

Sub Regional Profiling for the South East Diamonds for Investment & Growth

SEDfIG Partnership
August 2010



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Appendix B: About us

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Approved by: Heather Carey
Position: Associate Director
Date: August 2010

Executive summary

A wide range of evidence exists to demonstrate that the South East Diamonds are a catalyst for growth

The South East Diamonds have been recognised as a catalyst for growth on account of their concentrations of people, employment, built assets, knowledge, transport, networking, creativity, leisure, culture and diversity. They comprise eight largely urban areas across the South East which have outperformed national and regional growth targets.

But work is required to understand their role in the future, particularly in light of changing national priorities

Given the Coalition government's proposed spending cuts and structural changes at a regional and local level, understanding the role of the Diamonds in driving future economic growth of the region and national economy is more important than ever. This will provide a crucial basis for understanding how best local and sub-regional partners in the South East can proceed, particularly with respect to the new Local Enterprise Partnership structures that have been established by the Coalition Government.

In light of this, the SEDFIG Partnership commissioned Experian together with Colin Buchanan, to synthesize the existing evidence on each of the Diamonds and to assess their: Infrastructure asks, inward investment opportunities and challenges and the effectiveness of their existing governance structures.

Within this study we have used a mix of literature review and stakeholder consultation to produce individual profiles for each of the Diamonds. These profiles highlight the unique set of infrastructure needs and specific inward investment opportunities and governance structure which each of the Diamonds has. We have also sought to bring out the common themes which have emerged across the Diamonds with respect to their infrastructure asks, inward investment structures and governance structures.

The Diamonds have real potential to attract inward investors but they require continued support to do so

Within this report we have outlined the real opportunities that exist with respect to inward investment; they necessarily vary across all the Diamonds, but focus around knowledge based activities and are dependent on the unique assets of the Diamond; they include advanced manufacturing and engineering sectors, financial and business services and environmental technologies. Fundamentally, the strong assets of the Diamonds and their close proximity to the capital, makes them well-placed to capitalise on growth in the knowledge economy. They must however be mindful of the need to create employment opportunities for all, particularly given the fact that within a number of the Diamonds there exist concentrations of low skills and unemployment.

The Diamonds must have a clear understanding of their own and the collective barriers which they face with respect to expanding their inward investment offer. In part these are unique to each Diamond and relate to their specific infrastructure pinch-points but there are commonalities between them. The three key infrastructure 'asks' which are vital for the Diamonds are firstly around adequate and sustainable commercial space for inward investors, particularly ensuring that there exists sufficient sustainable building. Secondly, the existence of cutting edge telecoms infrastructure which can support businesses and enable them to fully participate in the global marketplace and finally strong research to business

linkages to attract high value businesses that benefit from knowledge transfer between Higher Education Institutes and businesses.

The Diamonds also clearly need to acknowledge the wider changes that are occurring at a national scale. The impacts of the spending cuts will be felt by all Diamonds and could hinder progress of a number of schemes that are planned or are in place. The removal of the regional tier of government certainly offers an opportunity for the Diamonds to develop LEPs, but it also raises a challenge around funding and support particularly in the short and the medium term given the stringent budget cuts which the RDAs are facing. With support from government focussed on regions outside of London, the South East and East there are likely to be additional financial pressures for the Diamonds.

Through the LEP structure the Diamonds have a real opportunity to continue to drive economic growth in the their own functional geographies and the wider south east

Ensuring that there is a strong governance structure in place with clear strategies which prioritise the most critical activities will be essential. With the development of LEPs there is a real opportunity for the Diamonds to do this. These structures fit well with the existing Diamond governance structures – namely that they are partnerships of local councils and interested parties, and a number have strong representation from business. The Diamonds also benefit strongly from the SEDfIG partnership, a collective organisation which co-ordinates and support their activities. From this strong basis, the Diamonds have great potential to meet the new asks of the coalition government and to continue to maximise the potential of their own functional geographies and the South East region as a whole.

Introduction

South East Diamonds as economic catalysts for the region

Cities and their hinterlands have been firmly identified as drivers of regional economic growth. This recognition has come at a national through to local level, particularly through the previous Government's Sub-National Review which recognised the need for cities and city-regions to have more powers over economic development. They championed the Multi-Area Agreements (MAAs) and statutory city-regions as a means to encourage Local Authorities (LAs) and partners to think in more detail about the economic issues which are important to their local areas¹.

Likewise the coalition government has placed the importance of empowering local people at the heart of their agenda and have emphasised the need for partnership working as vital to supporting local economic development. The new government supports the creation of Local Enterprise Partnerships (LEPs) – joint local authorities and business bodies – to enable this² and an invitation has been issued to local groups of councils and business leaders to come together to draft outline proposals to the Department for Business Innovation and Skills and Communities and Local Government to form LEPs.³

The eight South East Diamonds for investment and growth are cities, towns and their surrounding areas within the region which have been identified as catalysts for growth on account of their concentrations of people, employment, built assets, knowledge, transport, networking, creativity, leisure, culture and diversity. Knowledge Based Industries accounted for over half of total employment within the Diamonds (55.8%) in 2007. The Annual business Inquiry data (2006) also suggests that they contained approximately 40% of the South East business base.⁴

Ambitious targets have been articulated for the Diamonds by the South East Diamonds for Investment and Growth Partnership (SEdFIG) in their Prospectus for Prosperity.⁵ In order to achieve these stretch targets, particularly given the economic challenges of recent years and the period of fiscal austerity which we are moving into, the South East Diamonds will require strong infrastructure, governance and forward planning to take advantage of inward investment opportunities.

Building upon previous work

In light of this agenda, in May 2010 the SEdFIG Partnership commissioned Experian and Colin Buchanan to synthesize the existing analysis and research on the South East Diamonds. This work builds upon the previous study which Experian conducted on behalf of SEEDA to assess the eight South East Diamonds.⁶ The report will not only support the Diamonds in providing a single source of evidence on their infrastructure 'asks,' the inward investment opportunities; and the ways in which they can learn from one another with respect to enhancing and refining their governance structures. It will also act as a key document to inform local, regional and national policy makers of the real potential which the Diamonds present.

¹ CLG (November 2008) *Prosperous Places: taking forward the review of sub-national economic development and regeneration: The Government response to public consultation*

² HM Government (2010) *The Coalition: our programme for government*

³ HM Government (29 June 2010) *Final Letter to Local Enterprise Partnerships*

⁴ SEdFIG (2010) *SEdFIG Building a knowledge economy: Action Plan and Scenarios for Growth, A report by CLES Consulting*

⁵ SEdFIG (April 2009) *South East Diamonds for Investment and Growth: A prospectus for Prosperity*

⁶ Experian (2006) *South East Diamonds for Growth, a report for SEEDA*

The core objectives of this study are to:

- To provide an appraisal of the infrastructure needs and 'gaps' for each of the South East Diamonds
- To identify key sectors for inward investment in the Diamonds, as well as to determine how to prioritise these and the challenges posed.
- To map existing sub-regional partnerships and identify where possible areas of best practice in terms of governance structures.

Outputs from the study

The final report will bring together Colin Buchanan's audit of the infrastructure needs and gaps, Experian's detailed desk based review with respect to inward investment opportunities and stakeholder consultations with each of the Diamonds and additional relevant stakeholders within the region.

It should be noted that Colin Buchanan's desk-based review of evidence related to the infrastructure investments needed to close the 'infrastructure gap' was carried out on documentation published between 2006 and early 2010. In advance of the Comprehensive Spending Review announcement expected in October 2010, it would be extremely difficult to ascertain the changes that will take place within the context of individual funding regimes (e.g RFA). Furthermore, once the headline departmental figures are published in Autumn 2010 as part of the CSR, it is likely that will take some more time before information on individual spending programmes is made available.

The report is structured around the following sections:

- An overview of the Diamonds: providing a high level view of the collective significance of the Diamonds
- A portrait of each of the Diamonds: including an analysis of their strengths and weaknesses, their opportunities for inward investment and a critical assessment of their governance structures.
- The key messages and transferable lessons: this last chapter will focus on bringing out the transferable lessons learned for action and improvement across the Diamond. It will bring out case studies from the Diamonds that are operating well.

For further information on this research, please contact:

Heather Carey

Associate Director – Economic Policy
T 44 (0) 207 746 8242
E heather.carey@uk.experian.com

Katrina Hann

Research Manager – Economic Policy
T 44 (0) 207 746 8286
E katrina.hann@uk.experian.com

Experian

Cardinal Place
6th Floor
80 Victoria Street
London SW1E 5JL
www.experian.co.uk/publicsector

1 South East Diamonds: an overview

1.1 Introduction

The South East Economic Development Agency (SEEDA) recognises the eight Diamonds for Inward Investment and Growth in its 2006-2016 Regional Economic Strategy (RES): North Hampshire, Brighton & Hove, Milton Keynes/ Aylesbury Vale, Central Oxfordshire, Gatwick, Thames Gateway Kent, Reading and Urban South Hampshire. The RES identified these areas as the 'most significant and largely urban areas across the South East, that have the potential to act as a catalyst to stimulate prosperity across wider areas, and which offer scope for further sustainable growth based on targeted investment in their infrastructure.'⁷

Recognition of the Diamonds has come at a national level from the designation of a number of the Diamonds as growth points and growth areas including, for example, Milton Keynes and Aylesbury Vale Growth Area and the Partnership for Urban South Hampshire.⁸

Furthermore their position has been strengthened through the work of the South East Diamonds for Investment and Growth Partnership (SEDIG), a collaboration of nine local authorities at the urban core of these Diamonds supported by SEEDA and GOSE – which has articulated the collective importance and role of the Diamonds and outlined ambitious targets for their future economic growth.⁹

This section provides an overview of the collective significance of the Diamonds, taking into account the change in government and current economic situation

1.2 The Diamonds: Collective significance

The Diamonds have a strong track record in delivering economic and housing growth...

The *Prospectus for Prosperity* highlights that half of the Diamonds have had outstanding economic performance achievements exceeding national and regional growth targets and despite the difficult current economic climate these areas are forecast strong future growth. The Diamonds collectively will aim to generate 45 per cent of the South East's GVA growth to 2016. Other Diamonds have huge potential for growth in terms of land and space. Milton Keynes and Aylesbury Vale is a prime example of the housing growth that has been achieved. Likewise Thames Gateway Kent is one of Europe's largest regeneration initiatives and is set to become an international commercial centre with a major new business district being developed around Ebbsfleet Valley.¹⁰

...And are well equipped to play an important role in the Coalition Government's growth ambitions

A key focus of the Coalition Government is upon supporting economic recovery both in the short and longer term. The previous government emphasised the importance of Multi-Area-Agreements and statutory city-regions, encouraging local authorities to develop cross boundary methods of working to drive economic growth. This is a priority of the Coalition Government who have recently announced the

⁷ South East Economic Development Agency (2006) Regional Economic Strategy 2006-2016

⁸ Communities and Local Government, Growth Areas and Growth Points
<http://www.communities.gov.uk/documents/housing/pdf/898634.pdf>

⁹ South East Diamonds for Investment and Growth (2009) A Prospectus for Prosperity

¹⁰ Ibid

abolition of all the Regional Development Agencies (RDAs), with the forthcoming Public Bodies Bill and White Paper set to outline alternative plans for economic development. RDA's are to be replaced with joint council and business-led partnerships – Local Enterprise Partnerships (LEPs) – providing local authorities with greater power to drive forward economic growth. An invitation has just been issued to local groups of councils and business leaders to invite them to come together to draft outline proposals to the Department for Business Innovation and Skills and Communities and Local Government to form LEPs.¹¹

The recent 2010 Budget report indicated that strong LEPs would be created particularly around England's major cities and other "natural economic areas" to enable "improved coordination of public and private investment in transport, housing, skills, regeneration and other areas of economic development."¹² Evidently given the significance the Diamonds as city-regions and 'natural economic areas,' alongside the development of effective, business-friendly partnership structures to date, they are in a prime position to act as LEPs – an opportunity which should be capitalised upon.

They have a diverse sectoral mix which is closely linked to national priorities

The Diamonds can boast a diverse sectoral make-up which includes, but is not overly dependent, on financial services. They have a strong presence in the knowledge economy with considerable strength in Research and Development (R&D) activities in areas such as Central Oxfordshire, advanced manufacturing and engineering including marine in Urban South Hampshire, low carbon and environmental technologies in Thames Gateway Kent.

This varied sectoral mix includes many of the core sectors at the forefront of national priorities and identified opportunities. The issue of rebalancing the economy has become a key focus in recent speeches by the Prime Minister and the Secretary of State for Business, Innovation and Skills and there are a wealth of documents that point to areas of growth for UK plc – these include a recent NESTA report 'Rebalancing Act' which call for a focus upon innovative and high tech industries to drive sustainable growth. It presents a number of scenarios which play to the strengths of the Diamonds – these include scenarios around a manufacturing renaissance, a high tech flourishing economy and a final scenario focussing on innovation across the economy.¹³

This is supported by a wealth of world class research and HEI institutions

Inward investment opportunities within the Diamonds are also supported by the strong access to knowledge bases and HEI institutions which, along with high technology businesses, contributes to a strong knowledge based economy in the region – fostering innovation and creativity and enabling partnerships with a range of businesses. The *Prospectus for Prosperity* points to specific R&D strengths in medicine and pharmaceuticals, information and communication technology, engineering and bioscience.¹⁴

¹¹ HM Government (29 June 2010) Final Letter to Local Enterprise Partnerships

¹² HM Treasury (June 2010) Budget 2010

¹³ NESTA (2010) Rebalancing Act

¹⁴ South East Diamonds for Investment and Growth (2009) A Prospectus for Prosperity

The Diamonds also benefit from high levels of connectivity with London, rest of UK, Europe and beyond.

The Diamond's also enjoy close proximity to London with travel times by rail between 26 and 80 minutes.¹⁵ Gatwick and Heathrow airports and the international rail connection in Thames Gateway Kent support strong international connections. As a result we have witnessed the presence in Diamond areas of the European HQs of large multinationals and back office operations for major London based firms, as well as key capital workers basing themselves within the Diamonds and commuting to and from London.

¹⁵ Ibid

2 North Hampshire

2.1 Overview of the Diamond

North Hampshire benefits from its physical space providing capacity to grow

The North Hampshire Diamond incorporates the borough of Basingstoke and Deane, along with neighbouring Hart and Rushmoor to the east; it lies to the south west of London and south of Reading.

Figure 2.1: Map of North Hampshire Diamond



Source: Ordnance Survey maps received from SEEDA

The Diamond is characterised by a diverse and well balanced economy

North Hampshire has a diverse and well balanced economy, with particular sector strengths in Information Communications and Technologies (ICT) clustered along the M3 corridor to Heathrow and Thames Valley and ideally positioned to access international markets. The Centre for Local Economic Strategies' (CLES) recent report¹⁶ highlighted software consultancy and supply as having the largest employment concentration (five times the national average), alongside high employment in IT hardware activity (eight times the national average). The Diamond can boast the presence of well known companies in this field such as Sony and Nokia.

There is a growing Research and Development (R&D) presence within the Diamond, particularly focussing on the bioscience and healthcare sector. Again the recent report by CLES stated that employment in R&D in natural sciences and engineering is over four times the national average; within

¹⁶ Centre for Local Economic Strategies (CLES) (2010) Building a Knowledge Economy, Report 3: Place Analysis

this industry manufacture of pharmaceuticals and medical and surgical equipment is particularly important. Key companies include Shire Pharmaceuticals, headquartered in Basingstoke, which is a leading speciality biopharmaceutical company¹⁷

A diverse range of advanced manufacturing and engineering activities also play an important role within the area, including manufacture of television and radio transmitters. Aerospace and Defence is also a key industry within this sector, particularly focussed in and around Farnborough with both BAE and QinetiQ (a leading international provider of technology based solutions for defence and security markets) and the Farnborough Aerospace Centre all within close proximity.¹⁸

Finally the financial services sector boasts a number of high profile firms including Barclays Commercial although the focus of this sector is largely in support service activities

2.2 Strengths and weaknesses

2.2.1 Skills and employment

The Diamond is well connected and is an attractive destination for businesses and residents

North Hampshire performs well in terms of competitiveness with high rates of earnings, productivity and employment. Its well placed location and connectivity within and outside the Diamond, along with the availability of physical space and commercial property, has attracted multinationals and high profile businesses to the area. The draw for residents is evident with competitive house prices and the high quality of life on offer.

Although it has a strong skills profile it does however suffer from a more limited HEI presence than other Diamonds which would support business growth

North Hampshire has strength in vocational education and business studies with institutions such as Basingstoke College of Technology providing vocational training and apprenticeships in engineering, computing, construction and business. The Diamond is also served by University of Southampton, Surrey and Reading¹⁹ although it must be noted that the Diamond has a more limited university presence compared to other Diamonds with fewer links with higher education institutions (HEIs). Consultees highlighted that a greater presence in terms of educational institutions would result in more innovative products and spin off companies in the area.

The Diamond does benefit from a number of local business networks including: North Hampshire and M3 Corridor Board and the Sustainable Business Partnership, which supports businesses to adopt sustainable business practices.²⁰ An Innovation Centre for start up businesses has also been set up in the area to support business growth and innovation, with local economic growth teams and venture capital fund company 3EN based in the centre; more activity of this nature is required.

The employability and skills strategy for the Diamonds indicates that North Hampshire has high skills levels, however compared to Brighton and Hove, Central Oxfordshire and Reading Diamonds (other knowledge driven economies), the area is characterised by lower resident skills levels (fewer residents have NVQ level 4 and above)²¹ and as a result key knowledge jobs are taken by commuters from

¹⁷ SEEDA (2009) North Hampshire Proposition, Supporting and Delivering Growth

¹⁸ SEEDA (2009) North Hampshire Proposition, Supporting and Delivering Growth

¹⁹ Ibid

²⁰ Ibid

²¹ SEDFIG (February 2010) South East Diamonds for Investment and Growth Employability and Skills Strategy

outside the Diamond. It is hoped that this gap will be in part addressed with the co-location of the Learning Campus with the Basingstoke College of Technology, which will develop skills and training – better matching them to employers' needs and creating potential for investment in the area.²²

2.2.2 Infrastructure

The Diamond has capacity to develop further with a number of planned infrastructure projects supporting growth

The Diamond does have availability in terms of office and a wide variety of industrial space for inward investors. Grade A office space includes Chineham Business Park in Basingstoke and Watchmoor Park near Farnborough. Industrial space includes Walworth Business Park in Andover.²³ A number of these, including Chineham Business Park, were the result of recent regeneration initiatives which have raised the profile of the area and attracted businesses to locate.²⁴ Despite these developments, employment land does remain in need of re-development.²⁵

In terms of rail: upgrades, improved stations and public transport interchange facilities at Basingstoke and Chineham have been planned.²⁶ These will support sustainable travel and serve new housing and employment sites. For highways, a number of junctions are to be improved including M3 Junction 6 to Black Dam and the development of a Basingstoke link road, which will help to ease some of the congestion which remains an issue for the Diamond. A premier bus network is also proposed.²⁷

Some of the warehouse and industrial premises will require refurbishment and redevelopment

Finally, despite there being capacity for further development, a large proportion of the warehouse and industrial premises date to the 1960s and 70s and require refurbishment and redevelopment if they are to attract key inward investors to the area. The employment land and buildings within the Diamond must be sufficiently flexible to adapt to change of use and support modern facilities²⁸

2.3 Scope for inward investment

North Hampshire has taken real strides to develop its offer to inward investors

The North Hampshire Diamond has clear ambitions to develop its inward investment profile. Basingstoke's Economic Strategy highlights 'Destination Basingstoke,' an independent organisation working with businesses and other partners to promote Basingstoke as a great place to live, work, visit and do business. It acts as an important vehicle in driving inward investment in the area and provides a range of functions including: targeting key business sectors, facilitating major development opportunities such as Basing View which is planned for regeneration; it is also making some strides towards promoting Basingstoke and Deane at an international scale.²⁹

²² Basingstoke and Deane (2008) Basingstoke New Growth Point, Refreshed Programme of Development

²³ SEEDA (2009) North Hampshire Proposition, Supporting and Delivering Growth

²⁴ EIP (2006) South East Plan Implementation Plan for EiP

²⁵ Basingstoke and Deane (2009) Economic Prosperity for Basingstoke and Deane: Basingstoke – a virtual gateway to the global economy

²⁶ It should be noted that Colin Buchanan's desk-based review of evidence related to the infrastructure investments was carried out on documentation published between 2006 and early 2010

²⁷ SEERA (2009) Regional Funding Advice for the South East

²⁸ Basingstoke and Deane (2009) Economic Prosperity for Basingstoke and Deane: Basingstoke – a virtual gateway to the global economy

²⁹ Basingstoke and Deane (2008) Basingstoke New Growth Point, Refreshed Programme of Development

And given its strong business portfolio and development capacity, it is well placed to attract inward investors in the commercial sector

North Hampshire is keen to further develop its existing commercial sector offer particularly in terms of ICT, finance and business with the ambition to act as the destination of choice to inward investors wishing to locate within close proximity to the capital but benefitting from the reduced overheads when compared with London.

Given its current assets and strong business base, North Hampshire should have the capacity to achieve its commercial sector inward investment ambitions. Expansion of the Farnborough Technology Park, development of both Basing View and Chineham business parks and co-location of the Learning Campus will all support sustained investment within the Diamond, establishing a strong entrepreneurial and skills base for future economic growth.

Its close proximity to the capital is key to its success and the planned investment in highway improvements along Junction 6 to Black Dam and development of a Basingstoke link road will further support connectivity in the area,³⁰ and will certainly support the finance and ICT sectors for whom connectivity is vital. Strengths in ICT can be exploited further given the Diamond's strategic location along the M3 corridor to Heathrow and Thames Valley, providing key access to international markets.

Upgrades to existing premises and the further development of its skills and knowledge transfer capacity will be required to attract investors.

North Hampshire does demonstrate real opportunities for inward investors but in order to capitalise further on the opportunities within the Diamond it is imperative that the buildings are flexible and of high quality to support their needs, particularly for the transport and logistics sectors. Also, in order to ensure that the activities are high value as opposed to support service functions, there is a real need to further develop the area as a knowledge hub and while there are promising advancements with the innovation centre, more is required.

Identifying and marketing a unique selling point in terms of industry make-up will further strengthen the Diamonds offer

The CLES report highlighted a drawback of North Hampshire in its lack of a Unique Selling Point (USP) with respect to sectoral mix; its industrial make-up largely reflects that of the South East region as a whole. Clearly then, there is strong potential to further specialise in the sectors in which it already has strength – namely ICT and R&D particularly in Bioscience and Healthcare and increasingly in advanced engineering.³¹

Alongside its established sectors there may also be opportunities within new sectors for the Diamond. For example, a consultee highlighted potential for the marine sector, with north Hampshire potentially providing engineering support inshore to Urban South Hampshire. North Hampshire's high rail connectivity to Southampton ports could provide scope for developing off-shore environmental and marine sector support function as this will enable off-shore functions to be effectively linked to the coast.

Further environmental opportunities may also lie in low carbon automotives. Initiatives such as Plugged-In Places support the development of electric cars in North Hampshire, encouraging further technology developments in the Diamond, and informing the future development of a national charging

³⁰ SEERA (2006) South East Plan Implementation Plan, A clear vision for the South East

³¹ CLES (2010) Building a Knowledge Economy, Report 3: Place Analysis

infrastructure.³² The marine and environmental sectors have been identified as priority sectors for the South East in the Regional Economic Strategy 2006-2016³³ According to a recent report by SEEDA the concentration of Environment businesses and employment in the South East is 20% below the national average, and therefore strides within this area are vital for the region.

2.4 Governance structure to support growth

A number of partnerships exist within the Diamond, largely focussed on economic development

The North Hampshire Diamond has evolved to consist of three districts - Basingstoke and Deane; Hart and Rushmoor, led by borough councils, and at a wider level, Hampshire County Council. A number of partnerships exist within the Diamond, focussing largely on economic development within Basingstoke and the wider Hampshire County; however, some partnerships also exist with the Thames Valley towns in Berkshire and Buckinghamshire.

The Local Business Partnership is a framework which enables businesses within the Basingstoke and Deane area to work closer together and comply with regulators. A wider Hampshire Economic Partnership has been established since 1992 and engages with local government within Hampshire, development organisations such as Business Link and Chamber of Commerce and the Regional Development Agency (SEEDA), to promote economic prosperity in the wider Hampshire area. Eight trade sector task groups³⁴ also represent the needs of businesses within the Hampshire area and provide an effective communication mechanism with regional and local government.

Whilst all of these partnerships appear to be effective, greater co-ordination and partnerships across the wider Diamond area (incorporating Hart and Rushmoor) – such as that emerging through the North Hampshire & M3 Corridor Economic Board - could support further economic growth and investment.

“Destination Basingstoke” is key in attracting inward investment to the Diamond...

Inward investment is actively encouraged in North Hampshire with councils and partners working to establish an environment in which businesses and entrepreneurs can flourish³⁵. “Destination Basingstoke” is an independent company working co-operatively with business partners to attract inward investment and secure future growth in the area. Raising the profile of the area and marketing attractions such as the Basing View business park are key in attracting skills to the area and encouraging future inward investment.

...and the Economic Prosperity Board supports sectors in the wider Diamond and sub-regional economy

A North Hampshire & M3 Corridor Economic Board supports investment in sector strengths, both within the Diamond and across the wider sub-region. Consultees highlighted that the board enables key partners and businesses to discuss and agree a co-ordinated response to the economic prosperity agenda. Key partners include SEEDA, SFA, business associates, Business Link, Hampshire County

³² Overall, the Government is investing around £400m to encourage the development, manufacture and use of next generation ultra-low carbon vehicles. Delivered by the Office for Low Emission Vehicles this support is being targeted to create new jobs in a low carbon automotive sector and to cut carbon from UK road transport.

³³ SEEDA (2006) Regional Economic Strategy 2006-2016, A framework for sustainable prosperity <http://www.greenwisebusiness.co.uk/news/government-urges-uk-business-to-join-electric-car-revolution-918.aspx>

³⁴ The eight sector task groups consist of: Building and Construction, Marine Policy, Creative Industries, Research and Intelligence, Innovation and Enterprise, Rural Economy, Investment Land and Property and Transportations and Logistics.

³⁵ Basingstoke and Deane Borough Council, Basingstoke – gateway to the global economy, Inward Investment Booklet

Council and the borough council who together oversee the Economic Development Strategy and Action Plan. The Economic Prosperity Board has been operating for over a year and meets quarterly to share ideas and policies – although decision making has not been devolved at this stage.

Partnership working has drawn North Hampshire together to work collaboratively on increasing skills and educational attainment, inward investment opportunities and transport and housing issues through the Single Conversation. However, in light of the recent governmental changes, consultees highlighted that borough and county councils are waiting for further guidance on the governance structures and funding available within the local area before making decisions on future investment plans. Overall, there do appear to be government structures in place to create the right conditions for investment across the Diamond in future.

3 Brighton and Hove

3.1 Overview of the Diamond

Brighton and Hove is a relatively small coastal Diamond....

The Brighton and Hove Diamond lies on the South Coast and is bordered by the South Downs to the west. Brighton is the largest urban centre in the Diamond, although the wider urban area also incorporates the coastal towns of Hove, Shoreham by Sea, Lancing and Worthing to the west.

Figure 2.2: Map of Brighton and Hove Diamond



Source: Ordnance Survey maps received from SEEDA

....with a real strength in creative and digital media sectors

Brighton and Hove has a relatively strong presence in four of the priority sectors for the region – ICT, software and digital media, life sciences and healthcare, environment and energy and financial and business services. It also has a significant tourism offer given the strong cultural and leisure facilities that are located within the Diamond.

The Diamond is internationally renowned for its creative and digital media sector which is growing at a fast pace. High skills levels of graduates combined with greater connectivity to London has resulted in clusters of smaller spin-off companies locating in the area. The CLES report³⁶ identifies software consulting and supply and computer related activities as especially high, with well known firms (such as Disney's Black Rock) based in the Diamond. Internet companies, gaming firms and music, film and

³⁶ CLES (2010) Building a Knowledge Economy, Report 3: Place Analysis

digital/new media activities are also highly represented in the Diamond. More specifically there is a clear concentration of games businesses focused within Brighton.

In addition a significant proportion of people work within financial and business services in the Diamond, much of this activity is lower value back-office work with fewer opportunities for skilled graduates in the Diamond. SEEDA's sector report also highlights a high concentration of Pharmaceuticals, Life Sciences and Healthcare business units in the coastal south East including Brighton and Hove. Top companies in the Healthcare sub-sector such as Kuro Healthcare, Premier Medical, Custom Healthcare and Omron Healthcare are based in Brighton & Hove.³⁷

There is also a significant presence in the environmental technologies and energy sector, with employment in production and distribution of energy already four times the national average³⁸. There is higher value advanced manufacturing activity located just outside of Brighton, with companies such as Mercedes and BMW specialists choosing to base in Hove.

3.2 Strengths and weaknesses

3.2.1 Employment and skills

Brighton and Hove benefits from a strong skills base, but there remains an outflow of knowledge workers to London

Brighton and Hove has demonstrated strong growth, particularly in private-sector jobs, benefitting from a large number of industries and high levels of tourism. Despite being a smaller Diamond, it has a strong skills profile with both Brighton and Sussex Universities and Brighton and Sussex Medical School producing high numbers of graduates and establishing strong business-university links within the area. Brighton's innovation, quality of life and proximity to London and other Diamonds such as Gatwick has also driven its recent success.

There are also plans to develop a Digital Media Hub which despite the difficult financial climate should still go ahead, according to one consultee. This would involve the creation of what is hoped to be a world class centre for collaborative innovation and creativity (not just a series of workspaces). The University of Sussex will be a key partner and would locate a multi-discipline team at the centre. They are aiming to develop new methods of commercialising their research activity going beyond the knowledge transfer model.

Despite these strengths, many high skilled people commute to London as fewer large employers and headquarters are based within Brighton and Hove. Securing local inward investment may stem this "knowledge worker - fountain effect"³⁹ to London, however the market for those with entry level skills has also become far more competitive and retaining the local workforce will be crucial.

3.2.2 Infrastructure

There are some limitations within the telecommunications infrastructure

In terms of broadband infrastructure there are no major constraints on the network and British Telecom has indicated that they will be able to serve the planned growth in Brighton and Hove.⁴⁰ However, regarding the NTL digital cable network (now owned by Virgin), limitations have been identified in

³⁷ SEEDA (April 2010) The geography of key sectors in the South East

³⁸ CLES (2010) Building a Knowledge Economy, Report 3: Place Analysis

³⁹ Ibid

⁴⁰ Brighton and Hove City Council (2006) Brighton and Hove Infrastructure Capacity Assessment

Central Brighton, Brunswick and Adelaide, Kempdown and the Brighton Marina.⁴¹ The Brighton Infrastructure Capacity Assessment states that there are no immediate plans to provide infrastructure to the above areas on a “full coverage” basis.

Upgrades are required to the energy and water infrastructure and there are potential risks from coastal flooding

Regarding electricity, EDF Energy has identified the need for two new major substations. One of these should be located as part of new development in the central area.⁴² The second site has been identified at the Droveaway (Hove). In relation to gas supply, Southern Gas Networks expect that 8 of the 9 planned developments should present no problems.⁴³ The Brighton and Hove Infrastructure Capacity Assessment (2006) states that the impact of remaining growth was not assessed as detailed locations were not made available. In addition, biomass CHP is considered as an option to provide the most efficient site-wide energy source. There are opportunities in relation to offshore wind and smaller scale and building integrated renewable energy sources⁴⁴

The whole of the coastal area is also sensitive to flooding, particularly given the existing physical and topographical constraints. A holistic approach is to be taken, not only in Brighton but the whole of the wider sub-region. Sites within Shoreham Harbour are the main locations at risk.

Southern Water has confirmed that both fresh water supply and waste water treatment infrastructure will need upgrading in order to accommodate the levels of future growth proposed.⁴⁵ However, the Shoreham Harbour Programme of Development (POD) (2008) states that options and phasing will require further analysis. With regard to the treatment of waste water, an initial study has been undertaken to evaluate the option for providing the Envac system at Shoreham Harbour.⁴⁶ The existing Wastewater Treatment works are inadequate and a new one has been proposed.⁴⁷ The Environment Agency has commented that the only area of potential concern is the Balsdean borehole to the east of the Brighton Chalk aquifer, with regard to extraction and sewerage discharge. The document states that further work is to be undertaken.⁴⁸

The Diamond also experiences transport congestion and suffers from a lack of physical space for redevelopment

In terms of transport there are clear weaknesses and the Regional Funding Advice (RFA) for the South East has highlighted the need for transport improvements⁴⁹. There is potential to enhance the existing transport system through the Rapid Transit System (RTS) in Brighton and Hove.⁵⁰ This would also serve Shoreham and extend along the coastal corridor to assist regeneration in areas of poor economic performance, by linking Worthing and Newhaven.⁵¹ The aspiration is to connect the scheme mentioned above with the proposed West Sussex ‘Coastal Expressway’ programme.

⁴¹ Ibid

⁴² Ibid

⁴³ Brighton and Hove Council (2006) Brighton and Hove Infrastructure Capacity Assessment

⁴⁴ Brighton and Hove Council (2008) Shoreham Harbour POD

⁴⁵ Ibid

⁴⁶ Ibid

⁴⁷ Brighton and Hove Council (2006) Brighton and Hove Infrastructure Capacity Assessment

⁴⁸ Ibid

⁴⁹ SEERA (2009) Regional Funding Advice for the South East

⁵⁰ Ibid

⁵¹ Brighton and Hove Council (2008) Shoreham Harbour POD

A number of highways improvements are also required, including the 'north-south' link road⁵² as well as improved access to rail stations. In addition, the Brighton–Ashford rail corridor is a priority for improving connectivity⁵³ and for Brighton and South Hampshire, there is a need for the transport system to support the regeneration of coastal towns.⁵⁴

Weaknesses in the Diamond also relate to limited physical space for commercial development and housing. Consultees highlighted that highly entrepreneurial businesses exist in the Diamond, however they do not have suitable infrastructure and quality of space available to support them. Housing affordability may also result in people choosing to relocate to areas outside of Brighton and Hove, with first-time buyers particularly hard hit. Consultations highlighted that the median salary for employees in the area is £25,000 whilst a minimum salary of £36,000 and a high deposit would be required to afford a reasonable property in the area. Shortages of family homes and good schools are also likely to affect inward investment, if shortages in local supplies of labour become a problem.

3.3 Scope for inward investment

There are real inward investment opportunities for the Diamond but capacity issues and transport limitations need to be addressed to fully capitalise on these

The Diamond has ambitions to develop its presence in a number of the region's priority sectors and given both its coastal location and strong leisure and cultural offer it makes an attractive location to businesses and residents. Nonetheless, in order for the Diamond to attract foreign investors it will need to improve transport connectivity and identify innovative ways to free up employment space. Both of these factors are very highly ranked by international investors.⁵⁵ Given the geographical scope of the Diamond, methods to increase employment space include identifying unused office space and providing flexible working spaces particularly for the creative and digital media sector. Investment in the transport infrastructure as highlighted in the RFA for the South East is also vital.

The creative industry is growing fast, but limitations in telecommunications infrastructure may hinder future expansion

The Brighton and Hove Diamond identifies clear ambitions to expand inward investment in the area. The creative industries comprise a small part of the workforce, although it has grown fast and will continue to grow. Indeed consultees have highlighted the real presence which Brighton has as a 'gaming hub' attracting international investors who are keen to locate in this area to benefit from the strong talent pool, knowledge sharing capacity and supply chain linkages.

One consultee highlighted that Creative Sector opportunities in particular exist around 'connected media' (combining web, gaming and social media) - not just classic games studios - and would be specifically directed towards housing innovation-based companies with growth potential. As media becomes more convergent, developments such as the proposed Digital Media Hub would be at the forefront of creating idea-spaces which would enable SME's to collaborate to innovate.

One of the key limitations for this sector is around the telecommunications infrastructure. A report by Experian for the North West Development Agency (NWDA) has assessed the factors influencing business location decisions and as expected the key factor is around telecommunications infrastructure.⁵⁶ Brighton does benefit from adequate Broadband supply but limitations have been highlighted in terms of its digital cable network. Currently this has not acted as a limiting factor in terms

⁵² Ibid

⁵³ SEERA (2009) Regional Funding Advice for the South East

⁵⁴ Ibid

⁵⁵ Experian (2008) Business Investment and Relocation, a report for the NWDA

⁵⁶ Ibid

of location, as no doubt the benefits of being in close proximity to talented individuals and other like-minded businesses outweighs the infrastructure concerns. However given the importance which businesses within the digital and creative industries place on this service it would be wise for Brighton to review its telecommunications infrastructure to ensure that it truly meets the needs of the sector, particularly given new developments such as Media City in the North West which have been designed with high-speed networks in place to serve the needs of businesses.

The healthcare and pharmaceutical sector is supported by key assets which should help it to develop further

A number of top pharmaceutical and healthcare businesses are located in the Diamond and assets such as the renowned Brighton and Sussex Medical School and large scale development of the Royal Sussex County Hospital will further attract these types of businesses to the area as they are able to take advantage of these facilities and the supply chain linkages that they offer. Indeed the NWDA report suggests that strong links to HEI and research institutions are vital to ensure a continuous flow of products. It states that most innovations are initiated at research institutions.⁵⁷

Given the coastal location there is real scope to develop further within the environmental and energy sector

The Shoreham Harbour Programme of Development highlights opportunities in relation to offshore wind and smaller scale, building integrated renewable energy sources, with biomass CHP potentially providing an efficient energy source for the Diamond in future. Advanced manufacturing sectors located just outside Brighton also highlight potential within low carbon activities, suggesting scope for inward investment across the Diamond in future. Although Brighton and Hove's coastal location presents many opportunities it is at greater risk of flooding which and will need to be accounted for in future planning.

3.4 Governance structure to support growth

A number of pan-Diamond partnerships support inward investment across the Diamond...

At present, both a Brighton and Hove Economic Partnership and a separate Business Forum exist, providing a networking forum which aims to attract and support inward investment to the area. Wider partnerships such as the Brighton and Hove and Adur Area Investment Framework Partnership are funded by SEEDA and provide regional influence into the Diamond areas. The partnership has representation from a number of councils such as Brighton and Hove, Adur, West Sussex, other partnerships, the SFA and Business Link bodies – and they appear to work collaboratively to ensure progress across the Diamond. In addition, the Coastal West Sussex Area Investment Framework also indicates cross-collaboration between the wider Diamond and surrounding areas, with Adur and Worthing working alongside Arun and Chichester areas.

...however further collaboration is necessary to more clearly establish the boundaries and potential offer of the Diamond

However, our consultees highlighted that at present, whilst many partnerships exist, there are no clear governance structures or boundaries in place specifically for the Diamond itself. Consultations indicated the need to develop governance structures which could build upon a detailed business plan for the Diamond, although this would require firm commitment towards collaborative working across the Brighton and Hove area. This will be vital in attracting investment and developing further growth in the Diamond.

⁵⁷ Ibid

Whilst West Sussex, Brighton and Hove and Adur have previously worked together to support investments in Shoreham harbour, further collaboration is needed to establish the boundaries of the Diamond, its strengths and its potential investment offer. However in light of the recent governmental changes, decisions around governance structure and funding of projects are likely to be postponed until further decisions have been taken on the future of regional development agencies, the existence of local enterprise partnerships and the growing role of local authorities.

4 Milton Keynes and Aylesbury Vale

4.1 Overview of the Diamond

The Milton Keynes and Aylesbury Vale Diamond lies to the north west of London and incorporates Milton Keynes and Newport Pagnell to the north and Aylesbury to the south. Together with the rest of Buckinghamshire, the Diamond is viewed as the “Entrepreneurial Heart of Britain” on account of its high density of business start ups and above average survival rates. There are a large number of international businesses particularly those from the United States as a result of the excellent connectivity and entrepreneurial spirit of the area.⁵⁸

Figure 2.3: Map of Milton Keynes and Aylesbury Vale Diamond



Source: Ordnance Survey maps received from SEEDA

The Milton Keynes and Aylesbury Vale Diamond is characterised by high value service sectors...

A range of sectors are located within the Diamond with higher than average employment in high value activities such as financial and monetary intermediation and legal and accountancy services. Smaller companies, as well as larger well known firms (such as Price Waterhouse Coopers (PWC), KPMG,

⁵⁸ SEEDA (2009) Buckinghamshire Proposition – The Entrepreneurial Heart of Britain

RBS, Santander, Baker Tilly and Grant Thornton) have based their regional business offices and corporate centres across the Diamond, encouraging further investment in the area.

The Diamond has considerable strength in the creative industries. Creative industry firms such as Centroid Motion Capture, a leading provider of motion capture and animation services to the film, television and video games industry, and Warner Brothers are clustered in and around Pinewood Studios. In total there are over 280 independent production and support companies on the lot.⁵⁹

There is a strong presence in the ICT industry with many IT companies, reflecting the high employment in software consultancy and supply, computer related activities and telecommunications in particular. For example Thales e-security, based in Aylesbury, provides information and communications systems security solutions for government, defence, and the private sector.⁶⁰

The Diamond also has high employment in higher education with the Open University based in the area, and its location between Oxford and Cambridge enabling access to significant HEI facilities – again key factors in attracting inward investment.

...and also has significant advanced manufacturing capacity

Major international motorsports venues and headquarters of Mercedes Benz, Volkswagen and Suzuki are also based in the Diamond, alongside Nissan's R&D centre located nearby at Cranfield Technology Park⁶¹. The Diamond also has a growing assistive technology/telemedicine industry with a centre of excellence located at the National Spinal Injuries Centre in Aylesbury and two other centres across the South East.

Furthermore there is a growing green technology sector focussed around the development of low carbon technologies. Like Basingstoke, Milton Keynes has been identified as one of the nine cities and towns across the UK to pilot a new project to use electric and plug-in hybrid electric vehicles.⁶²

4.2 Strengths and weaknesses

4.2.1 Employment and Skills

The Diamond is characterised by high employment and productivity rates, yet many residents have moderate qualification levels

The Diamond benefits from high employment rates and productivity levels are amongst the highest of all the Diamonds supporting its status as a higher value added economy. There are also a high level of business start ups and business density suggesting good levels of local enterprise.⁶³

Residents are drawn to the area as a result of its attractive surrounds with the Chilterns Areas of Outstanding Natural Beauty and a wide range of cultural and leisure activities.⁶⁴

Its strategic location between the Oxford-Cambridge Corridor provides further explanation as to its high value offer providing knowledge hubs for the Diamond. There are also a number of HEI infrastructure

⁵⁹ Ibid

⁶⁰ Ibid

⁶¹ CLES (2010) Building a Knowledge Economy, Report 3: Place Analysis

⁶² Invest in Milton Keynes (September 2009) Milton Keynes Electric Car Project Gets In Motion [accessed online at http://www.investmiltonkeynes.com/other/press_release.php?key=84

⁶³ SEDFIG (February 2010) South East Diamonds for Investment and Growth Employability and Skills Strategy

⁶⁴ SEEDA, (2009) Buckinghamshire Proposition – The Entrepreneurial Heart of Britain

schemes in place or underway which are very promising. The University of Buckingham specialises in law, business and humanities and offers flexible courses. Bucks New University focuses on workplace learning, building close ties with local business – its areas of expertise include Digital and Media.⁶⁵ Milton Keynes College will review opportunities to meet demand from the Health Sector for staff.⁶⁶ Furthermore, the Universities of Milton Keynes project is set to lead new development in higher education.⁶⁷

Despite this it must be noted that the qualification levels of its resident workforce are moderate and the Diamond has amongst the highest level of local working age residents (10%) who hold no qualifications – the majority of whom are located in Milton Keynes. There are further concerns that given the future employment based on housing growth we may see a shift from the High Value Added sector, with an increase in the proportion of low value added service sector and public sector employment. SEDfIG's Employability and Skills Strategy has called for a clear sector strategy for the Diamond to define skills needs.⁶⁸ The SEDfIG report goes on to state that in Milton Keynes tackling low skills is more of a challenge, whereas for Aylesbury Vale there is a need to provide high quality local jobs for existing London commuters. In short, it is important to acknowledge that disparities exist within the Diamond, with the economic profiles of Milton Keynes and Aylesbury Vale presenting different propositions.

4.2.2 Infrastructure

There is evidently capacity within the Diamond for development

The Diamond is served by a number of business and industrial parks with a good property offer for incoming businesses. Premus in Aylesbury, for example, is a high-quality industrial development with excellent road links to the A41 and A418, and direct rail connections from near-by Aylesbury Station.⁶⁹

The scope and capacity for the Diamond to expand further is also evident, given its status as a growth area. Milton Keynes has been identified as one of four major growth areas in the South East of England and therefore has particular mechanisms in place to deliver government housing and economic development priorities. The previous government identified the potential to develop some 28,100 new homes by 2011 and 71,000 homes by 2031, giving a projected population increase of approx 110,000. These developments were designed to provide affordable housing to the increasing numbers of workers in the area. Evidently given the current economic climate and change of government, housing delivery has been stalled,⁷⁰ but given its recognition as a major growth point it is hoped that further development will be encouraged by the Coalition Government.

Transport connectivity is strong in Milton Keynes and Aylesbury Vale

A number of consultees have also alluded to the strength of the Diamond in terms of transport connectivity. It has strong rail connections and proximity to London offering a good base for businesses. There have also been a number of infrastructure projects identified to further enhance the transport infrastructure.

The key priorities are to ensure efficient access to the new development areas through better public transport including new bus services in the east, west and north-south. Other schemes include support

⁶⁵ Ibid

⁶⁶ Milton Keynes Partnership (2006) MK2031 A Strategy for Growth to 2031

⁶⁷ Ibid

⁶⁸ SEDfIG (February 2010) South East Diamonds for Investment and Growth Employability and Skills Strategy

⁶⁹ SEEDA (2009) Buckinghamshire Proposition, The Entrepreneurial Heart of Britain

⁷⁰ Milton Keynes South Midlands (MKSM) (2010) Economic Development Implementation Plan – Phase One: 2010-2013

for East-West rail (which is of sub-regional importance) as well as a rail link to Central Milton Keynes (CMK). Additional strategic highway improvements include widening of the M1 and improvements to junctions 13 and 14, as well as dualling of part of the A421.⁷¹

More specifically, improved services connecting CMK to development areas is considered 'vital'. This will create a 'super' network with higher frequencies on the V7 North-South corridor and H5/ H6 East-West corridor. Also, bus priority measures along the North-South and East-West corridors and a network of five Park & Ride facilities providing direct services to CMK from five sites around MK will enhance access.⁷²

And there is adequate water supply and treatment for the Diamond

Regarding water supply, Anglian Water has no major concerns in providing potable water supply up to 2016 and beyond. Further discussions will take place to help formulate a future approach to reduce usage. Regarding sewerage provision, beyond 2016, there will be a requirement to provide a new treatment facility, or upgrade the existing one at Cotton Valley, to accommodate development up to 2031⁷³

Gaps have been identified in terms of broadband, energy supply and flood alleviation

The MKSM Economic Development Implementation Plan has identified a lack of sufficient broadband infrastructure⁷⁴ and there is a concern that this may constrain knowledge intensive businesses and further inward investment, possibly leading to relocation in the future. There is a need for a holistic approach to next generation broadband infrastructure to link local authority public service networks across MKSM⁷⁵

For electricity, there is a need to identify suitable sites for sub-stations (close to development) however there are no strategic issues that would prevent the provision of power to meet growth requirements up to 2031. Similarly, gas supply capacity should cope with additional demand up to 2031 with appropriate localised reinforcement works and increased gas storage facilities.⁷⁶

Finally, there is a need to mitigate against flood risk by working with the Internal Drainage Board, Environment Agency, MK Council and Milton Keynes Parks Trust (MKPT) and others to promote and adopt strategic and integrated drainage solutions (MKSM Local Investment Plan, 2009, pg 34).

4.3 Scope for inward investment

The Diamond recognises the value in attracting and retaining inward investors

Milton Keynes and Aylesbury Vale have strong ambitions to attract inward investment to the area. Milton Keynes benefits from *Invest Milton Keynes* which is a division of Milton Keynes Partnership dedicated to supporting inward investment in the city. It acts as the first port of call for potential inward investors and existing businesses to help them relocate and expand in the area.⁷⁷

⁷¹ Milton Keynes Partnership (2006) MK2031 A Strategy for Growth to 2031

⁷² Ibid

⁷³ Ibid

⁷⁴ MKSM (2010) Economic Development Implementation Plan – Phase One: 2010-2013

⁷⁵ Ibid

⁷⁶ Milton Keynes Partnership (2006) MK2031 A Strategy for Growth to 2031

⁷⁷ [Accessed online at] <http://www.investmiltonkeynes.com>

The Aylesbury Vale Economic Development Strategy points to valuable schemes such as the Golden Welcome Grant Scheme⁷⁸ set up by the council to attract businesses and significant inward investment to the Vale and Diamond, creating sustainable employment and enhancing the existing business community.

There are evident strengths in high value added sectors which should be retained, but there is a need to identify a more unique focus for the Diamond

There are evidently strengths in high value added sectors such as financial and business services and ICT and given the strengths of the Diamond, including cost and availability of employment space and internal transport connectivity,⁷⁹ and there is certainly scope and merit in seeking to attract further inward investment in these areas.

However both literature and consultations have highlighted that the Diamond needs to develop a unique selling point. This is particularly pertinent given the strengths of other Diamonds in high value add sectors – Oxfordshire Central and Reading enhancing competition in ICT, finance and business sectors. One consultee emphasised the need to attract greater quality inward investment in growing sectors, rather than competing for profits within the same area [IT and Financial businesses].

There may be scope to further develop the environmental sector

One option to address this issue may be to champion Milton Keynes as a low carbon habitat through its large investments in smart grids, electric cars and buses and ensuring new housing is up to national green standards and through its involvement in 'Plugged-In Places.' This can link into its existing automotive and green sector presence and will provide a platform for future inward investment. The National Energy Centre is also based in Milton Keynes and associated companies (such as those providing insurance to businesses involved in low carbon activities) have also recently chosen to located in the area suggested that there are promising opportunities for the Diamond.

4.4 Governance structure to support growth

This Diamond consists of a unitary authority – Milton Keynes council and a district council – Aylesbury Vale which operates under Buckinghamshire county council. This highlights the need for pan-Diamond governance structures and partnerships to encourage growth across the wider area.

Partnerships are apparent, particularly within Milton Keynes, with “Invest Milton Keynes” attracting investment to the area...

A number of partnerships currently exist – for instance the Milton Keynes Economy and Learning Partnership is led by Milton Keynes council and the Chamber of Commerce, and is focused primarily on the Milton Keynes borough, however it also influences the wider sub-region. This partnership essentially aims to promote a stronger and prosperous economy, undertaking research activity, stimulating leadership and implementing local economic plans. The Milton Keynes Partnership Council (MKPC) also brings together Milton Keynes Council, HCA, and Local Strategic Partnership representatives from the health, community and business sectors. Their aim is to create a co-ordinated approach to planning and delivery of growth and development in the 'new city' – ensuring that homes, infrastructure, jobs and community facilities are provided as part of a joined up approach in Milton Keynes.

⁷⁸ New business ventures must employ at least 20 members of staff and be operational within 18 months of receiving £25-40K grant funding.

⁷⁹ Experian (2008) Business Investment and Relocation, a report for the NWDA

As a division of Milton Keynes Partnership, “Invest Milton Keynes” was also established in 2005 with the aim of bringing new businesses and jobs to Milton Keynes and helping existing businesses to expand. It is now a first point of contact for businesses looking to relocate to the city, offering city tours for staff, free market and relocation information, aid with commercial premise searches, lists of local suppliers and ongoing “aftercare” business support specifically tailored to businesses needs. The Economic Development Officers groups have primary responsibility to brief external bodies on the area’s profile and potential. This initiative is clearly focused on the city, however further collaboration and partnership working across the Diamond is necessary to ensure that inward investment is attracted and retained in the Diamond.

...however wider partnerships recognise the need to generate investment across the wider county and from a range of potential sources ...

Partnerships have become increasingly structured towards Milton Keynes, which is often viewed as distinct to the rest of Buckinghamshire. However, a Buckinghamshire Economic and Learning Partnership exists as a lobbying organisation and “think-tank”, bringing together the private sector, public authorities and the community, and it aims to promote the sustainable economic development of Buckinghamshire, representing all districts outside of Milton Keynes. This will help support the wider areas of the Diamond improving historic low levels of inward investment within wider Buckinghamshire. The Buckingham Inward Investment and Retention Action Plan recognises that in future, “*it will be important to recognise the many potential sources of investment and to respond to each: from international to local, large companies to SMEs, public sector sourced to private commercial enquiries*”⁸⁰.

Aylesbury Vale also has a separate integrated partnership structure – Aylesbury Vale Advantage, which includes five shareholders in the company: Aylesbury Vale district council, Buckinghamshire county council, Vale of Aylesbury PCT, SEEDA and Homes and Communities Agency (HCA). The aims of this partnership are broader, encompassing economic development and improvements to new housing, infrastructure, education, skills and environment, health and social inclusion. Together, Aylesbury Vale and Milton Keynes are a focus for considerable investment and future growth, forming part of the Greater South East Growth Area, however collaboration will support future investment in the Diamond.

Despite a number of partnerships, governance structures are not clearly co-ordinated across the wider Diamond

Governance structures do not appear to be clearly co-ordinated within the Diamond, despite a number of different partnerships and agencies existing to support investment and growth in Milton Keynes, Aylesbury Vale and Buckinghamshire. There is, however, recognition of the need for further collaboration both within and outside the Diamond, although a culture change may be required to stimulate pan-Diamond action to capitalise upon future investment opportunities.

⁸⁰ Urban Renaissance Institute (2009) Buckingham Inward Investment and Retention Action Plan

5 Central Oxfordshire

5.1 Overview of the Diamond

While the city of Oxford lies at the heart of the Diamond, it also incorporates the towns of Bicester and Banbury to the north and Abingdon and Didcot to the South. However, much of the workforce is employed within Oxford.

Figure 2.4: Map of Central Oxfordshire Diamond



Source: Ordnance Survey maps received from SEEDA

Central Oxfordshire is a knowledge hub for science and technology – with advanced engineering and ICT activities

The Local Area Proposition for Oxfordshire as a whole, puts forward a strong case for it being the ‘Science capital for the UK; attracting a wide range of international businesses particularly from Europe. Central Oxfordshire offers a diverse range of scientific research including: advanced materials and

engineering, sensing and detecting, information handling, environmental sciences and healthcare technologies.⁸¹

Much of the UK's HEI-linked R&D is concentrated in Oxford – the centre of the Diamond's knowledge-driven economy. Like Reading, employment in R&D in natural sciences and engineering is five times the national average, with activity driven by high employment of over 20,000 people in higher education⁸².

Oxford has specialisms in advanced materials and engineering. This includes motorsport and automotives, with many high quality plants and a number of Formula One businesses such as Williams Hybrid Power. This has led to the development of 'Motorsport Valley', a cluster of these types of engineering businesses which can share leading research and technology with each other to enhance their own offer. Engineering businesses within the Motorsports Valley cluster are also increasingly diversifying⁸³ and employment in manufacturing of office machinery and computers, and industrial equipment is very high in the Diamond.

The Diamond is also home to a number of sensing and detecting firms including those involved in Telemetry & Materials Testing, Measurement, Laser Technology, Analysis/Materials and characterisation, for example Canberra is the World leader in nuclear measurement equipment and services.⁸⁴

Information handling is another area of expertise in Oxford with companies ranging from publishing firms through to those in hardware and software consultancy and cyber-security. In particular, many academic texts being published through local firms – 207 of the 250 publishing companies in the South East are in Oxford, such as Oxford University Press, Blackwell Publishing, Elsevier Science, John Wiley and Sons, Harcourt Education, Macmillan and Berg Publishers, further supporting links with HEIs in the Diamond.

The Diamond also has particular strengths in environmental and health sciences

Furthermore the Diamond has strengths in environmental sciences and has a mixture of commercial and not for profit organisations including CABI, a not-for-profit science-based development and information organisation. As well as commercial organisation Enviros Consulting which helps organisations to achieve competitive advantage through improved environmental, social and health & safety performance.⁸⁵ Emerging activity is focused in "green tech" auto with the likes of BMW–Mini E representing opportunities for potential linkages with electric cars/ green auto elsewhere within Oxford, and partnerships to enable a "Sustainable Urban Extension" at Bicester may also attract investment to the Diamond.

The healthcare sector is also strong in the Diamond with Lifescience consultancy such as Gateway Pharma, drug discovery and development e.g. Amplion and medical devices. The Oxford Radcliffe Hospital has been recognised by the new National Institute for Health Research (NIHR) as one of five Comprehensive Biomedical Research Centres.⁸⁶

⁸¹ SEEDA (January 2010) Oxfordshire Proposition – Science and Innovation Connecting with Business – Science Capital for the UK

⁸² CLES (2010) Building a Knowledge Economy, Report 3: Place Analysis

⁸³ SEEDA (January 2010) Oxfordshire Proposition – Science and Innovation Connecting with Business – Science Capital for the UK

⁸⁴ Ibid

⁸⁵ Ibid

⁸⁶ Ibid

5.2 Strengths and weaknesses

5.2.1 Employment and skills

The Diamond has a highly productive workforce characterised by high skills levels

Oxford has a highly productive knowledge economy with strong qualifications and skills levels supported by a world class HEI offer, attracting investment to the Diamond and driving growth across the South East. It must be noted that within the Diamond however there are certainly pockets of lower levels skills and unemployment.

Its HEI offer is world class with Oxford University ranked 1st in the UK and 5th in the world, with the highest research income of any UK University (£389.5m in 07/08).⁸⁷ Oxford University holds approximately a quarter of health technology research grants in the South East. Oxford Brookes University is the leading vocational university in the UK, with strong research partnerships across companies in publishing, automotive and biotechnology. In addition to the two Universities in Oxford, the Saïd business School and Cranfield Defence and Security (CDS) are centres of excellence in their fields⁸⁸ and there are a range of courses also offered by the Oxford-based Oxford and Cherwell Valley College for further education. This college is also proposing significant investment and improvement of campuses in the City centre and at Blackbird Leys.⁸⁹

The Diamond also benefits from its strong R&D and business networks – over 70 are in operation including the Oxford Investment Opportunity Network which helps early stage technology companies from UK and Europe to raise finance through introductions to business angels and investors.⁹⁰ An example of a collaborative project includes the University of Oxford's relationship with Rolls-Royce on its engine research. The University has also worked with Airbus, BAE Systems, Fiat, Ford, VW and BMW through their Department of Engineering.

The Diamond boasts key cluster developments such as Oxford Science Park designed specifically for science, technology and business occupiers, and the Science Vale UK which brings together three key science parks: MEPC Milton Park, Harwell Science and Innovation Campus and Culham Science Park. In addition, Oxford Business Park provides 36 hectares of office and development land. Further developments are also planned around Banbury – including Southam Road Banbury, a large industrial site with ancillary offices.

Given its position as a strong knowledge economy, there are high wage expectations and with low housing affordability attraction and retention of employees of lower to mid level occupations can be challenging.

⁸⁷ Ibid

⁸⁸ SEEDA (January 2010) Oxfordshire Proposition – Science and Innovation Connecting with Business – Science Capital for the UK

⁸⁹ Oxford City Council (2009) Background Paper D(i): Providing New Infrastructure

⁹⁰ SEEDA (January 2010) Oxfordshire Proposition – Science and Innovation Connecting with Business – Science Capital for the UK

5.2.2 Infrastructure

There are no major gaps in terms of broadband and energy supply

The only broadband requirement identified is at Science Vale UK, as part of creating an innovation learning park.⁹¹ Also no specific infrastructure constraints on the proposed Spatial Strategy have been identified through consultation with the National Grid. National Grid has stated that the distribution of new housing growth around Oxford will not have a significant effect on the Grid's infrastructure, and that extra growth is unlikely to create any capacity issues.⁹²

The Diamond faces significant transport challenges which need to be addressed

The Diamond benefits from its proximity to Heathrow, reinforcing its strategically important location, however it does face considerable transport challenges in terms of road and rail congestion, particularly around the city of Oxford.

Limited capacity at Oxford Station is identified as a strategic and national issue.⁹³ Future works are required in light of increased services on the "Cotswolds" line, new Oxford–London (Marylebone) service and restoration of services between Oxford and Milton Keynes/Bedford. Investment is committed to deliver the Access to Oxford transport package.⁹⁴ There is also an urgent need to address the capacity bottleneck on the rail network.

The Oxford–Cambridge Arc is an important transport corridor which will also link with Milton Keynes⁹⁵ The strategic transport corridor from South Coast Ports to the Midlands will support growth in Oxford and Didcot.⁹⁶

In the West End development area of Oxford, a number of transport projects are required to help accommodating growth. These include Central Oxford Air Quality Action Plan; improvements to High Street, St Aldates, and George Street; and review of bus services to pedestrianise Queen Street.⁹⁷

Policy CS15 in the Core Strategy sets out priority infrastructure improvements to support new strategic development.⁹⁸ These include city centre bus priority, bus, cycle and pedestrian access bridge from land at Barton across the A40, integrating development at the Northern Gateway with wider movement networks, and high-quality bus, pedestrian and cycle links within the Diamond.

And some areas are at risk of flooding and further developments in water supply and treatment will be needed

The key priority and strategic infrastructure project is the Oxford Flood Alleviation Scheme⁹⁹ and Banbury Flood Alleviation Scheme.¹⁰⁰ There are some areas at risk of flooding in the West End, associated with fluvial flooding of the river Thames and Castle Mill Stream, as three allocated sites are

⁹¹ Oxfordshire Spatial Planning and Infrastructure Partnership (2010) Oxfordshire Local Investment Plan

⁹² Oxford City Council (2009) Background Paper D(i): Providing New Infrastructure

⁹³ SEERA (2009) Regional Funding Advice for the South East

⁹⁴ Ibid

⁹⁵ SEERA (2009) Regional Funding Advice for the South East

⁹⁶ Ibid

⁹⁷ Oxford City Council (2007) Oxford Programme of Development

⁹⁸ Oxford City Council (2009) Background Paper D(i): Providing New Infrastructure

⁹⁹ Oxfordshire Spatial Planning and Infrastructure Partnership (2010) Oxfordshire Local Investment Plan

¹⁰⁰ Ibid

partly within Flood Zone 3b¹⁰¹ The document states that further work is required to determine the preferred option for flood storage compensation as part of these sites.

For the West End area, some upsizing of the waste water network will be needed to provide sufficient sewerage capacity. Thames Water advised that a full detailed assessment of capacity will be required when more detail is available regarding specific sites.¹⁰² No specific infrastructure constraints have been identified by Thames Water. The service provider supports the proposed level of growth in the Diamond¹⁰³

5.3 Scope for inward investment

Oxford is renowned for its HEI Linked-R&D excellence and inward investment opportunities will undoubtedly continue to come from this area

The Diamond's continued focus on HEI-linked R&D will remain strong in future years with Oxford renowned for its scientific excellence and business sectors. Availability of skilled labour has been identified as a key factor for business location decisions for foreign owned companies¹⁰⁴ and clearly this is an asset for the Diamond which should be capitalised upon.

One of the major issues that will remain for the Diamond is around capacity to develop further with limited employment land as well as lower transport connectivity relative to other Diamonds. For inward investors the benefits of locating close to the research facilities and the talented pool of labour clearly outweighs these limiting factors currently.

The Diamond is also in a prime position to take advantage of developments in new growth sectors

The Diamond already has strengths in advanced manufacturing, particularly automotive, within the Motorsports Valley cluster, and given the co-location of leading science and research technology there are opportunities to attract inward investment within this area by further promoting the linkages between research institutions and the sector. BMW are currently developing electric cars and there are more opportunities for this type of innovative development. Further partnerships to enable a "Sustainable Urban Extension" at Bicester will also be vital for the Diamond, ensuring they meet national green standards.

5.4 Governance structure to support growth

The Oxford Diamond incorporates five districts of Oxford, South Oxfordshire, Vale of White Horse, West Oxfordshire and Cherwell, which all share economic development responsibility with Oxfordshire county council. This highlights the need for great collaboration between all the councils to ensure economic development across the wider Diamond area.

The Oxfordshire Economic Partnership promotes economic development within the wider county...

The Oxfordshire Economic Partnership (OEP) is formed by a number of key business support organisations, local authorities, academic institutions and Oxfordshire-based businesses, to inspire and

¹⁰¹ Oxford City Council (2007) Oxford Programme of Development

¹⁰² Ibid

¹⁰³ Oxford City Council (2009) Background Paper D(i): Providing New Infrastructure

¹⁰⁴ Experian (2008) Business Investment and Relocation, a report for the NWDA

motivate private, public and social enterprise partners to align their plans and activities towards the achievement of shared goals for the economic success of the county. This partnership aims to provide a vision to support economic development and deliver actions to encourage inward investment. It has also initiated a portfolio of Task Groups for Business Support, Green Economy, Cultural Industries Tourism, and Promoting Oxfordshire, to tackle specific areas affecting Oxfordshire's economy.

The partnership currently highlights its role as a network of networks, promoting economic development for Oxfordshire as a key part of the national economy. Oxfordshire's economic interests are represented through links with government, RDAs, local organisations and strategic partnerships, and international players. The purpose of the OEP is to bring partners together to support and encourage them to: create a vision to guide future strategic economic development in the county, develop new ideas for strategic economic actions, share ideas and best practice and resolve any issues of contention.

...however setting out transparent governance structures may aid greater effectiveness in future collaborations

A number of networks are apparent in the Diamond, although governance structures are not clearly identified. Further collaboration is necessary between partners to create the right conditions for investment across the Diamond, and this will support potential investors seeking to locate in the area. A more transparent structure and marketing offer may also support future investment and collaboration in the Diamond.

6 Gatwick

6.1 Overview of the Diamond

The Gatwick Diamond lies to the south of London and is centred around Gatwick Airport and the key urban area of Crawley. However, the Diamond also includes areas such as East Grinstead to the east, Haywards Heath and Burgess Hill to the south, Horsham to the west and Leatherhead, Dorking, Reigate and Oxted to the north.

Figure 2.5: Map of Gatwick Diamond



Source: Ordnance Survey maps received from SEEDA

The Diamond acts as a business gateway to the UK...

The Gatwick Diamond economy is valued at £13.3bn and is highly productive with GVA per head around 10% higher than even the regional average¹⁰⁵. As recognised in the Regional Economic Strategy¹⁰⁶, a key strength to be promoted is Gatwick airport - the business gateway to the UK and focal point for economic activity in the Diamond. Moreover, a £1bn investment programme of improvements aims to transform the airport into a 21st century gateway over the next 5 years¹⁰⁷. Gatwick Airport handles passenger travel, business related transport and cargo and freight and the area has the highest concentration of air simulation training in Europe with facilities including the CAE's Burgess Hill training centre which has nine civil and business full flight simulators.¹⁰⁸

¹⁰⁵ Gatwick Diamond (2009) Gatwick Diamond Futures Plan, Inspire – Connect – Grow

¹⁰⁶ SEEDA (2006) 2006-2016, Regional Economic Strategy

¹⁰⁷ Gatwick Diamond (2009) Gatwick Diamond Initiative Business Plan

¹⁰⁸ SEEDA (2009) Gatwick Diamond Proposition – Connecting International Business

...and the presence of the airport has led to sector specialisms in supporting industries

In addition to the Diamond being recognised as a major centre for transport and logistics, the presence of the airport has led to the development of a wide range of transport related industries including flight training, aircraft repair and maintenance, catering, cleaning and travel and tour operators, hospitality and conferencing.¹⁰⁹ Engineering and advanced manufacturing are also important sectors, with a particular focus on the airport – both aviation (operation of air transport) and aerospace.

The recent Centre for Local Economic Strategies' (CLES) report demonstrated the importance of these transport related activities. They stated that employment in manufacturing (of instruments for measuring, checking, navigation and also machinery for mechanical power) was around four times the national average, with high levels of employment also shown at Thales - the French manufacturer engaged in flight simulation and defence systems engineering.

The Diamond also demonstrates concentrations of other, often high value, sectors

Financial, business and professional services also comprise a large part of the share of employment – together they make up 34.3% of total employment in the Diamond.¹¹⁰ They include some global brand names such as Deloitte, KPMG and Watson Wyatt who have been attracted by the global connectivity, favourable costs and availability of skilled labour. There are also clusters of ICT companies including IBM's business recovery centre at Southwater near Horsham.¹¹¹

Bioscience and healthcare technologies are also a growing area of importance as a result of the access to South East, UK and international markets. Large pharmaceutical firms such as GlaxoSmithKline and Novartis have located R&D facilities in the area. There also exist concentrations of employment in the manufacture of medical and surgical equipment, and medicines and pharmaceuticals, with the Diamond showing much greater representation than nationally¹¹².

6.2 Strengths and weaknesses

6.2.1 Employment and skills

A strong skills base has attracted high profile companies to the Diamond, but there is still a significant flow of skilled workers out to the capital.

The skills base for the Gatwick Diamond is above the national average with 34.8% of residents holding NVQ level 4 or equivalent qualification compared to 32.5% in Great Britain. It is this strong skills base and international connectivity which has attracted large multi-national corporations to locate their offices and headquarters within the Diamond. Macro 4 PLC is a major software company producing applications supporting business. Their global headquarters is based at the Orangery, near Crawley.¹¹³

However, due to its close proximity to the capital many skilled workers do commute outside of the Diamond to the capital. This means that a significant proportion of the local population work in low-skilled jobs at the airport or in associated businesses.

¹⁰⁹ Ibid

¹¹⁰ SEEDA (2009) Gatwick Diamond Proposition – Connecting International Business

¹¹¹ Ibid

¹¹² The CLES report highlights that within the Diamond, the location quotients are 5.5 times the national average for the manufacture of medical and surgical equipment, and 3 times the national average for medicines and pharmaceuticals.

¹¹³ SEEDA (2009) Gatwick Diamond Proposition – Connecting International Business

Development of a university campus for the Diamond will further enhance its HEI offer...

The Diamond is served by the Universities of Surrey, Sussex and Brighton which further support the skills base for Gatwick, albeit that this HEI offer is not as strong as other Diamonds such as Central Oxfordshire. The University of Surrey, for example, undertakes world class research in the areas of health, medicine and space science¹¹⁴

A key area of weakness appears to be around knowledge transfer partnerships (KTPs), of which there are a limited number. In a knowledge-driven economy, increasingly dependent upon human capital to attract investment, this is a key weakness of the Diamond, potentially stifling innovation, start-up and investment. However, there are plans for a new university campus in Crawley with potential for HE presence led by University of Brighton, with links to Universities of Chichester, Surrey and Sussex¹¹⁵. This should encourage further investment in the area, increasing the supply of highly skilled labour whilst establishing stronger links and partnerships with businesses.

6.2.2 Infrastructure

The presence of flexible and regionally competitive office space makes the Gatwick Diamond an attractive prospect for Inward Investors. It has a mix of Grade A commercial space such as City Place and the Pinnacle in Crawley as well as industrial space with Manor Royal in Crawley.¹¹⁶

Greater connectivity will attract future investment and facilitate home-working...

Although digital connectivity is not problematic at present, high speed broadband service would provide connectivity in both commercial centres and rural areas¹¹⁷, also benefitting home-working within the Diamond. Given high levels of in-commuting, the growth point programme promotes more affordable housing in the Diamond, encouraging regeneration to attract greater investment to the area.

...whilst improvements to energy supply & water infrastructure will ensure capacity for future growth

In relation to energy supply in the area, there are proposals to deliver a Green Action Zone in Redhill and Merstham which should support future growth in the area. Also, development of a Gatwick Diamond area-wide Woodfuel Strategy is also underway with demonstration projects on biomass energy and woodfuel supply being implemented in the Diamond – again highlighting capacity for growth and investment in the future¹¹⁸. A water desalination plant is also expected to be required in the Diamond, further supporting infrastructure improvements in the area¹¹⁹.

The Diamond experiences transport congestion around major routes, but planned investments should help alleviate issues and promote accessibility of the Diamond

Strong connectivity to international and UK markets is clearly a major draw for inward investors. However, the Regional Funding Advice (RFA) for the South East has highlighted the need for transport improvements, particularly in key locations such as the Gatwick airport. Investment to remove bottlenecks at Gatwick railway station has been committed although further investment in Redhill

¹¹⁴ Ibid

¹¹⁵ SEERA (2006) South East Plan Implementation Plan, A clear vision for the South East

¹¹⁶ SEEDA (2009) Gatwick Diamond Proposition – Connecting International Business

¹¹⁷ Gatwick Diamond (2009) Gatwick Diamond Initiative Business Plan

¹¹⁸ Gatwick Diamond (2008) Gatwick Diamond Futures Plan

¹¹⁹ SEERA (2006) South East Plan Implementation Plan, A clear vision for the South East

Station will also help realise the potential of the North Downs and Tonbridge line as part of the London Orbital - potentially establishing links with Kent and wider areas¹²⁰.

Resolving limited capacity of the Woking junction may also support the London to Southampton transport corridor and the proposed Airtrack scheme in the area¹²¹. Weaknesses in the form of congestion and infrastructure issues around key motorways are evident in the Diamond, although junction improvements particularly along the M23/A23 will help alleviate these difficulties¹²². Investments in bus services are also proving to be effective and will lead to greater movement within the Diamond.

Innovative travel projects and investment in transport hubs are also underway to promote sustainable transport and investment ...

The EASIT Crawley scheme is a voluntary travel planning pilot working collaboratively with large employers and local authorities to encourage critical masses of employees travelling to similar destinations to car-share or buy discounted season tickets for bus routes, to help improve travel flows to key business centres. Other programs include improving transport hubs at Three Bridges and Redhill and improvements to maintain access to key business sites at Manor Royal (Crawley) and Victoria Business Park (Burgess Hill) and to encourage further investment in the area. However, uncertainty over future funding makes delivery of a sustainable transport system difficult at present.

6.3 Scope for inward investment

There exists scope to better exploit the Diamond's position as a gateway to the global economy

Gatwick's recent business plan suggests the Diamond is "underachieving when compared to other airport-focused international business locations".¹²³ Investment was reportedly weaker, infrastructure of lower standard, take up of office space was poor and globalisation and threats from emerging economies posed challenges particularly for the Gatwick Diamond with its international focus. In response, three strategic initiatives – "Inspire, Connect and Grow" set out actions to enhance skills and innovation, encourage inward investment and sustain economic growth and quality of life, encouraging the Diamond to be a "world-class, internationally recognised business location"¹²⁴. Consultations highlighted that creating an identity through an international brand name has helped attracted greater volumes of professional businesses to the area, particularly over the last 5 years.

Investment in engineering & advanced manufacturing will continue to support activities focused around the Diamond's key asset – the airport

With strong international connectivity and the airport forming the focal economic point, the Diamond is likely to continue to attract inward investment in related sectors in the future. Indeed, given the Diamond's key asset, investment in engineering and advanced manufacturing is likely to remain important, with many activities focused around aviation and aerospace.

These sectors already have a large presence in the Diamond, and will continue to attract inward investment from companies looking to expand further within this specialist sector. A report by Experian for the North West Development Agency (NWDA) assessed the factors influencing business location

¹²⁰ SEERA (2009) Regional Funding Advice for the South East

¹²¹ Ibid

¹²² Gatwick Diamond (2009) Gatwick Diamond Initiative Business Plan

¹²³ Gatwick Diamond (2009) Gatwick Diamond Initiative Business Plan

¹²⁴ Ibid

decisions and as expected, firms place a premium on quality over cost of labour, particularly within this sector.¹²⁵ Firms rely on a stock of advanced knowledge and therefore areas with existing aerospace production infrastructure will be extremely attractive¹²⁶. Gatwick therefore offers a prime location for those seeking to expand investment in this sector, albeit further development of the skills base will be important in order to exploit opportunities emerging within more high-value sub-sectors.

The Diamond also has ambitions to further develop other high-value sectors, encouraging investment in bio science, healthcare technologies and finance

The Diamond has ambitions to develop the presence of a number of the region's priority sectors. Key sectors include the bioscience and healthcare technologies which attract high value activity to the Diamond, alongside a number of internationally renowned firms. As discussed above, the Diamond benefits from the presence of a number of major employers involved in the manufacture of medicines and pharmaceuticals - attracting other similar companies to locate nearby to exploit knowledge sharing capacity and talent.

Moreover, the financial services sector has grown steadily over the last five to ten years, with higher value intermediation operating particularly in insurance and pension related activities. Greater employment in financial and accounting activity, coupled with the Diamond's close proximity to London, strong telecommunications infrastructure, and high quality local environment, is likely to encourage inward investment in these sectors in the future.

6.4 Governance structure to support growth

The Gatwick Diamond highlights six local districts of Crawley, Mid Sussex, Horsham, Mole Valley, Reigate and Banstead and Tandridge which share economic development responsibilities alongside West Sussex and Surrey county councils. However many of these areas already work closely together, highlighting the strong pan-Diamond partnerships in place.

The Gatwick Diamond has clear governance structures in place with strong links to priorities within its business plan

The Gatwick Diamond has made great progress over the past few years, and there now exist strong governance arrangements in place, with collective ambitions articulated in The Gatwick Diamond Business Plan which identifies shared priorities and actions to drive economic growth and prosperity across the Diamond. A three tier structure currently exists comprising;

- an Overview Forum with 25 members meeting bi-annually, which provides strategic direction and oversight of the Diamond's financial and performance management;
- a Management Group with 11 members meeting approximately every two months, who manage and co-ordinate delivery of the action plan; and
- three thematic working groups (Inspire-Connect-Grow) which comprise 10-15 members in each group and deliver strategic initiatives, alongside a separate marketing and communications group.

The Gatwick Diamond Business Plan highlights a key challenge for the post-recession period- to ensure investment projects are delivered and business investment is encouraged, enabling sustainable economic growth to be realised in this international business location.¹²⁷ The aforementioned three

¹²⁵ Experian (2008) Business Investment and Relocation, a report for the NWDA

¹²⁶ UK Trade and Investment (2007) UK Aerospace Capability

¹²⁷ Gatwick Diamond (2009) Gatwick Diamond Business Plan

themes (Inspire-Connect-Grow) aim to transform the sub regional economy, encouraging further inward investment in the area through raising levels of innovation, enterprise, creativity and global competitiveness. Key inward investment is encouraged from USA in particular, with direct flights to Gatwick assisting connectivity and providing easy access to both UK and Europe.

Joint partnership working across the Diamond will enhance economic growth and investment

The Gatwick Diamond Initiative (GDI) is also a partnership between private and public sectors covering areas centred around Gatwick Airport. It aims to facilitate and coordinate actions to maintain a vibrant economy in the Diamond. The initiative is a business-led joint venture, co-ordinating actions to promote strong economic growth in the area and sourcing funding to enable implementation of projects. It is supported by local business and economic bodies, the Government Office for the South East and SEEDA. The involvement of local authorities¹²⁸ also aligns development and infrastructure to support business competitiveness and action the Local Area Development Framework.

A Surrey Economic Partnership (Surrey EP) is also supported by the Chambers of Commerce, Surrey Council and other public and voluntary partners. The aim of this partnership is to engage both the business and policy community, encouraging innovation and efficiency. The Surrey EP works with the GDI to promote the wider Gatwick Diamond.

Governance structures are progressing well with strong collaboration in identifying and delivering pan-Diamond priorities

Governance structures appear to be progressing well in the Diamond, with co-ordinated activity and funding nurturing growth, and further highlighting the area as an attractive investment location.

Despite the number of councils which share economic development responsibilities, they appear to co-ordinate well to promote the Gatwick Diamond. Key themes (Inspire, Connect, Grow) have been established collectively by local authorities with working groups further supporting the governance structures in place.

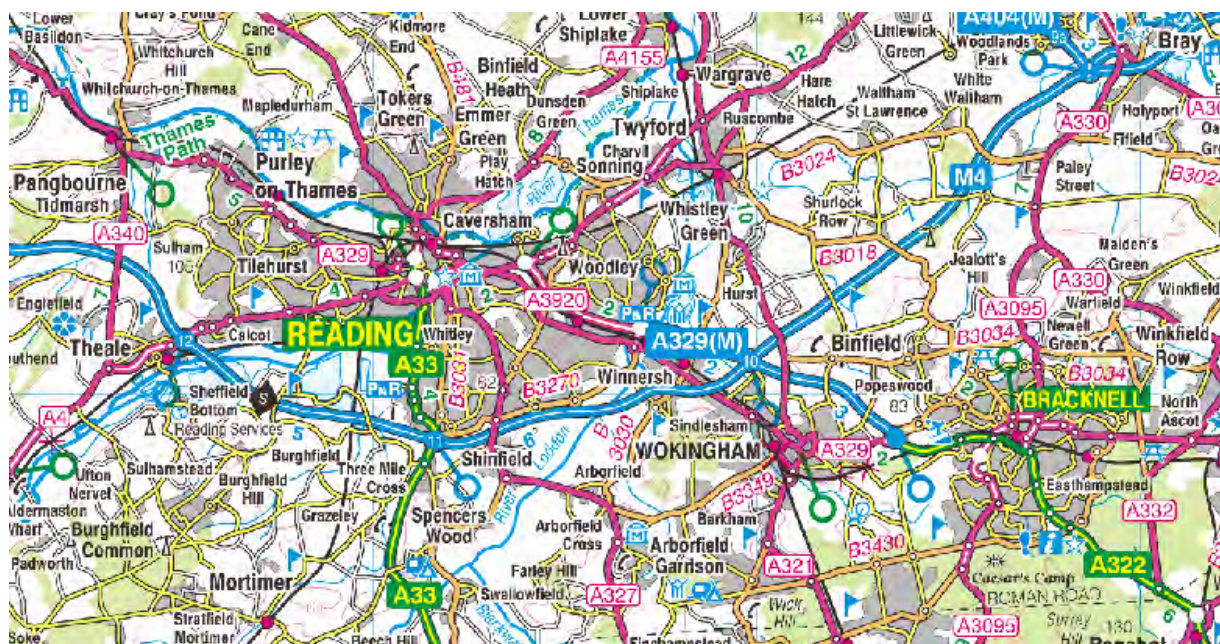
¹²⁸ The six local authorities comprise: Crawley Borough Council, Horsham District Council, Mid Sussex District Council, Reigate and Banstead Borough Council, Mole Valley District Council and Tandridge District Council.

7 Reading

7.1 Overview of the Diamond

The Reading Diamond lies to the west of London and is made up of Reading, Wokingham and Bracknell Forest Boroughs, as well as four wards of West Berkshire. As such the Diamond captures a great share of the activity along the M4 corridor and has the largest labour market of all the Diamonds.

Figure 2.6: Map of Reading Diamond



Source: Ordnance Survey maps received from SEEDA

Reading demonstrates real strength in the ICT sector, which is heavily concentrated within the Diamond...

The Reading Diamond indicates strengths across a number of the priority sectors for the South East region, excelling particularly in knowledge-intensive activities. It has been judged to be the best connected town in Britain, with strong connectivity to London, Heathrow, Gatwick and major British urban centres. This has helped to define its role as a strong ICT location, being home to the headquarters of Microsoft, Oracle and Cisco. The Centre for Local Economics Strategies (CLES) report highlights Reading's strength in software consultancy and supply, supporting approximately 5,000 employees. It also indicates strength in R&D, particularly within natural sciences and engineering where these sectors account for 5 times as many employees as is the case nationally,¹²⁹ along with employment in niche activities such as printing and the manufacture of television and radio transmitters.

...along with the education & financial services sectors.

Employment in higher education is considerable in the Diamond, due to the presence of two universities, with specialised research activity in bio-science, pharmaceutical research and food technologies. In addition, a significant proportion of people work within financial services - a key sector within the Diamond, and Reading is able to capitalise on the sector's spill-over effects from London.

¹²⁹ CLES (2010) Building a Knowledge Economy, Report 3: Place Analysis

This has resulted in high value activity and employment within financial intermediation and legal, accounting and tax services, with many major accounting firms choosing to base themselves in the Diamond.

7.2 Strengths and weaknesses

7.2.1 Employment and skills

Reading benefits from a number of assets, including high levels of skills, a strong cultural offer and an attractive living environment ...

Reading's highly competitive performance – both past and forecast – is underpinned by a strong mix of assets and the Diamond is consistently ranked amongst the top ten performing cities in the three indices of economic prosperity, built environment and social deprivation¹³⁰.

Reading certainly benefits from high skills levels with many graduate workers staying on after attending the Diamonds universities and inward migration as people move to the area for the high knowledge intensive jobs on offer – this results in a high employment rate. There are also strong HEI-business links with the Knowledge Transfer Centre at the University of Reading being a leading centre for developing and managing KTP partnerships in the country and this fosters knowledge sharing and innovation.¹³¹

...however, there are concerns over the Diamond's ability to retain graduates and to meet the skills needs of local businesses

Despite the considerable numbers of graduates there are concerns over the Diamond's ability to sustain the graduate labour pool – this could be due to a lack of affordable housing for the graduates and also the proximity to London with many graduates attracted to the capital.

In addition some skills issues have been flagged, particularly ICT skills gaps have been identified such as hardware planning and design, which could threaten to curtail growth in the long-term.¹³² A Skills for Business Centre is planned, to help support workers in the retail and business sector, alongside local communities. The effectiveness of a 'virtual' skills for business centre, addressing identified needs as part of wider programme, has already been recognised with a National Academy for Skills award.

7.2.2 Infrastructure

The Diamond currently has strong ICT infrastructure but work is required to bolster energy supply and upgrade waste water treatment in the town

The Financial Times 2010 FDI Awards also ranked Reading as top in their list of 232 European micro-cities (cities with less than 250,000 people), with the Diamond ranking well for transport and communication infrastructure. Indeed, Reading benefits from a good level of ICT provision with good coverage of broadband in the Diamond, which is 'critical' in attracting inward investment.¹³³ However, ICT infrastructure will require improvements in light of proposed future growth in the Diamond.

¹³⁰ Centre for Cities (2009) Cities Outlook 2009

¹³¹ Reading UK (2009) A Pocketbook, Reading UK, 2009, Development and Investment Review

¹³² CLES (2010) Building a Knowledge Economy, Report 3: Place Analysis

¹³³ Reading Borough Council Local Development Framework (2009) Reading Infrastructure Delivery Plan

In relation to energy supply, there is a need for major reinforcement works in the Reading central area, where cables and plant require diverting and relocating¹³⁴ and decentralised renewable energy will also serve larger new developments in future. In relation to gas, the low-pressure network will be able to cope with proposed levels of development although some reinforcements will be necessary¹³⁵. Water supply appears to be sufficient at present, although additional water resources may be required post 2019 to cope with increasing demand. With regard to waste water, the upgraded Sewage Treatment Works for Reading, located in the South of the Borough, has room to expand if demand increases. As a result, the level of growth proposed does not pose any issue. However, Thames Water has indicated that future phasing of growth may be required for growth not to occur at a greater rate than the STW could accommodate. Furthermore, according to the Reading Infrastructure Delivery Plan published as a pre-submission draft in February 2010, for the sites in the south of Reading the sewerage network is unlikely to be able to support the demand anticipated from the developments.¹³⁶

While there exist capacity issues attached to existing transport infrastructure, planned investment will alleviate bottlenecks and enhance accessibility

The main transport needs are focused in Reading central area, where major growth is set to take place. Key projects include Junction 11 of the M4 which is almost completed and Green Park Station (key SW Corridor project) which has planning permission, but is not being constructed at present.

There are also a number of other schemes which were highlighted within the literature including upgrading Reading station to remove the existing capacity bottleneck and new station provision for Crossrail and Airtrack services, increasing rail access to support labour demands of the expanding economic base¹³⁷. Further priorities include Central Reading Access Strategy, Thames Valley Mass Transit System, Cow Lane Bridges and Park and Ride projects¹³⁸. New development planned in Reading and Basingstoke will also require the A33 corridor to be upgraded. We have yet to determine in light of the spending cuts and Comprehensive Spending Review in the Autumn to see whether the plans will go ahead.

Strategic Transport Corridors such as the London to South West/South Wales corridor are likely to experience increasing capacity problems, due to planned growth, however investment in improvements should enhance access to Heathrow to further support growth, particularly at Reading. The 'North Downs' line is of regional significance, linking the Reading Growth Point/Diamond with Redhill/ Reigate via the regional hub at Guildford. Enhancement of this corridor therefore offers potential to establish a new public transport link between the growth areas in Kent. Future developments at Heathrow airport should also result in Airtrack improving rail access to the airport, and increasing business productivity by improving access and journey times.

However, the supply of housing, particularly affordable housing, remains a core issue for the Diamond.

The Diamond's assets not only attract investment from businesses but also draw residents to move to the area from elsewhere in the South East (and UK). However this has resulted in severe supply constraints of high quality and affordable housing - particularly for first-time buyers and low earners priced out of the housing market.

¹³⁴ Ibid

¹³⁵ Ibid

¹³⁶ Reading Borough Council Local Development Framework (2009) Reading Programme of Development

¹³⁷ SEERA (2009) Regional Funding Advice for the South East

¹³⁸ Reading Borough Council Local Development Framework (2009) Reading Infrastructure Delivery Plan

7.3 Scope for inward investment

Significant inward investment opportunities exist within Reading, particularly in knowledge intensive activities...

The Reading Diamond highlights clear ambitions to attract inward investment and to deliver growth and prosperity in the area, as highlighted in their recent development and investment review. Strengths are identified within knowledge intensive activities with further investment likely to be supported by the development of the University of Reading Science Park. Although, given the increasing need for technology, investment in high speed broadband will be required in the area to attract future investment.

The ICT and financial and business services sectors are expected to remain strong, although further investment in local infrastructure will be required to support growth ...

As discussed earlier, Reading is also a key ICT location and with its strategic location close to London and Heathrow, the Diamond will be well placed to attract investment in these sectors in the future. Moreover, there is also scope for further investment and growth in the financial and business services sector, building on the existing concentrations of these activities in the Diamond.

However, improvements to transport infrastructure are now vital in enabling movement across the Diamond and planned investments will upgrade both rail and road networks, resolving capacity constraints and increasing access to nearby centres of economic activity and international airports. Similarly it will be important to ensure the supply of appropriate employment space – a factor known to be important to these types of employers – along with affordable and high quality housing.

...and there may be scope to stimulate investment within the green sector, capitalising upon the Diamond's strong knowledge base

Finally, evidence from our consultations highlighted the green knowledge economy as an emerging opportunity, building on the high levels of R&D in the Diamond, which seeks to merge new ideas, capital and innovative logic into the existing economy. Reading's strong HEI activity and education-business links have resulted in strong knowledge transfer partnerships, encouraging greater investment in the Diamond over the longer term. The public sector can play an important role in encouraging local companies to network and helping to establish green specialisms in future¹³⁹.

7.4 Governance structure to support growth

Reading UK Community Interest Company (CIC) has created partnerships between local authorities, co-ordinating progress in the Diamond...

More recently, Reading UK CIC has created partnerships between the local authorities to promote investment and growth in the Diamond. Inward investment and business retention are key factors for Reading, in attracting both residents and businesses to relocate in the Diamond. At present, the governance structures in the Reading Diamond are local authority led, although Reading council has mandated Reading UK CIC to lead the Diamond as an independent body - creating partnerships between all authorities and driving forward co-ordinated progress in the area. Reading UK CIC has conducted key consultations across the four local authorities of Reading, Woking, Bracknell and parts of West Berkshire to assess needs of the Diamond and drive investment in the wider Diamond.

¹³⁹ Experian (2008), Business Investment and Relocation, a report for the NWDA

Reading Borough Council's Economic Development Strategy builds on strategies with a number of sub-regional and regional dimensions, "*encompassing social, economic and physical regeneration, promoting commercial and business interests and attracting inward investment and after care*"¹⁴⁰. Implementing this strategy will help promote growth and investment in future, whilst supporting the governance structures being put in place by Reading UK CIC.

...with a new business-led Forum taking action to support economic development in the area

Our consultations highlight that a Reading Diamond Forum has been newly developed, steered by Reading UK CIC and with business leadership, comprising Senior Directors of both small and large businesses alongside political leaders. The Forum meets around five times a year and aims to establish 2-3 key priorities which the board can take action to deliver upon. The Forum has also co-ordinated production of the Local Economic Assessment, which has been drafted and developed by a University of Reading team of academics. The Forum will outline the future needs of the Diamond, and is expected to devolve into a body which eventually oversees economic delivery actions and provides practical support to the area. Local economic assessments for Reading should be completed by July 2010 and will dovetail with economic strategies across the area.

The Diamond is also supported by the Berkshire Economic Strategy Board (BESB). This brings together the six Berkshire unitary authorities including the Diamond (Reading, Bracknell Forest and Wokingham) and Slough, West Berkshire, Windsor and Maidenhead; as well as other public sector partners. BESB replaces some of the functions of the Thames Valley Economic Partnership which ended on the 30th April 2010. Amongst a range of other functions, it provides a vehicle for identifying the opportunities presented by Multi and/or Local Area Agreements to promote economic development and sustainable prosperity.¹⁴¹

However, greater partnership working is necessary to enable future opportunities

Although local authorities are now indicating a more joined-up approach, greater partnership working and a pan-Diamond approach is necessary in order to maximise investment opportunities in future. Reading UK CIC anticipate the Reading Diamonds Forum to grow in strength over the next few years with firm governance structures being secured to help deliver economic and social needs of businesses and residents in future. Reading has previously worked co-operatively with other local authorities across the Diamond, without having set governance structures in place. However, consultees highlighted that in future, leadership from an independent body should help to make partnership working more transparent and effective, building on inward investment opportunities as outlined in the recent Reading Development and Investment Review¹⁴². The Forum has already sustained co-operation from local authorities and is indicating progress to date.

¹⁴⁰ Reading Borough Council (2006) Sustainable Economic Development Strategy 2006-2009

¹⁴¹ Reading Borough Council (2009) A report by the Chief Executive, 16th February 2009

¹⁴² Reading UK (2009) Reading Development and Investment Review

8 Thames Gateway Kent

8.1 Overview of the Diamond

The Thames Gateway Kent Diamond incorporates the Medway towns of Chatham, Gillingham and Rochester, Gravesend and Dartford to the west of the Diamond and Faversham and Sittingbourne to the east. It is part of the largest of the UK government's Greater South East Growth Areas and one of Europe's largest regeneration initiatives – the Thames Gateway.

Figure 2.7: Map of Thames Gateway Kent Diamond



Source: Ordnance Survey maps received from SEEDA

Different parts of Thames Gateway Kent are developing clear and distinctive roles...

Kent Thameside is set to become an international commercial centre with a major new business district being developed at Ebbsfleet Valley around the new international rail station, a development that will help to revitalise Dartford and Gravesham town centres. In Swale, logistics and science-based industries are emerging as key drivers of growth, with the Sheppey Crossing supporting Sheerness Port and the Isle of Sheppey. Medway is rapidly developing with its joint university campus encouraging learning and enterprise, the riverside developments supporting tourism and culture, and the Thamesport on the Isle of Grain also has the potential to develop employment in the port and logistics sector¹⁴³.

...and supporting a range of key priority sectors in the South East

The Thames Gateway Diamond demonstrates specialisms in the advanced manufacturing / engineering sector and benefits from the presence of major companies such as BAE Systems. In particular, high concentrations of employees are based in the manufacture of generators and medical instruments for measuring, checking and testing, although broader manufacture of motor vehicles,

¹⁴³ The Thames Gateway Kent Partnership (<http://www.tgkp.org>)

optical equipment, machinery and electricity distribution¹⁴⁴ are also shown to be significant in the Diamond.

The pharmaceutical sector is another key strength in the area supporting around 1,000 employees. The expansion of Kent Science Park suggests scope for increasing high value knowledge intensity in the Diamond, with Foundation Degree training in laboratory science also providing opportunities to develop local skills needs.

The financial and business services sector also features prominently with a number of key firms based in the Diamond, and the sector is expected to show growth in the future. There is a growing presence in the marine sector with ports and logistics a key strength in the Diamond, and environmental technologies also appear to be an emerging sector, building on the knowledge intensive activities shown across all of these other sectors.

8.2 Strengths and weaknesses

8.2.1 Employment and skills

The Diamond suffers relatively low rates of productivity, employment and enterprise...

Thames Gateway Kent underperforms in comparison to other Diamonds with historically weak economic competitiveness, low labour productivity, low employment and earnings rates and weak innovation and business start-up rates. The main challenge facing the Diamond is poor labour market performance with a lack of skills and poor educational attainment potentially constraining future inward investment.

...although developments of skills are clearly being addressed

However, these issues are widely recognised by public sector partners and the Multi Area Agreement is heavily focussed on developing skills and retaining high value employment. Moreover, the Diamond's key assets now include growth in HEI presence and partnership development of a "multi-versity" (between Greenwich, Kent and Canterbury Christ Church universities and Mid-Kent College¹⁴⁵) which respond to educational and training needs in the area and support growth and regeneration¹⁴⁶. Current GCSE results have also moved closer in line to the average in other Diamonds, suggesting potential for future skills development in the area.

Although proximity to London is one of the Diamond's main assets, currently nearly 100,000 people commute out of the area daily to work, mainly to London. Regeneration of the Diamond will continue to create strong employment-led growth, supporting greater opportunities in the Diamond for local residents.

8.2.2 Infrastructure

The Diamond is benefitting from substantial infrastructure investment, with 4 major "Spatial transformers" planned for the area...

¹⁴⁴ CLES (2010) Building a Knowledge Economy, Report 3: Place Analysis

¹⁴⁵ CLES (2010) Building a Knowledge Economy, Report 3: Place Analysis

¹⁴⁶ SEERA (2009) Regional Funding Advice for the South East and SEERA (2006) South East Plan Implementation Plan, A clear vision for the South East

Across the Diamond there is substantial infrastructure investment planned, with four major “spatial transformers” - linked to the Olympic Park, Canary Wharf, Essex Port and Ebbsfleet Valley area¹⁴⁷, all representing potential drivers of future growth. The Communities and Local Government department were also set to fund £230 million of projects in the North Kent area with investments spanning a range of projects - including brownfield remediation, land assembly, new transport infrastructure, environmental and cultural enhancements, town centre regeneration, and better education and skills facilities – all with the aim of providing greater opportunities in the Diamond. However in light of the spending cuts, not all of these investments may go ahead, impacting on future investment. The Thames Gateway Partnership and Homes and Communities Agency are currently working on their Local Investment Plan for North Kent for 2010-2026 which will identify their key priorities for the area given financial constraints and their vision for the next sixteen years.

The ambition to create 80,000 new jobs over a 20-year period was also articulated through ambitious targets to build 48,000 new homes - although there is a need to upgrade flood defences across the Kent region, particularly in the Medway basin and upper tidal Medway defences, to mitigate the risk of damage to new homes from natural disasters¹⁴⁸.

...although greater connectivity and improved transport links are required across the Diamond to attract and retain investment in future

Poor broadband quality has been identified across the Diamond, with rural Medway having no access to cable services and only a limited number of options in terms of broadband and telephone providers¹⁴⁹ – weak connectivity is likely to hinder future opportunities for sustainable growth in the Diamond.

The Diamond has however witnessed improvements in transport links, with the development of the Channel Tunnel Rail Link and the opening of Ebbsfleet International Station both increasing connectivity to the wider region, London and Europe. Ebbsfleet is now a major asset in the Diamond, opening up future growth opportunities and driving economic development¹⁵⁰ – it also has potential to attract further inward investment to the area.

However, over the medium to long term, it is vital that Medway's transport system is improved to meet expected levels of development¹⁵¹ - the Medway Bus Corridor, Gillingham and Dartford rail stations and the Lower Thames Crossing are key transport projects which require further investment¹⁵². Strategic Transport Corridors such as the London to Thames Ports will also face increasing pressure as a result of future growth, however investment in the Lower Thames Crossing will support both the Diamond and region¹⁵³.

¹⁴⁷ SEEDA, EEDA, LDA (2008) Thames Gateway Economic Development Investment Plan

¹⁴⁸ SEERA (2006) South East Plan Implementation Plan, A clear vision for the South East

¹⁴⁹ Medway Council (2009) State of Medway Infrastructure

¹⁵⁰ SEERA (2009) Regional Funding Advice for the South East

¹⁵¹ Medway Council (2009) State of Medway Infrastructure

¹⁵² Thames Gateway (2007) The Thames Gateway Delivery Plan

¹⁵³ SEERA (2009) Regional Funding Advice for the South East

8.3 Scope for inward investment

The Diamond has a key focus on boosting growth and attracting inward investment, and improved connectivity to London will help support this.

The Thames Gateway Kent Economic Development Strategy articulates a key focus on increasing growth, attracting inward investment, and generating interest in the Diamond over the longer term, working with agencies such as Invest Thames Gateway¹⁵⁴ and Locate in Kent¹⁵⁵. Invest Thames Gateway focuses on foreign direct investment and aims to attract inward investment from abroad whilst Locate in Kent aims to create and retain jobs in Thames Gateway Kent, with approximately 3,980 jobs created between 2006 and 2009. Many successes have also been from companies outside the county with new start-up businesses largely in manufacturing, business services, distribution and retail sectors.

The Enterprise Strategy for the Thames Gateway¹⁵⁶ also emphasises the need for growth from inward investment in the area. A major ambition of the Diamond is to increase investment and develop the financial sector – especially given greater connectivity available between Ebbsfleet and London via the high speed railway link. Financial and business services are expected to show the greatest potential in the area, with significant employment growth already evident over the last five years. However, while there exists real potential, this may be hindered by the low levels of skills within the Diamond, as well as the loss of higher skilled residents commuting out to London for greater employment opportunities within the same sector.

Moreover, improvements in broadband and telecommunications infrastructure, regeneration of the local environment and opportunities to relocate and cluster within cheaper localised commercial/ business centres within the Diamond are all key “locational factors” in attracting those operating in the business and professional services sectors.

However, the emerging environmental technologies sector is supported by marine and construction sectors, attracting investment to the Diamond...

There also exists potential for further growth and development of the Diamond’s ports and logistics sector as highlighted by the “spatial transformer” within the Diamond, and the environmental technologies/ low carbon sectors – with the Thames Gateway aspiring to become the first eco-region in the UK¹⁵⁷. Development of renewable/ new technologies will also aid environmental improvements in home and building activity, further supporting “SusCon” – a sustainable construction academy developing a “demonstrator” sustainable building.

Given the Diamond’s location, it appears well placed to support these sectors, although concerns over flooding alleviation must be addressed to ensure sustainable growth. These sectors, do however, often require specialist skills which may not currently be available in the local labour market, albeit the co-location of the Institute of Sustainability may help to develop appropriate sector skills in North Kent in the future. These sectors also tend to benefit from strong HEI-business links, highlighting the opportunity to further capitalise upon the Diamond’s enhanced HE presence.

¹⁵⁴ Thames Gateway Kent (2009) Economic Development Strategy

¹⁵⁵ Ibid

¹⁵⁶ Gateway to Enterprise (2009) Towards an Enterprise Strategy for the Thames Gateway

¹⁵⁷ CLES (2010) Building a Knowledge Economy, Report 3: Place Analysis

8.4 Governance structure to support growth

The Thames Gateway Kent Diamond is comprised of the unitary authority of Medway led by the district council, whilst the four districts of Gravesham, Dartford, Swale and Kent all share responsibility for economic development with Kent county council.

The MAA highlights co-ordinated efforts and investment to strengthen partnerships in the Diamond

At present, there is a North Kent Multi Area Agreement in place in the Diamond including Dartford, Gravesham, Kent, Medway and Swale councils and partners within the Thames Gateway Kent Partnership. This displays co-ordinated efforts and investment to strengthen partnerships, with the main aim to forge economic development and regeneration within North Kent and the wider Diamond. In light of the economic downturn, a future business group is planned, alongside the existing skills and employment group, and housing and transport groups which are currently effective in delivering growth. However greater prioritisation of physical regeneration will be necessary to attract inward investment to the area.

The Thames Gateway Economic Partnership also includes both private sector and regional involvement, and helps to promote competitiveness and growth, investment in infrastructure and the environment and sustainable communities, as outlined in the North Kent Area Investment Framework. There has been considerable collaboration, particularly in the Thames Gateway towns which are closer to London, in light of expected growth and investment in the area.

Collaboration & partnership working is evident across a multitude of agencies in the Diamond, helping to promote further investment and growth

Overall, there are strong ambitions to increase inward investment and promote economic growth in the Diamond with a multitude of key agencies such as the five local authorities, three regeneration partnerships¹⁵⁸, SEEDA, inward investment agency Locate in Kent, Business Support Kent, universities, SFA and other learning providers, all working collaboratively to deliver shared objectives as set out in the Economic Development Strategy¹⁵⁹.

Key economic objectives for the Diamond include raising GVA, creating jobs and new business start-ups, improving skills and maximising benefits of universities. Delivering on these objectives will attract and retain investment in the area, encouraging sustainable communities and increasing the number of knowledge intensive companies in North Kent's economy. Kent and Medway Economic Board is another wider partnership including representatives from Kent county council and Medway council, however it also involves partnerships such as the Thames Gateway Partnership.

Thames Gateway Kent has effective governance structures in place, although delivery must be sustained to attract investment and ensure future growth

Whilst the governance structures in Thames Gateway Kent are strong with the presence of a Multi Area Agreement and effective delivery groups through the Thames Gateway Kent Partnership, they should continue to work alongside inward investment agencies to articulate the Diamond's offer to knowledge

¹⁵⁸ Thames Gateway Kent (2009) Economic Development Strategy, Section C – Action Plan
The five local authorities comprise Dartford, Gravesham, Medway, Swale and Kent, whilst the three regeneration partnerships are in Kent Thameside, Medway and Swale.

¹⁵⁹ Thames Gateway Kent (2009) Economic Development Strategy

based employers, in order to support future business retention and investor development in the area. Both governance structures and partnership working appear to be effective at present, although investment and delivery actions must be implemented successfully and maintained – encouraging further inward investment opportunities in the Diamond in future.

9 Urban South Hampshire

9.1 Overview of the Diamond

The Urban South Hampshire Diamond incorporates the two urban centres of Southampton and Portsmouth, along with a number of towns along the M27 including Fareham, Gosport and Havant. To the south it is bordered by the coastline and just outside of the Diamond to the west lies the New Forest.

Figure 2.8: Map of Urban South Hampshire Diamond



Source: *The South East Plan, 2009*

Urban South Hampshire displays key strengths across a number of the South East priority sectors

Advanced manufacturing and engineering is a key sector for Urban South Hampshire with a strong presence of maritime, marine, defence and aerospace sectors¹⁶⁰. This has resulted in the development of a marine cluster with employment in marine activity such as building/ repairing of ships and boats through strong supply chain linkages to the nearby naval base. Businesses also include high profile companies such as BAE Systems Underwater Systems based in Waterlooville, a centre of expertise in underwater warfare.¹⁶¹

Initiatives such as SEEDA's Marine South East are based in the Diamond, further supporting investment in these sectors. Portsmouth and Southampton also have high levels of research such as a

¹⁶⁰ CLES (2010) Building a Knowledge Economy, Report 3: Place Analysis

¹⁶¹ SEEDA (2009) South Hampshire Proposition, Export to the World: Innovation Technology and Capacity

University of Southampton's Strategic Research Group in Maritime Studies and National Oceanography Centre Southampton (NOCS), a leading oceanographic research institution.

Aerospace and defence technologies have a strong presence and environmental technologies are emerging in the Diamond...

The aerospace sector is a large employer in the Diamond with approximately 5,000 people working within the manufacture of aircraft and spacecraft, with specialisms in the manufacture of defence technologies largely linked to the presence of QinetiQ at Portsdown Technology Park. The manufacture of specialist optical equipment and lenses is also highly prevalent in the Diamond, with the sector employing around 2,000 people with activity particularly concentrated at Segensworth, and there is also a strong ICT sector with activity evident across the Diamond, particularly at IBM's Hursley Software Labs.

The co-location of environmental businesses within the Diamond, benefiting from the skills and research available, has led to the development of an environmental technologies cluster with businesses from a wide range of fields from solar PV, renewables, Biomass and environmental monitoring such as Bac2, a fuel cell materials and components company based in Southampton.¹⁶²

There is also strength in the ICT sector with firms benefiting from the high skilled workforce. IBM Hursley for example develops software, including transaction, integration and voice products, and has a Java™ technology centre.¹⁶³

9.2 Strengths and weaknesses

9.2.1 Employment and skills

PUSH's Economic Development Strategy continues to demonstrate that the Diamond is lagging behind the South East as a whole.¹⁶⁴ There has however been progress as the GVA per capita gap between PUSH and the South East has closed from a peak of 14% to 11% through the mid 2000s. The growth in the proportion of the workforce acquiring higher level skills has also outstripped the SE average. The key challenges for the Diamond remain around labour market engagement (proportion of the working age population in work) and productivity (a lower output per worker as a result of sectoral occupation and skills mix).¹⁶⁵

The Diamond has positioned itself as a major centre of excellence in technology and innovation, building on its HEIs and strong university-business links

The sub-regional Partnership for Urban South Hampshire (PUSH) has been working to sustain growth through promoting the area as a major centre of excellence in innovation and technology¹⁶⁶, supported by its key HEIs and university-business links. Strong local partnerships have fostered knowledge flow with private-public relationships resulting in the University Centre in Basingstoke co-locating its innovation/ incubation facilities in the Diamond.

Key projects also include the work of the University of Portsmouth to assist in the development of employment locations, and the combined efforts of Solent Synergy and the three HEIs in working to

¹⁶² SEEDA (2009) South Hampshire Proposition, Export to the World: Innovation Technology and Capacity

¹⁶³ Ibid

¹⁶⁴ DTZ and Oxford Economics (June 2010) PUSH Economic Development Strategy, Preferred Growth Scenario

¹⁶⁵ DTZ (June 2010) PUSH Economic Development Strategy

¹⁶⁶ SEEDA (2009) South Hampshire Proposition, Export to the World: Innovation Technology and Capacity

strengthen business-education links in order to facilitate knowledge transfer, again focusing on the high technology and innovation sectors¹⁶⁷. The presence of leading global firms within the Diamond is in itself a key strength, with urban agglomerations often providing a large labour pool which may sustain wider growth of the sector in the future.

...although low resident skills & the need for “specialist” skills to support high tech industries may act as a barrier to developing knowledge-based sectors

However, while the Diamond benefits from a strong HEI presence, pockets of significant deprivation and low resident skills levels act as a key barrier to development of the knowledge economy, potentially hindering future opportunities in the Diamond. Indeed evidence suggests that two cities within the PUSH area – Southampton and Portsmouth both have a percentage of knowledge workers well below the South East average.¹⁶⁸ Our consultations highlight that developing specialist skills for industry is a key priority for universities in the area¹⁶⁹.

Furthermore, lack of image and branding (particularly in Southampton and Portsmouth), insufficient broadband infrastructure and poor connectivity between key urban areas (discussed in more detail below) may threaten future investment. However, the Local Investment Plan highlights that discussions are underway with BT Openreach to secure super-fast broadband provision, which should resolve some of these issues and ease communication access in the Diamond¹⁷⁰.

9.2.2 Infrastructure

The Diamond has a variety of space for businesses including: Grade A office space, such as the Solent Innovation Centre; Specialist facilities for the marine sector include sites at Woolston Riverside and Hythe Marine Park; Industrial facilities and warehousing space are available at Voyager Park. Incubation facilities for technology companies are available at Millbrook Technology campus and Lab space is available at Chilworth Science Park.¹⁷¹

Given the Diamond’s location, flood alleviation support is required and improvements to water supply/ waste treatment are key challenges for the Diamond...

Given the Diamond's location, a range of flood defence and coastal defence upgrades will be required to ensure that future development areas are protected and safeguarded from flooding over the longer term. As a result of new developments, there is an increased risk from surface run-off water in the area, although key upgrades are planned to allow access to the site at Tipner which will support future investment needs¹⁷².

Regarding water supply and waste treatment within the Diamond, service providers highlighted that with the right phasing of investment, it would be able to supply areas of future growth. More water efficient new housing is now being developed and key works at Havant Thicket and in the western area are also being undertaken to support the area¹⁷³. Water and sewerage treatment and discharge are a major issue for the Diamond, particularly in Portsmouth where the system is no longer considered fit for

¹⁶⁷ PUSH (2007) Programme of Development

¹⁶⁸ Centre for Cities (2010) charting the course: growing South Hampshire's Economy – Data drawn from NOMIS 2010, Annual Population Survey and Annual Survey of Hours and Earnings, resident and workplace analysis. Knowledge workers defined as: managers and senior officials; professional occupations; associate professional and technical occupations

¹⁶⁹ SEEDA (2009) South Hampshire Proposition, Export to the World: Innovation Technology and Capacity

¹⁷⁰ PUSH (2010) Local Investment Plan

¹⁷¹ SEEDA (2009) South Hampshire Proposition, Export to the World: Innovation Technology and Capacity

¹⁷² PUSH (2010) Local Investment Plan

¹⁷³ SEERA (2009) Regional Funding Advice for the South East

purpose, and many treatment works are already close to capacity, both physical and technological across the Diamond¹⁷⁴. These will need to be addressed in light of future growth prospects for the Diamond.

...although emerging strengths in environmental technologies should support future energy supply...

Upgrades to the energy supply network are also required for new developments, specifically in the Fareham Strategic Development Area and Portsmouth city¹⁷⁵. Also, new initiatives to provide renewable and low carbon energy are currently being explored and should support gas and electricity needs in future. Environmental technologies appear to be an emerging sector and developments in technology should support future needs of both residents and businesses.

...and improvements to transport infrastructure will increase connectivity and growth across the Diamond

Compared to the South East housing quality and supply issues are not as acute, despite the sizeable population, and the nearby airport, coastline, road linkages and Southampton port highlight the Diamond's strong international connectivity, acting as a major global gateway. However, some improvements in infrastructure and transport links are necessary along coastal junctions and this may alleviate connectivity problems and support business start-up and growth in the area. Consultees highlighted that investment in strategic transport nodes between London and the Midlands had also facilitated freight movement for businesses.

However the key transport issue for South Hampshire is the need for substantial investment in the strategic road network, focussing on upgrades to increase capacity of a number of M27 junctions – this will prepare for future traffic generated from new employment and residential locations, particularly in the strategic development areas and urban extensions. Future emphasis will also remain on traffic management schemes with improved public transport in the form of commuter rail and rapid bus transit developments increasing containment in the Diamond¹⁷⁶. Growth in Southampton and Portsmouth is expected to increase road congestion in the area placing considerable pressure on Strategic Transport Corridors such as the South Coast Ports to the Midlands, however committed enhancement to this corridor will also increase accessibility levels to Heathrow airport¹⁷⁷.

9.3 Scope for inward investment

PUSH's focus remains on attracting & retaining high end knowledge companies in the area...

PUSH highlights strong ambitions in driving forward economic development and attracting inward investment to the Diamond. PUSH's vision has been articulated in their recent Economic Development Strategy developed by DTZ and Oxford Economics.¹⁷⁸ It is awaiting final approval from the Partnership for Urban South Hampshire Joint Committee and takes account of the difficult economic climate, and the need to re-think the future in light of public sector spending cuts and age of austerity into which we have now entered.

¹⁷⁴ PUSH (2007) Programme of Development

¹⁷⁵ Ibid

¹⁷⁶ PUSH (2010) Local Investment Plan

¹⁷⁷ SEERA (2009) Regional Funding Advice for the South East

¹⁷⁸ DTZ (June 2010) PUSH Economic Development Strategy

The overall aim of the strategy is to reduce the GVA per capita gap with the South East from its original 11% to 7% and this will be done with an additional 10,000 jobs over the next 20 years and by moving 20,000 working age residents into work over the baseline projection. The strategy for achieving this is by prioritising workforce and skills development within the resident population so that they are able to take advantage of the employment opportunities, raising productivity and ensuring that the cities within the Diamond fulfil their potential as drivers of sustainable and high value growth for the economy¹⁷⁹

A recent independent report by Centre for Cities confirmed the need to identify key asks for the Diamond in light of the economic situation. It recommended that the Diamond focus upon strengthening the economies of the cities within Urban South Hampshire – namely Portsmouth and Southampton and that policy in key areas, such as skills, inward investment and planning should be based on an understanding of South Hampshire's economy and sectoral strengths.¹⁸⁰

With respect to attracting specific businesses the focus will remain on both attracting and retaining high value knowledge-based companies, which can support future growth in the Diamond over the longer term and a range of business leaders and agencies are currently being used to promote the area.

.. and are keen to continue to use the local strengths to generate growth and attract future investment...

The proposed Economic Development Strategy highlights the key sectors which will drive this growth. Many of these are focussed around the local strengths of the Diamond including advanced manufacturing, marine, aerospace, environmental technologies and transport and logistics.¹⁸¹

The marine sector is highlighted as a key strength in the Diamond with both Portsmouth and Southampton cities indicating high levels of research and employment in marine activity. The Diamond indicates strong supply chains to the nearby naval base with universities offering advanced technology facilities to support the sector – this will continue to attract further investment to the area, particularly by companies seeking to exploit knowledge transfer opportunities. Our consultations highlighted that both commercial and leisure aspects of the marine sector have shown growth in recent years, particularly with increasing developments of yachts and catamarans and greater volumes of cruise trips departing from areas within the Diamond. Moreover, the annual Southampton boat show also raises the profile of the Diamond, and its specialisms in these sectors, on an international scale. However, there are some concerns that the Diamond's relatively weak resident skills levels may hinder future inward investment opportunities – although greater university focus on developing graduates with relevant industry skills may alleviate these concerns in future.

PUSH's sector strengths in advanced manufacturing and engineering with strong links to the defence and aerospace sectors will likely continue to attract further investment in these sectors – to exploit the benefits attached to proximity to suppliers, competitors and an appropriately skilled labour pool. The Air Traffic Control Centre and companies such as EADS Astrium and QinetiQ are expected to continue to maintain links with international clients such as NASA and the European Space Agency, increasing scope for longer term investment. Strengths in R&D, links with universities and access to innovation and incubation facilities will assist further development within high technology and innovation sectors, and securing faster broadband will support knowledge transfer across the Diamond – key factors in attracting future investment.

¹⁷⁹ DTZ and Oxford Economics (June 2010) PUSH Economic Development Strategy, Preferred Growth Scenario

¹⁸⁰ Centre for Cities (2010) charting the course: growing South Hampshire's Economy

¹⁸¹ DTZ (June 2010) PUSH Economic Development Strategy

The coastline presents a major asset in terms of location of future environmental technologies, with PUSH applying to be a low carbon status area. This illustrates PUSH's commitment to the green sector, highlighting potential for attracting future inward investment and skills in these emerging industries. However, as highlighted deficiencies in specialist skills could potentially hinder investment opportunities, particularly in the green energy/ offshore wind sectors, although increased connectivity across the Diamond may result in higher commuting flows if labour supply is not available within the Diamond.

...they are also focussed on those sectors which will create opportunities for many

The Economic Development strategy has also focussed on those sectors which will create opportunities for many of PUSH's residents and these include financial and business services and health and care.¹⁸²

Business services has certainly been noted as a sector with great potential for attracting investment, and the growth forecast for other industries will of course support expansion in this sector. Improvements in transport infrastructure will increase connectivity, which is an important factor for businesses seeking to relocate in the Diamond, and availability of appropriate employment will also support potential inward investment opportunities in this sector¹⁸³.

Likewise the health & care sector is seen as a rapidly growing area. The sector already employs around 52,000 workers in South Hampshire and is expected to create about 10,000 additional jobs over the period 2006-26 as the population of South Hampshire grows and as people live longer.¹⁸⁴

...And those sectors which underpin quality of life and place

Quality of life and place is an important source of competitive advantage and will help to attract and retain businesses and skilled workers. The creative industries, retail, leisure and visitor economy, although not likely to deliver large growth in terms of economic output, have been identified as key sectors which underpin quality of life and place within the Economic Development Strategy.¹⁸⁵

The creative and media sector offer potential for driving growth and opportunities in the Diamond, with companies such as Climax indicating key strengths in computer gaming – a strategic sector in the South East forecast to grow rapidly in the future.. However, the appetite for growth in this sector is strong in other parts of the South East, particularly in parts of Surrey and Brighton, highlighting the importance of investing in the infrastructure needed to support development of this high tech sector. Greater investment in broadband and cable technology will in particular be required, and unless addressed, this may deter companies with higher technological needs from investing in the Diamond.

The retail sector is an important sector both in terms of the number of jobs it provides and in terms of the range of shops that are available to local residents and visitors and it is felt that Portsmouth has much potential to be further developed. Likewise the retail offer of Southampton could be further enhanced. The economic development strategy also highlights the importance of developing a vibrant visitor and leisure economy, to benefit both residents and to capitalise on economic opportunities from visitors.¹⁸⁶

¹⁸² Ibid

¹⁸³ Experian (2008), Business Investment and Relocation, a report for the NWDA

¹⁸⁴ DTZ (June 2010) PUSH Economic Development Strategy

¹⁸⁵ Ibid

¹⁸⁶ DTZ (June 2010) PUSH Economic Development Strategy

9.4 Governance structure to support growth

There exists strong pan-Diamond governance in South Hampshire, with partners working jointly to attract investment and promote growth and prosperity ...

At present, PUSH has a tight functional economic area with the highest levels of self-containment of all the Diamonds. The Diamond has a joint partnership of 11 local authority leaders covering various areas¹⁸⁷ in the South Hampshire region and they have been in operation for the past 6 years, reviewing economic performance, housing, transport and infrastructure in the functional geography. A separate Transport for South Hampshire joint committee involves Hampshire, Portsmouth and Southampton as highways authorities, and themed groups are overseen by member panels.

The PUSH Joint Committee for the Multi Area Agreement (MAA) aims to help make the economy stronger, “*more prosperous and attractive with a better standard of living and quality of life for those living and working in the region*”¹⁸⁸. The MAA for South Hampshire exists between PUSH, Transport for South Hampshire, central government bodies, SEEDA, Job Centre Plus (JCP), Skills Funding Agency (SFA) and Business Link.

The governance arrangements involving the MAA focus on delivery, with the Programme Board co-ordinating delivery panels for: economic development, sustainability and social infrastructure, housing and local planning, quality of place and external funding. These panels drive activity in the business plan as overseen by the Overview and Scrutiny Committee, whilst a Business Group and Employment and Skills Board conduct advisory/ consultative forums with business and the HE and FE sectors.

Economic partnerships exist, championing growth and investment, within wider areas of the Diamond

A wider Hampshire Economic Partnership also exists between Hampshire county council, Portsmouth and Southampton city councils, businesses and development organisations such as Business Link and the Chamber of Commerce. This partnership champions the priorities of Hampshire business through 13 trade sector task groups in a range of sectors such as aerospace, marine, construction, logistics and creative sectors – all sectors which are likely to increase investment and growth in the Diamond.

Alongside partnerships, the Southampton Ambassadors’ Programme uses businesses to promote the region and attract investment to the Diamond, also supported by agencies such as Business Southampton and Portsmouth Partnership. Initiatives (which develop relationships with business intermediaries such as lawyers, accountants and bankers) to support businesses that are already established in the region, also offer a complete support package for inward investors and should help support future opportunities in the Diamond.

While Urban South Hampshire has the most developed governance structures of all the Diamonds, there is scope to more effectively market the Diamond’s offer to potential investors

The current governance structures appear to be effective with clear delivery panels in place to take action and inform the joint committee of developments in the area. But in light of the Coalition Government’s proposed changes they will need to think clearly about how they can most effectively continue to support the area. Business involvement in partnerships will be vital in their development going forward. The Centre for Cities report suggested that PUSH should streamline its internal

¹⁸⁷ The areas include Southampton and Portsmouth cities, the boroughs of Eastleigh, Fareham, Gosport and Havant, and parts of East Hampshire, New Forest, Test Valley, Winchester and Hampshire County Council.

¹⁸⁸ DTZ (June 2010) PUSH Economic Development Strategy

processes and focus on a narrower set of priorities to improve efficiency and facilitate business engagement¹⁸⁹ – this is very sensible advice given the impending spending cuts which will be fully detailed in the Comprehensive Spending Review in the Autumn and the focus on private sector. The role of the private sector in driving growth is certainly the focus of PUSH's recent Economic Development Strategy. The strategy also calls for continued joint working around planning and welcomes voluntary co-operation by local planning authorities in recognition of the linkages between different areas in order to ensure that Urban South Hampshire can achieve its vision.¹⁹⁰

However, whilst South Hampshire has much to offer to investors both nationally and abroad, consultees highlighted that it is not always marketed effectively. Initiatives such as the Southampton Ambassadors' Programme will continue to support the Diamond and input particularly into delivery plans for economic development, as set out in present governance structures – ensuring a more connected offer for inward investors in future.

¹⁸⁹ Centre for Cities (2010) charting the course: growing South Hampshire's Economy

¹⁹⁰ DTZ (June 2010) PUSH Economic Development Strategy

10 South East Diamonds: Key messages and transferable lessons

10.1 Introduction

This study has highlighted the real economic potential of the Diamonds on account of their concentrations of people, employment, built assets, knowledge, transport, networking, creativity, leisure, culture and diversity. It has also pointed to the clear opportunities that the existing governance structures have to support the Coalition Government's vision of local partnerships with a strong business voice.

This final section then, seeks to bring out the key messages for policymakers: to identify the 'needs' of the Diamonds in terms of infrastructure gaps, the 'potential' of and 'barriers' for the Diamonds in terms of inward investment opportunities and 'learning' with respect to identifying governance structures within the functional areas.

10.2 Need: Infrastructure 'asks' across the Diamonds

The infrastructure 'asks' of the Diamonds vary starkly and they need to be focussed upon key priorities given the tightening fiscal policy

The Diamond's currently face a number of infrastructure pinch-points, although the exact nature of these varies and is unique to each functional area. Challenges include employment land capacity and flooding in the coastal Brighton and Hove Diamond; and gaps in broadband and energy supply in the Milton Keynes and Aylesbury Vale Diamond.

Given the context of the spending cuts, details of which will be made clear in the Comprehensive Spending Review in the Autumn, identifying which of these is most critical to the economic growth strategies and to attracting inward investors is critical.

Not all the infrastructure schemes that have been 'planned' are likely to go ahead (as discussed previously we have yet to determine exactly which schemes will be put on hold / abolished) . Therefore below we have highlighted the three key infrastructure 'asks' which we feel are essential for the Diamonds to secure further inward investment and drive economic growth.

Key areas of focus for the Diamonds are around shifting to appropriate employment space; telecommunications infrastructure and in strengthening research and business linkages

In order to attract inward investors there is a clear 'ask' for appropriate and scalable commercial space to fully serve the needs of businesses, without this inward investors will inevitably look elsewhere to relocate.

Together with this there is a need for sustainable building – both residential and commercial – and sustainable energy by inward investors. This will ensure the Diamonds are at the forefront of the climate change agenda and mitigate the environmental impact of expansion of these areas. Further expansion within the Diamonds will put pressure on housing and employment land and this will be particularly an issue for Diamonds that already suffer land constraints and affordability issues, along with water and energy infrastructure and transport routes – many of which are already at capacity.

Another key infrastructure ‘ask’ is telecommunications infrastructure. It is essential that all of the Diamonds ensure they offer businesses cutting edge telecoms infrastructure, and that investment is strategic – mindful of the needs of businesses both now and in the future. There is strong backing for good commercial broadband - beyond the business parks. This will enable businesses in the SE to innovate, to reduce costs (e.g. by outsourcing many IT costs), and to effectively provide services to a global market place. Commercial organisations also feel that it will stimulate more high value Foreign Direct Investment.

Finally although there is evidently a strong HEI and research capacity across the Diamonds there is an ‘ask’ to further develop strong HEI to business linkages. Diamonds such as Urban South Hampshire are forging the way with their linkages between marine research capabilities and private and public sector organisations and it is vital that this is further developed in other Diamonds in order to attract inward investors. Cambridge stands as a prime example of an area – albeit outside of the study area, that has successfully developed this HEI-business partnership and given the appetite for engagement with the commercial and research sector more work needs to be done to understand the opportunities here.

Undoubtedly there will be further infrastructure pressures in the future as the Diamonds grow – particularly given their position as the driving force behind the South East economy and indeed the UK economy. Therefore there will need to be close monitoring of the infrastructure needs of the Diamonds to ensure that gaps are not limiting potential economic development opportunities.

10.3 Potential: Inward investment potential across the Diamonds

There is huge potential across the Diamonds for inward investment and this varies in nature across the functional geographies

Our profiles of each of the Diamonds have highlighted the substantial opportunities that exist in each – these do truly represent some of the most competitive city-regions in Europe. The opportunities that exist naturally vary across the Diamonds, depending on their unique mix of assets. However, some common themes emerge, the most important of which is that they are knowledge based economies, often clustered around centres of education which are now prevalent or developing in the majority of the Diamonds, since the investment in Thames Gateway Kent.

They also certainly benefit from being located within the South East of England, resulting in an increased rate of return for investors with close proximity to the capital. Indeed the strong linkages between key urban areas of the South East and London gives rise to what Peter Hall refers to as a *poly-centric mega-city* region.¹⁹¹ These linkages benefit both residents and businesses, particularly the service sector, who benefit from close proximity to London’s supply chain. It is a key attraction for inward investors who are keen to benefit from the assets of London, without the land prices that are attached to being located in the capital.

They are well placed to capitalise on growth in the knowledge economy and there is great potential in emerging sectors

HEI and skills will remain at the heart of the Diamond’s offer to businesses and they will continue to attract high value activities such as R&D, advanced manufacturing, ICT, (high value) Finance and Business Services and creative industries who look to locate in areas where there exists strong concentrations of specialist skills, as well as concentrations of suppliers, partners and competitors in order to exploit knowledge transfer and promote innovation.

¹⁹¹ Hall, P (2004) Is the Greater South-East a Mega-City Region?

Many are also striving to capitalise upon emerging opportunities in the low carbon economy – particularly Thames Gateway Kent and North Hampshire and in the digital economy – with Brighton and Hove an internationally renowned location for gaming companies. Growth in these sectors links well to national priorities and the need to diversify the UK economy and focus on sectors in which the country has a real opportunity to lead the way in terms of innovation and growth.

However the Diamonds must be mindful of the need for a balanced economy to provide employment opportunities for all

Fundamentally, the Diamonds are well placed to capitalise upon growth in the knowledge economy, expected to be the main driver of the UK economy in the years to come. However, they need to be mindful of the need for a balanced economy, creating employment opportunities for all particularly given some of the Diamonds have concentrations of low skills and significant numbers of unemployed following the recession.

It is important that each Diamond focuses on developing a clear and distinctive vision for their area and strategy for growth, and alongside this a clear message to potential investors in target markets.

10.4 Barriers: Inward investment potential across the Diamonds

Although there are clear opportunities for inward investment, there are a number of barriers which must be recognised and factored into the Diamond's strategies. Not least in terms of the infrastructure pinch-points which we have identified, but also in terms of the proposed changes outlined by the Coalition Government around structural changes and spending cuts. These changes will determine just how much support and funding will be available to address the infrastructure asks within the Diamonds.

The removal of the regional tier of government will have implications around funding and support for the Diamonds

The government's decision to remove the regional tier of government, clearly offers an opportunity for the Diamonds to develop Local Enterprise Partnerships (LEPs) which take forward the economic development agenda. However it also presents a challenge in terms of short and medium term funding and support.

Chancellor George Osborne announced in the budget that Regional Development Agencies will be abolished through the Public Bodies Bill and will be replaced by LEPs.¹⁹² They have been requested to make around 20% savings in the current year (2010/11) and for the following year (2011/2012) their total funding commitments should not exceed 60% of their revised 2010/11 budgets with a view to them closing in 2012. Clearly given these very stark spending cuts, decisions will need to be made around projects and schemes that can continue to go ahead. Further detail of the exact nature of the spending cuts is to be released in the Comprehensive Spending Review in the Autumn, but undoubtedly a number of the planned projects for the Diamonds will now not take place.

With investment directed towards the north and west regions there is concern that the South East Diamonds will be unable to fully achieve their economic potential and attract inward investors

The Budget also set about rebalancing the economy both sectorally and spatially (in supporting the regions beyond England's prosperous South East and East). This has meant that the RDAs in the

¹⁹² HM Treasury (June 2010) Budget 2010

south and east are bearing the brunt of these cuts as they are deemed to be prosperous regions with a relatively large private sector. SEEDA has been asked to make budget cuts of 23% in this financial year in comparison to One North East's 15% cuts.¹⁹³

Andrew Finney, chair of the South East Diamonds for Investment and Growth stressed in a recent article for Regeneration and Renewal that the decision to force great cuts on Regional Development Agencies in the South of England could severely impact the UK's return to growth. He stated that "*the South East is the powerhouse of the economy, I hope that a lack of investment doesn't starve the engine of fuel*"¹⁹⁴. There are concerns that a lack of investment in the Diamonds and the wider South East at this crucial time, whilst the economy remains fragile, could hinder future growth in the area and may deter inward investors from locating in the region.

In order to boost investment in areas that are not as strong as the London, the South East and East the Coalition Government has also proposed to create a Regional Growth Fund to boost the north and western regions between 2011 and 2013. They will also exempt new businesses outside of the South East from the first £5,000 in National Insurance contributions on behalf of the each of the first ten employees they hire. Again there are concerns that, despite the assets of the South East Diamonds, investors will choose to reap the benefits available from locating in other regions. This could hamper potential growth in the South East and in particular may impact on small businesses who are seen as drivers of economic growth in the recovery.¹⁹⁵

10.5 Learning: Partnerships and best practice

Although presenting some challenges for the South East in terms of regional structures, the Coalition Government's plan to develop LEPs also present a huge opportunity for the Diamonds, separately and as a collective, to be at the forefront in driving growth in the South East.

The formation of LEPs presents a huge opportunity for the Diamonds

All of the Diamonds will need to review their existing governance structures and to understand how the Coalition Government's proposed Local Enterprise Partnerships can be used to further develop and support them. Learning lessons from Diamonds that have recently put in place pan-Diamond partnership governance structures across functional economic areas and understanding how best to form partnerships with businesses will be vital in understanding what could work well for these new LEP structures.

With an existing collective and formalised structure, the SEDFIG partnership, the Diamonds do have a potential advantage from other emerging LEPs. This formalised networking structure has already facilitated a co-ordinated response to the call to develop LEPs and can support joint working at minimal cost which will be critical as a future method of working.

Lessons can be learnt from existing and newly formed partnerships...

PUSH has for a long time been heralded as a leading example of partnership working and governance structured around functional economic areas. Since our original study, they have formalised these working relationships in the form of the MAA and the various evidence papers and strategies that have been led by this pan-Diamond partnership. They have also taken clear steps to reflect the economic and political changes in their new Economic Development Strategy.

¹⁹³ Regeneration and Renewal (12 July 2010) RDAs told to cut next year's funding by 40%

¹⁹⁴ Regeneration and Renewal (2010) Southern RDAs prepare to bear the brunt of £270m cuts

¹⁹⁵ Financial Times (23 June 2010) Exemptions for regions branded 'Geography Tax'

Other Diamonds have also made a great deal of progress in developing pan-Diamond partnerships and governance structures and these recent developments provide key opportunities for learning. This includes the MAA in Thames Gateway Kent, which appears to be working effectively to promote sustainable economic growth, while engaging with wider Thames Gateway and Kent partnerships who are working to deliver similar outcomes across the wider Thames Gateway and county areas. Again they will need to think how their structures can fit with the LEP model.

Thames Gateway Kent Diamond

The Thames Gateway Kent Partnership (TGKP) brings together the private, public and community sectors in North Kent. It provides a forum for partners to agree on priorities and action to encourage economic growth and regeneration.

The Partnership's vision for North Kent is to develop an area of exciting waterside towns and cities with a world class environment, and a real civic pride that provides an international exemplar of urban renaissance.

The area has many outstanding assets – its heritage, countryside, riverside, town centres and people with a strong identity and pride in their communities. It also has superb potential – an excellent location on strategic routes near major UK and European markets, many large areas of 'brownfield land', rapidly developing infrastructure and diversifying commercial capacity.

The diamond is supported by an MAA, the North Kent Multi-Area Agreement, which includes Dartford, Gravesham, Kent, Medway and Swale Council and other partners within the Thames Gateway such as Jobcentre Plus and the Homes and Communities Agency as well as central Government departments. The main aim of the MAA is to drive economic growth and regeneration by bringing partners together locally and nationally to achieve common goals.

The coalition Government has already signalled that the Thames Gateway remains a national priority. This is important as the Thames Gateway is a long term project which requires long term commitment by both central Government and local partners. The benefits of that commitment are already being felt and the investment in North Kent over recent years has led to real progress and delivery on the ground including:

- The opening of international and domestic high speed rail services from Ebbsfleet linking North Kent to London and continental Europe
- A major new university campus for 10,000 students at Chatham Maritime, based on a multi-iversity theme and referred to as 'universities at Medway'
- Improvements in transport infrastructure such as the Sheppey Crossing, widening of the A2, and development of the highly successful Fastrack rapid transit bus system
- Investment in state of the art facilities for business with new innovation centres opening in Dartford and Medway, and development of Crossways Business Park and the Kent Science Park
- The creation of one of Europe's largest retail and leisure complexes at Bluewater

Given the wider economic climate and the need to reduce the Government deficit, it is clear that here will be less public investment going forward. It will be essential that new ways of working are developed. That is why the Partnership is one of the first to have developed a comprehensive Local Investment Plan with the Homes and Communities Agency setting out clearly what the priorities for investment are over the next few years.

TGKP works with local regeneration partnerships including Kent Thameside, Medway Renaissance and Swale Economic Regeneration Partnership as well as Locate in Kent, an inward investment agency, SEEDA, Universities and other local partners.

Shanaaz Carroll at Thames Gateway Kent Partnership stated that "*the ability to have a single conversation across multiple organisations has proved very effective for the North Kent partnership and will remain so. The recent government announcements relating to local partnerships may change the way it is delivered, but it will be no less critical.*"

Key learnings also need to be taken from Diamonds that have a strong business voice.

The invitation which was issued to local groups of councils and business leaders by the Department for Business Innovation and Skills, inviting them to form LEPs suggests that the LEP boards will have equal representation from business and council leaders.¹⁹⁶ The letter states that business leaders would usually be the chair, but that they will consider other LEP leaders. This has received backing from business with the Chambers of Commerce stating that they should play a key leadership role in delivery. The Federation of Small businesses also welcomes the move to become a key partner in these new structures.¹⁹⁷

With respect to business involvement in the partnerships, lessons can certainly be learnt from the Reading Diamond, which has made great strides in developing and championing a business voice. The Reading Diamond Forum is business-led, with global corporations such as Oracle Corporation and should act as a great example for other Diamonds to follow.

¹⁹⁶ HM Government (29 June 2010) Local Economic Partnerships [Access online at <http://www.communities.gov.uk/documents/localgovernment/pdf/1626854.pdf>]

¹⁹⁷ CLG (23 July 2010) Business Backs Local Enterprise Partnerships

Reading Diamond – Reading Diamond Forum

Reading Borough Council has mandated Reading UK CIC - as an independent body - to lead the Reading Diamond.

Reading UK CIC was incorporated originally in January 2006 and became an Economic Development Company (EDC) in July 2007; it is now part of the government's EDC Network. The purpose of the EDC is to promote and sustain the economic development of Reading to achieve sustainable prosperity for those that live, work, play, visit, do business and invest in the area.

The company has a business-led Board of Directors including: First Greater Western Ltd, DTZ Ltd, John Lewis Partnership, Oracle Corporation UK plc and also includes Reading Borough Council and SEEDA. With the mandate to lead the Diamond, it undertook consultations across the four local authorities of Reading, Wokingham, Bracknell and parts of West Berkshire to understand their future needs and direction of the Diamond; the result has been the creation of the Reading Diamond Forum.

The Reading Diamond Forum's remit is to promote the economic interests of the central Berkshire area; provide strategic direction and leadership on the economic development actions needed to deliver those elements of an economic strategy that relate to central Berkshire; identify and promote opportunities for collaboration between authorities, in order to deliver better economic outcomes for communities; oversee the co-ordination of initiatives, programmes and activity developed in pursuit of the above.

It is supported by Reading UK CIC and critically includes the Enterprise Director from the University of Reading, as well as being chaired by a senior director from the private sector. The forum meets around five times per year and aims to establish 2-3 key priorities which it can take collective action on. To date the forum has co-ordinated production of the Local Economic Assessment for the functional economic area, which has been written by a team of University of Reading Academics.

The Reading Diamond Forum provides an excellent learning opportunity for other Diamonds. It is leading the way in terms of its business involvement, which is currently over half of the leadership team. This aligns closely with the proposed LEPs, which will have a strong business voice and should facilitate a smooth transition for the governance structure into an LEP.

Steve Lamb, a Non-Executive Director of Reading UK CIC and Chairman of the Forum states that *"It has been critical in taking the Diamond forward. The independent nature of Reading UK CIC (which provides a secretariat to the forum) means that it can engage effectively with business and with all the local authorities to achieve successful outcomes."*

Source: Consultation – Tim Smith 11/06/10 & <http://www.livingreading.co.uk>

10.6 Maximising the potential of the Diamonds

The economic strength of the Diamonds is well documented...

There exists a real opportunity for the Diamonds separately and collectively to drive economic growth in the South East and UK. The sectors in which the Diamonds have specific strengths are closely aligned to national priority sectors, namely the high value added and other emerging sectors including the low carbon economy. Given the Coalition Government's emphasis upon a balanced economy, with a focus on the private sector, the Diamonds significance is certainly set to remain, if not be strengthened.

The Diamonds have the capabilities to lead the way in each of these sectors as they have strong assets, not least in the highly skilled workforce, strong HEI and research capacity, and the presence of international clusters enabling strong networking capacity. Their future potential will rely on maintaining and strengthening these assets in line with the key infrastructure 'asks' which this report has highlighted.

...But now there is a real call to action for the Diamonds to make the most of the proposed LEP structure

With plans to abolish the RDAs, there is a huge potential for the Diamonds, through LEP structures, to be the key drivers of economic growth in the South East and UK. They have proven, existing structures which facilitate partnership working among Local Councils and interested partners. They have co-ordinated activity through the SEDfIG Partnership and have also demonstrated their capacity to act as a voice for business – a vital component of the new LEP. From this strong basis, the Diamonds have great potential to meet the new asks of the Coalition Government and to continue to maximise the potential of their own functional geographies, the South East and the UK as a whole.

Appendix A

Technical Note – Infrastructure Assessment

Table 1: North Hampshire Diamond

| Infrastructure / Area | Development | Status | Cost | Timing | Funding / Delivery Body | Source |
|-----------------------|--|---------------------|------|---------|------------------------------|--------|
| Transport | Rail stations upgrades at Basingstoke and Chineham | Under Investigation | £35m | 2006-26 | Network Rail | SEP IP |
| | Basingstoke improved junctions | Under Investigation | £50m | 2006-27 | RFA/ Developer | SEP IP |
| | M3 Junction 6 to Black Dam | Under Investigation | £30m | 2011-16 | TPI / National and Developer | SEP IP |
| | Basingstoke premier bus network | | £50m | 2011-21 | RFA | SEP IP |
| | Basingstoke link road improvements | | £40m | 2011-21 | RFA/ Developer | SEP IP |
| | Basingstoke Interchange | | £5m | 2016-21 | RFA/ Developer | SEP IP |

Table 2: Brighton and Hove Diamond

| Infrastructure / Area | Development | Status | Cost | Timing | Funding / Delivery Body | |
|-------------------------|--|-----------------------------|------|----------------------------|---|--------------------------|
| Transport | Electrification of part of rail corridor between Hastings and Ashford | | | | | RFA |
| | A27 Wilmington Improvement | | | | | RFA |
| | Bus Rapid Transit System focused on Brighton | | | | Commitment by RTB | RFA |
| | North-south link road | | | | | SH POD |
| Higher Education | Expansion of University Centre Hastings | Under investigation | £20m | 2006-16 | University of Brighton, Seaspace (delivery agency of Hastings/ Bexhill Task Force) | SEP |
| Broadband | Adequate telecommunications - NTL foresee no problems | To respond to future growth | | | NTL | B&H Infrastructure Study |
| Energy | Electricity - need for two new major substations. To be located in Brighton Centre development and Droveaway (Hove). | | | Droveaway (Hove) – 2007/08 | National Grid confirm the service provider EDF is responsible for any shortfall in capacity | B&H Infrastructure Study |
| | Gas - upgrades required for city centre. | | | Up to 2016 | Southern Gas Networks | B&H Infrastructure Study |
| Flooding | Flood defences across Sussex Coast | Proposed for investigation | £91m | 20011-2021 | Environment Agency | SEP |
| Water | Improvements for off-site reinforcement and improvements for new developments | | | | Southern Water. Works part funded by developers. | B&H Infrastructure Study |
| | New wastewater treatment works (WTW) and trunk sewers at Portobello works to serve development up to 2025 | | | | Southern Water | B&H Infrastructure Study |

Table 3: Milton Keynes and Aylesbury Vale Diamond

| Infrastructure / Area | Development | Status | Cost | Timing | Funding / Delivery Body | Source | |
|-----------------------|--|--|----------------------|-------------------------|-------------------------------------|---|---|
| Transport | Restore rail services between Oxford and Milton Keynes / Bedford | | | | | RFA | |
| | Improvements to A421 corridor between Milton Keynes and M1 Junction 13 / Reconfiguration of M1 Junction 13 with separation of A421 joining / leaving M1 | | £26m | April 2012 - April 2015 | In partnership with East of England | RFA | |
| | A421 Milton Keynes to M1 | Scheme programmed for Delivery in RFA | £32m (£16m from RFA) | | | RFA | |
| | Central MK Public Transport Access Improvements | RFA Regional Priorities (delivered through Local Transport Plan) | £9m (£7m from RFA) | 2010/11 start | | RFA | |
| | Upgrade to junctions on the A5D trunk route | | | | | The New Plan for Milton Keynes - A Strategy for Growth to 2031 (2006) | |
| | East-West Rail Project (improved local interchanges at Bletchley, Fenny Stratford, Bow Brickhill and Woburn Sands) | | | | | The New Plan for Milton Keynes - A Strategy for Growth to 2031 (2006) | |
| | Improved North / South rail project | | | | | The New Plan for Milton Keynes - A Strategy for Growth to 2031 (2006) | |
| | Widening of M1 motorway between Junction 6A-13 | | | £382m | | Highways Agency | The New Plan for Milton Keynes - A Strategy for Growth to 2031 (2006) |
| | Improvements to M1 junction 14 including revise access to Coachway Park & Ride | | | £2.681m - £13m | | | The New Plan for Milton Keynes - A Strategy for Growth to 2031 (2006) / LIP |
| | Network of 5 Park & Ride facilities: M1 Junction 14/Coachway, A421/M1 Junction 13, A421/Newton Longville, A5/A4146 south of Bletchley, A5/A508 north of Stoney Stratford | | | | | | The New Plan for Milton Keynes - A Strategy for Growth to 2031 (2006) |
| | A421 Snelshall to Tingwick | | | £44m | April 2017 - April 2018 | | LIP |
| | East-West Bus | | | £1.185m | | | LIP |

| Infrastructure / Area | Development | Status | Cost | Timing | Funding / Delivery Body | Source |
|-------------------------|--|----------------------------|--|-----------------|---|---|
| | East-West Bus Subsidy Remainder | | £7.5m | Nov 13 - Dec 22 | S106 Tarriff | LIP |
| | MK Central Station | | £1.385m | | | LIP |
| | Wolverton Railway Station | | £1.897m | | | LIP |
| | East West Rail - GRIP 4 Stage | | £1.772m | | | LIP |
| | A5 Fenny Stratford Phase II (Grade Separation) | | £25m | 2021-2022 | S106 Tariff and other | LIP |
| | A5 Old Stratford Phase II | | £25m | 2021-2022 | S106 Tariff and other | LIP |
| | A5 Portway Phase 1 | | | | | |
| Higher Education | New Education Centre (Bucks Chiltern and Aylesbury Colleges) | Proposed for investigation | £39m | 2006-21 | HEFCE/ FEFC/ SEEDA/ SFA/ developer funding | SEP IP |
| | Additional capacity (including new University and nurses training college) | On-going | (£12.5m - permanent university building) | On-going | HEFCE/ SFA/ SEEDA/ developer funded | The New Plan for Milton Keynes - A Strategy for Growth to 2031 (2006) |
| | Continued expansion of the HE curriculum around specified themes. Continued collaboration with partners and R&D. | | | | Higher Education Institution (HEI) Partners, HCA, SEEDA | Milton Keynes Local Investment Plan (2009) |
| | Milton Keynes College - Phase 2 | Project not yet agreed | £23m | 2011-12 | MK College and Learning Skills Council | Milton Keynes Local Investment Plan (2009) |
| | Milton Keynes College - Phase 3 | Project not yet agreed | £23m | 2012-14 | MK College and Learning Skills Council | Milton Keynes Local Investment Plan (2009) |
| | Higher Education (capacity) Phase 2 | Project not yet agreed | £12m | 2012-15 | Higher Education Funding Council, SFA, S106 | Milton Keynes Local Investment Plan (2009) |
| Flooding | Flooding & Drainage | Planning | £3.25m (tariff) | 2009-16 | | Milton Keynes Local Investment Plan (2009) |
| | Flooding & Drainage Weald Work | Detailed Design | £0.5m (tariff) | 2010-12 | | Milton Keynes Local Investment Plan (2009) |

| Infrastructure / Area | Development | Status | Cost | Timing | Funding / Delivery Body | Source |
|-----------------------------------|--|--------|------|---------|---|---------------------|
| Broadband | Digital Infrastructure Strategy for Milton Keynes being prepared | | | | Council, MKP and Milton Keynes Economic Learning Partnership, with the South East England Development Agency (SEEDA). | |
| | Scope models to ensure every business and home in MKSM has next generation broadband | | | 2010-11 | | Implementation Plan |
| Water Supply and Treatment | New Cotton Valley Treatment Facility | | | | Anglian Water | LIP |

Table 4: Central Oxfordshire Diamond

| Infrastructure / Area | Development | Status | Cost | Timing | Funding / Delivery Body | Source |
|-----------------------|---|--------------|--------|-------------|--|--------|
| Transport | New Oxpens Road - design | Top priority | £0.1m | | West End Partners | POD |
| | New Oxpens Road - construction | Top priority | £3m | | Developer contributions | POD |
| | Tourist coach park – study of need and requirements | | £0.09m | | West End Partners | POD |
| | Tourist coach park - works to relocate outside the city centre | | £2m | | Developer contributions | POD |
| | Creation of new links both for pedestrians and cyclists | Top priority | £0.2m | | Developer contributions and transport funds | POD |
| | Improvements to the park and ride system – increase capacity and improve facilities | | £2m | | Developer contributions and transport funds, CIF | POD |
| | Gloucester Green bus station – study into potential for refurbishment works | | £0.05m | | West End Partners | POD |
| | Gloucester Green bus station – implementation of refurbishment works | | £1m | | Developer contributions, City Council | POD |
| | Tourist coaches - construction of pickup and drop off point in city centre | | £0.3m | | Developer contributions | POD |
| | Construction of a footbridge to link Osney Mead and Oxpens areas | | £1m | | Developer contributions | POD |
| | Bus routing – study to further investigate options for improvements to routes | | £0.05m | | West End Partners | POD |
| | Extension of bus priority route – along Oxpens Road (Thames St. & Hollybush Row) to serve West End area | Top priority | £1.7m | | Developer contributions, Transport funds and CIF | POD |
| | Introduction of a car club to serve the residents of the West End | | £0.05m | | Developer contributions, Car club company | POD |
| | Creation of replacement public parking for those spaces lost through redevelopment | | £1m | | Developer contributions | POD |
| | Oxford Rail Station (Redevelopment Phase 1 - South Bay Platform) | | £12.5m | 2010 - 2015 | Network Rail / Oxfordshire County Council | LIP |
| | East West Rail (Western Section) | | £227m | 2010 - 2017 | East West Rail Consortium (includes inter alia Cherwell District Council, Oxford City Council, Oxfordshire City Council) | LIP |

| Infrastructure / Area | Development | Status | Cost | Timing | Funding / Delivery Body | Source |
|-----------------------|--|---------------------------------------|---|--|---|-----------|
| | Access to Oxford Transport Package | | £62m (£5m allocated for spend up to 2013) | 2010 - 2015 (to 2016) | Oxfordshire County Council / Highway Agency / Oxford City Council; RTB investment committed | LIP / RFA |
| | M40 Junction 9 improvements | | £10m | Set to commence on site May 2010 | Authority / Agency / landowner / Highways Agency | LIP |
| | Didcot Northern Link Phase 3 | | £4m | | County Council / Developer | LIP |
| | Didcot Parkway Station Interchange | | £5.412m | Site clearance Spring 2010, construction late 2010, completion by mid 2012 | Oxfordshire County Council | LIP |
| | Grove and Wantage Railway Station | | £8,501,760m | 2016 Delivery | Oxfordshire County Council | LIP |
| | New Oxford to London (Maylebone) service: Chilterns Railways Evergreen 3 | | £185m | 2010 -2013 | Chiltern Railways / Network Rail / Department of Transport | RFA / LIP |
| | Restore rail services between Oxford and Milton Keynes / Bedford | | | | | RFA |
| | A34/Access to Oxford Package including Station Improvements | Scheme programmed for Delivery in RFA | £88m (£62m from RFA) | 2010/11 start | | RFA |
| | Cotswold Line Redoubling (including station improvements) | | £72.747m (Redoubling: £67.797, Station Improvements £4.95m) | Summer 2011 | Oxfordshire County Council / First Great Wester / Network Rail | LIP |
| | | | | | | |
| Utilities | Development of a new waste recycling centre | | £3m | Developer contributions, County Council | County Council | POD |
| | Provision of recycling facilities, operation of the above | | £1m | County Council | County Council | POD |
| | Investment in water infrastructure | | | Thames Water | Thames Water | POD |
| | Investment in waste treatment infrastructure | | | Thames Water | Thames Water | POD |
| | | | | | | |

| Infrastructure / Area | Development | Status | Cost | Timing | Funding / Delivery Body | Source |
|------------------------------|---|------------------------|--|---------------|--------------------------------|---------------|
| Water | Water supply upgrades at Bicester, Wantage and Grove | Provisionally approved | tbc | 2006-16 | Thames Water | SEP IP |
| | Water supply upgrades at Bicester, Didcot and Banbury | Provisionally approved | tbc | 20016-26 | Thames Water | SEP IP |
| | Botley Sewage Pumping Station | | £12.5m | | Thames Water | LIP |
| | | | | | | SEP IP |
| Flooding | Banbury Flood Alleviation Scheme | Provisionally approved | £13m (EA RFDC and CDC funding earmarked) | 2006-16 | EA | SEP IP |
| Higher Education | Expansion of Oxford and Cherwell Valley College for further education | | | | | |

Table 5: Gatwick Diamond

| Infrastructure / Area | Development | Status | Cost | Timing | Funding / Delivery Body | Source | |
|-------------------------|--|---------------------------------------|-------|---------------------------------------|--|---|-----|
| Transport | Remove capacity bottleneck | | | Delivered prior to 2012 Olympic Games | | RFA | |
| | Resolving capacity issues at Woking Junction | | | | | RFA | |
| | Enhancing "North Downs" line - better linkages to Kent | | | | | RFA | |
| | Public transport improvements in Redhill/Reigate | | | | Supported by RTB | RFA | |
| | Removal of capacity bottleneck at Redhill Station - enhance "North Downs" line | | | | | RFA | |
| | Redhill Hub Transport Improvement Scheme | Scheme programmed for Delivery in RFA | | £31m (£20m from RFA) | 2014/15 start | | RFA |
| | Three Bridges and Redhill Stations | | | | 2010-13 | South Central Franchise Train Operating Company, Network Rail, WSCC, Crawley Borough Council, DfT | BP |
| | A24 Ashington - Southwater | Design stage | | £30m | 2010-13 | WSCC, DfT, GOSE, Regional Transport Board | BP |
| | East – West Sustainable Transport Links to Gatwick and Redhill | | | | 2010-2026 | CBC, HDC, MSDC, bus operators | BP |
| | Rail station improvements | | | £53m | | | BP |
| | Gatwick Airport South terminal revitalisation | | | £92m | | | BP |
| | Haywards Heath Relief Road | | | £9.5m | | WSCC, MSDC, Crest, affordable housing provider | BP |
| | Improvements to Manor Royal Crawley | | | £0.5m | 2010 | | BP |
| Higher Education | New University Campus in Crawley | | £300m | tbc | University of Sussex, West Sussex and Surrey Economic Partnerships, SFA and Gatwick Diamond Initiative | SEP IP | |

| Infrastructure / Area | Development | Status | Cost | Timing | Funding / Delivery Body | Source |
|------------------------------|---|---------------|-------------|------------------|--------------------------------|---------------|
| Water | Desalination Plant | | £20m | tbc | Water companies and OFWAT | SEP IP |
| Broadband | Superfast broadband services in principal urban centres | | | Achieved by 2014 | | BP |

Table 6: Reading Diamond

| Infrastructure / Area | Development | Status | Cost | Timing | Funding / Delivery Body | Source | |
|-----------------------------------|---|---|-------|--|-------------------------|---|----------|
| Transport | Reading Station upgrade - including new arrangement and provision for Crossrail | | £563m | 2008/09 - 2014/15 | HLOS, SEERA, LTP, S106 | POD / RFA | |
| | Central Reading Access Strategy | | | | | POD | |
| | Quality Public Transport | | | | | POD | |
| | Thames Valley Mass Transit System | | | | | POD | |
| | Junction 11 of the M4 | | | | | POD | |
| | Cow Lane Bridges | | | | | POD | |
| | Green Park Station (key SW Corridor project) | | | | | POD | |
| | Comprehensive Park and Ride capacity | | | | | POD | |
| | Mass Rapid Transit - dedicated express, limited stop bus based rapid transit connected to park & ride locations | New public transport system that complements existing services and facilities, to serve all parts of Reading urban area | | £120m | 2008/09 - 2012/13 | Transport Innovation Fund, Local Transport Plan, Public Transport Operators | POD |
| | Quality Bus Corridors | | | £23.4m | 2008/09 - 2012/13 | LTP | POD |
| | Park and Ride | To pursue new sites | | £9-19m | 2008/09 - 2015 | S106 | POD /IDP |
| | Mass Rapid Transit | Dedicated express, limited stop bus based rapid transit connected to Park & Ride | | £100,000,000 - TIF, LTP, Public Transport Operator, S106 | 2014-2021 | | IDP |
| | Heathrow Airport - Airtrack, improved rail access | | | | | | RFA |
| | High Speed Line connecting SE to Midlands | | | | | | RFA |
| | Enhancing "North Downs" line - connecting Reading with Redhill / Reigate | | | | | | RFA |
| Improvements to Junction 11 on M4 | | | | | Supported by RTB | RFA | |

| Infrastructure / Area | Development | Status | Cost | Timing | Funding / Delivery Body | Source |
|-----------------------------------|--|---|-----------------------|--|--|--------|
| Energy Supply | Decentralised renewable energy demonstration project | In conjunction with new developments | £1m (£0.6m requested) | 2008/09 - 2012/13 | Reading BC, Thames Valley Energy | POD |
| | | | | | | POD |
| | Electricity - major reinforcement works in Central Area required. | | Tbc | 2-4 years to complete | Scottish and Southern Energy Power Distribution | IDP |
| | Decentralised Renewable Energy Site | Feasibility Study to be undertaken | £1m (cost of study) | Feasibility and planning to be completed by 2012 | Potentially an Energy Service Company (ESCO) in partnership with RBC | IDP |
| | | | | | | IDP |
| Water Supply and Treatment | Areas within RBC including west and south Reading have potential capacity issues | Detailed investigation and modelling is required. | Tbc | | Thames Water, and developers | IDP |

Table 7: Thames Gateway Kent Diamond

| Infrastructure / Area | Development | Status | Cost | Timing | Funding / Delivery Body | Source |
|-----------------------|---|--|----------------------|---------------|-------------------------|------------------------------|
| Transport | Medway Bus Corridor – Enhancement to strategic public transport corridors and Park and Ride | | | | | Thames Gateway Delivery Plan |
| | Gillingham Railway – Improvements to the existing ticket hall, forecourt, and access arrangements to the station | | | | | Thames Gateway Delivery Plan |
| | Dartford Station – Development of the station, including highways, pedestrian access, cycle facilities and car parking to provide better visual and physical links and access to the Northern Gateway and the Town Centre area of Dartford. | | | | | Thames Gateway Delivery Plan |
| | Lower Thames Crossing (east of current Dartford Crossing) - London to Kent Ports (Strategic Transport Corridor) | | | | | RFA |
| | Development of NS1 (Channel Tunnel Rail Link) - Ebbsfleet | | | | | RFA |
| | East Kent Access Road Phase 2 | | £71m (£64m from RFA) | 2009/10 start | Supported by RTB | RFA |
| | Sittingbourne Northern Relief Road | | £43m (£29m from RFA) | 2009/10 start | | RFA |
| | | | | | | RFA |
| | Ashford Smartlink Bus Rapid Transit | Scheme programmed for Delivery in RFA | £32m (£27m from RFA) | 2011/12 start | | RFA |
| | A2 Bean Junction | Scheme programmed for Delivery in RFA | £50m (£46m from RFA) | 2012/13 start | | RFA |
| | Medway Tunnel | RFA Regional Priorities (delivered through Local Transport Plan) | £7m (£5m from RFA) | 2010/11 start | | RFA |
| | | | | | | Thames Gateway Delivery Plan |

| Infrastructure / Area | Development | Status | Cost | Timing | Funding / Delivery Body | Source |
|-------------------------|---|---|---------------------|---------|--|------------------------------|
| Higher Education | University expansions at: Canterbury University (in Canterbury and Folkestone), Ashford Learning Campus and Imperial College London (both in Ashford) | Under investigation or provisionally approved | £46m (Ashford only) | | University providers, public and private sectors | SEP IP |
| | Upgrades to Kent Maritime campus | | £60m | 2016-26 | Universities of Greenwich, Kent and Canterbury, Christ Church and Mid-Kent college | SEP IP |
| | Thameside Campus, Ebbsfleet | | £10m | 2006-16 | North-Kent College-SFA | SEP IP |
| | Extend Medway campus | | | | | Thames Gateway Delivery Plan |
| Flooding | Flood defences across the area (East Kent and Ashford) | Provisionally approved | £182m | 2006-26 | EA | SEP IP |
| | Medway Basin Defences | Provisionally approved | £1.9m | 2006-16 | EA | SEP IP |
| | Upper Tidal Medway Defences | Provisionally approved | £1.8m | 2006-16 | EA | SEP IP |

Table 8: PUSH Diamond

| Infrastructure / Area | Development | Status | Cost | Timing | Funding / Delivery Body | Source |
|---|--|---------------------------------|-------------------------|-------------------------|---|---------------------------------------|
| Transport | Upgrade junction 5 of the M27 (Southampton Airport and northern Southampton) | Underway | £5.75m | To commence 2009/10 | | Local Investment Plan / POD |
| | Bus Rapid Transit (BRT) - Phase 1 to link Gosport and Fareham. Ultimately the network will serve Portsmouth. | | £20m | | Phase 1 funded by Community Infrastructure Fund | Local Investment Plan / Business Plan |
| | New access from the M275 to the Tipner site at Portsmouth | Planning application submitted | £66m (£20 in POD) | To commence 2009/10 | | Local Investment Plan / PUSH POD |
| | Tipner-Port, Solent public access bridge | | £10m | 2010 onwards | | PUSH POD |
| | Phase 1 of the DaSTs study | | | To be completed by 2014 | | Local Investment Plan / POD |
| | Access to South Hants | | £1,000m | | | Local Investment Plan / POD |
| | Eastern access (Hedge End SDA) | | £183m | | | Local Investment Plan |
| | Access to SE Hants (Fareham SDA) | | £344m | | | Local Investment Plan |
| | Eastleigh River Side | | £298m | | | Local Investment Plan |
| | Strategic traffic management | | £70m | | | Local Investment Plan |
| | Transport modelling | | £5m | | | Local Investment Plan |
| | LDF schemes | | £10m | | | Local Investment Plan |
| | Other | | £473 | | | Local Investment Plan |
| | Access to the Naval Base (Portsmouth) | | £7m | To commence 2010 | | PUSH POD |
| | West of Waterlooville (Havant and Winchester) - pedestrian access | Advanced stage of design (2007) | £6.5m | 2008 onwards | | PUSH POD |
| | North-Southspine road (Southampton) | | £21.6m | 2007-2012 | | PUSH POD |
| | Access to waterfront Drivers Wharf/Meridian (Southampton) | | £3m | | | PUSH POD |
| | Access to waterfront Queen's Park/Royal Pier (Southampton) | | £20m | Long term | | PUSH POD |
| | East-West Public Transport Axis (Havant) | | | 2011-2016 | | PUSH POD |
| | New all-purpose road link (Havant) | | | 2011-2017 | | PUSH POD |
| Increase loading guage on rail corridor linking South Coast Ports to Midlands | | | To be completed by 2011 | | RFA | |
| A24 Ashington to Southwater | Scheme | | £35m | 2012/13 start | | RFA |

programmed for (£30m from

| Infrastructure / Area | Development | Status | Cost | Timing | Funding / Delivery Body | Source |
|-------------------------|---|--|----------------------|---------------|--|-------------------------|
| | | Delivery in RFA | RFA) | | | |
| | Access to strategic development in Portsmouth and SE Hampshire: Tipner Interchange | Scheme programmed for Delivery in RFA | £30m (£25m from RFA) | 2010/11 start | | RFA |
| | Access to development in Southampton and S Hampshire - A3024 HOV Lane, Northam Bridge and other | Scheme programmed for Delivery in RFA | £53m (£23m from RFA) | 2014/15 start | | RFA |
| | Northen Bridge (maintenance) | Scheme programmed for Delivery in RFA | £20m (£18m from RFA) | Post 2016 | | RFA |
| | Access to strategic development in Portsmouth and SE Hampshire | RFA Regional Priorities (delivered through Local Transport Plan) | £5m (£5m from RFA) | 2011/12 start | | RFA |
| | | | | | | |
| Higher Education | Employment, R&D to strengthen links with universities | | | Ongoing | Businesses and universities | POD |
| | New employment development including 18,600m2 B1 (Dunsbury hill Farm, Havant) | | | | Portsmouth CC, University of Portsmouth, SEEDA | POD |
| | Capitalising on Knowledge Exchange focusing on high tech and innovation sectors | | | | Solent Synergy and 3 Higher Education Institutions | POD |
| | | | | | | |
| Broadband | Secure superfast broadband across Diamond | Discussions commenced | | | BT Openreach | POD |
| | | | | | | |
| Flooding | Flood protection measures | Proposed for investigation | £250m | 2006-2026 | Public, operating authorities | SEP Implementation Plan |
| | Tipner – sea defences | | £7-10m | 2010 | | LIP / PUSH POD |
| | Shoreline Management Plans | | £55m | 2006-2026 | | RFA |
| | | | | | | |
| Energy | Fareham SDA requires reinforcements | Part of development scheme | £6m | 2011 onwards | Utility providers | POD |
| | Upgrade to Southern part of Portsmouth City | Under investigation | tbc | tbc | | POD |

| Infrastructure / Area | Development | Status | Cost | Timing | Funding / Delivery Body | Source |
|-----------------------|--|--------|---------------|---------------------|---|----------------------------------|
| Water | Havant Thicket Reservoir | | £30m | 2015-21 | | RFA |
| | Greenhill, Millbrook and Chickenhall treatment works reaching capacity | | £0.5m | | Southern Water, EA, TVBC, SCC | PUSH POD |
| | Western Area (part of Hampshire and all of the Isle of Wight) | | £54.75m | | Southern Water | Southampton Infrastructure Paper |
| | Utility Services - water supply and waste water treatment | | £168m - £208m | | Significant proportion of investment from utility companies | Local Investment Plan |
| | Spice Island Drainage | | £1m | To commence 2009/10 | | POD |

Appendix B

About us



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