational peers. A similar form of identification for the exemplar UK cities in enterprise, innovation, and sustainability should be used in identifying any changes necessary to the aspirational group.

The targets of the economic strategy are medium- to long-term ambitions and progress against them should therefore be measured over extended time periods rather than on a short-term periodical basis. It is recommended that the benchmarking exercise is not revisited until late 2013 at the earliest. This will allow time for the relevant data sources to deliver data which relates to the period of intervention activity.