



Economic priorities for Hertfordshire 2023-2026

A report for the Hertfordshire Growth Board and Leaders' Group

February 2023



Contents

1. Introduction and purpose of this report	2
2. Strategic context	3
3. Hertfordshire’s strengths and challenges	5
4. Priority areas of focus	11
5. Governance and enablers	18
6. Next steps	20

1. Introduction and purpose of this report

Introduction

Metro Dynamics was commissioned by the Hertfordshire Growth Board and Hertfordshire Leaders Group to support a refresh of Hertfordshire's economic priorities. Metro Dynamics is an economics consultancy supporting local authorities, LEPs and investors to develop inclusive local economic and investment strategies. We work throughout the UK with a range of places from large urban metropolitan areas to counties, and we have drawn from our experience in these places in this piece of work for Hertfordshire.

The Growth Board first developed their shared priorities in 2019 and, although annual prioritisation and planning had continued as expected, the impact of global and national events including the Covid-19 pandemic, Brexit, the war in Ukraine, rising inflation and the cost-of-living crisis on the local economy make the case now for a deeper review of priorities.

Approach

The work to support this refresh was undertaken in the period between November 2022, and January 2023. Given the collective nature of the Growth Board, which covers several local authorities and public sector partners in Hertfordshire, there was a clear requirement for this piece of work to focus on building consensus around shared priorities, based on a collective understanding of Hertfordshire's challenges and opportunities. To this end, the approach to this commission to refresh Hertfordshire's economic priorities has included:

- Interviews with each of the Mayors, Leaders and Chief Executives, of the Hertfordshire district and county authorities, the Police and Crime Commissioner (PCC) and the Chair and Chief Executive of the Local Enterprise Partnership (LEP)
- 3 structured workshops to iteratively develop and test thinking on the new priorities:
 - A first workshop with Leaders, PCC and LEP Chair to create a shared analysis of the external factors most impacting Hertfordshire and its strengths, challenges and opportunities in this context
 - A second workshop with Leaders, the PCC, LEP Chair and Chief Executives to test themes surfaced through interviews and agree shared priorities from these, building on the shared view on strengths and challenges, as well as key changes to governance and other enablers
 - A third workshop with Chief Executives to refine priorities further and discuss implications for implementation
- High level research on the Hertfordshire economy, horizon scanning and analysis of the current policy landscape and insight from other local places.

The emphasis of this approach and its output, the refreshed priorities, has been on this iterative process of joint agreement and consensus by Leaders. The refreshed priorities themselves have been informed by the observations and recommendations drawn from Metro Dynamics' work with other places but have been shaped in the language of Leaders

and Chief Executives and reflect the discussions and shared position developed during this work.

Purpose of this report

This report is intended for the Hertfordshire Growth Board and Leaders Group, to support decisions over what the economic priorities of the Growth Board for the next three years should be and what is required to develop an impactful Growth Board work programme. It sets out the strategic context within which the economic priorities refresh should be considered, recommendations on the economic priorities and areas of focus of the Growth Board and on the enablers required, such as changes to governance and ways of working. It is intended as a description of what the Growth Board could achieve in specific thematic areas and how it might do this, as opposed to a detailed work programme or business plan.

2. Strategic context

In 2019 the Hertfordshire Leaders Group and chair of the Local Enterprise Partnership, working as the Hertfordshire Growth Board, developed a shared agenda for encouraging economic growth in Hertfordshire. Identifying the key areas of collaboration, common cause and focus, the Growth board then developed a joint work programme to deliver the agreed shared ambitions for Hertfordshire as a place. The agreed 2019 priorities were then largely embedded into strategic documents at both county and district level, and a series of projects, workstreams and working groups mobilised for delivery.

These 2019 Growth Board priorities are shown in the table below.

Infrastructure	<ul style="list-style-type: none"> • To encourage forward funding arrangements to accelerate the development of infrastructure projects. • To align infrastructure developments with carbon commitments; this includes the promotion of green transport and electric vehicles. • To grow the strategic East-West corridor through enhance transport connections, which also incorporates green infrastructure. • To drive the implementation of the Hertfordshire & Essex Rapid Mass Transport (HERT) by accelerating planning permission and coordinating strategic partners.
Housing	<ul style="list-style-type: none"> • Address the various failures in the housing market, to ensure that housing stock aligns with the future needs of Hertfordshire. • To build sustainable housing which suits the future demography of communities, but which does not detract from the attractiveness of existing places.
Economy	<ul style="list-style-type: none"> • To support key growth sectors, such as life science, construction, creative industry and the visitor economy. • To support local jobs to decrease necessity on London commutes

Strategic Planning for Good Growth

- To develop a strategic planning approach to overcome some of the problems with current local plan system.
- To manage pressures of London driven growth.

However, since 2019 much of the external political, policy, economic, environmental, and social landscape has changed; the Brexit transition, the Covid-19 pandemic, War in Ukraine, and the cost-of-living crisis pose new and complex challenges for Hertfordshire. Furthermore, current government policy around levelling up raises questions for the South East and Hertfordshire, particularly in terms of securing investment to respond to new and existing local challenges. The intention to maintain a collective approach to priority-setting and problem solving despite such pressures, is indicative of the strength of relationships and commitment to collaboration for the greater good of Hertfordshire.

Through individual and group discussions, Hertfordshire Leaders developed a shared analysis of the most important external factors impacting Hertfordshire and the potential implications for driving local economic growth, as a starting point for agreeing new priorities. It is notable that despite the significant challenges facing the UK as a whole, Hertfordshire is in a comparative position of strength, as a net contributor to the national economy, and has demonstrated a good level of resilience to recent shocks. The strengths and challenges of the Hertfordshire economy are discussed in more detail later in this report.

Key external trends and their impact on Hertfordshire can be summarised as follows:

Political. The uncertain global and national political contexts are creating long-term instability for Hertfordshire on various fronts – particularly around devolution, levelling up, funding and public trust in politics.

Economic. The cost-of-living crisis and rising inflation has created a fragile environment for organisations and residents. This includes residents who have not previously experienced hardship and private and public sector organisations, particular those working in housing construction.

Social. Population trends indicate an increasingly ageing population in Hertfordshire, placing further demand on health and social care services, whilst the overall population continues to grow in a way that feels unsustainable in terms of housing supply and infrastructure.

Technological. Digital innovation and the shift towards hybrid working presents an opportunity for Hertfordshire businesses and residents, requiring digital connectivity and infrastructure to be improved across the county and support provided to those that are digitally excluded or reluctant.

Legal. Upcoming changes to planning legislation and wider policy will demand capacity from key services to navigate and embed the change. Inefficient procurement procedures caused by current legislation serve as a barrier to quick decision making and development.

Environmental. The differing narratives around environmental improvement and sustainable development create ambiguity around the ‘right’ course of action. Sustainable development

needs to consider the current housing stock situation, as well as the availability of local skills to help make improvements.

Taking this assessment as a whole, there are a range of external trends impacting the Hertfordshire economy, resulting in an operating environment of renewed complexity. Some of these, such as shifts in the economic, social, political and environmental landscapes, serve to compound each other and escalate the potential problems to solve, but underlying strengths mean that the Hertfordshire economy is relatively resilient. The importance of Hertfordshire to the UK economy and its potential to deliver prosperity for even more local people, means the Growth Board should focus on further leveraging its strengths and assets through a more collective and coherent approach to driving good growth for local residents and the UK as a whole.

The next section explores Hertfordshire’s strengths and challenges in more detail.

3. Hertfordshire’s strengths and challenges

A shared view of Hertfordshire’s strengths and challenges was discussed and refined through interviews and workshop with Leaders, Chief Executives and the leadership of the PCC and LEP, informed by high-level research on current economic performance and comparison with other places.

Figure 1. Local overview



GDP: £46.086bn

Population: 1,198,798

Jobs: 727,000

Businesses: 62,065

Business Specialisms:

Scientific Research & Development,
Pharmaceutical Manufacture,
Building & Landscaping,
Recruitment & Civil
Engineering, Film & Creative
Industries

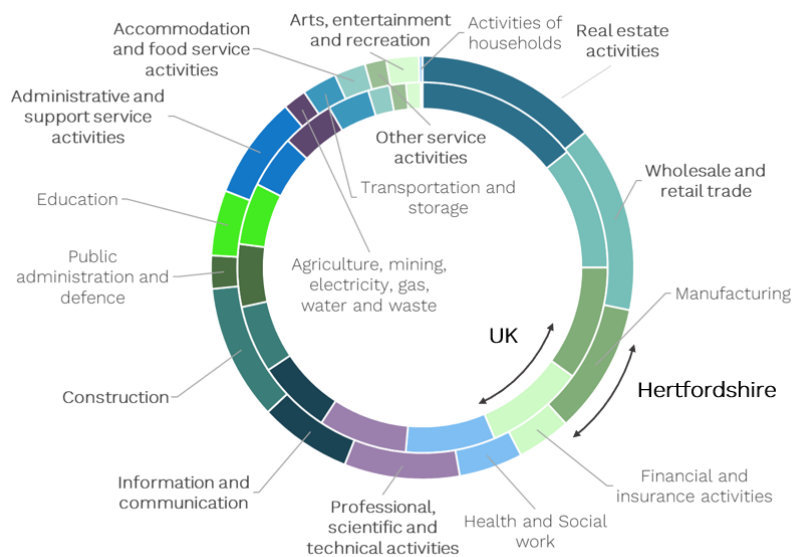
Sources: ONS GDP by ITL regions 2020, ONS Census 2021, ONS Jobs Density 2021, ONS Business Counts 2022, Metro Dynamics analysis of Business Register and Employment Survey 2021, Ordnance Survey 2022

Strong and diverse economy

As of 2021, Hertfordshire had a population of 1,198,798 people, with 727,000 in work. It had a GDP of £46.086bn, accounting for 2% of the economic output of the UK, with approximately 62,065 businesses; Hertfordshire therefore has a greater number of businesses per resident than seen nationally, indicating a greater level of economic resilience and dynamism. Film and Creative industries, pharmaceutical manufacturing and

life sciences are particular local sectoral strengths, with several nationally and globally significant businesses and clusters.

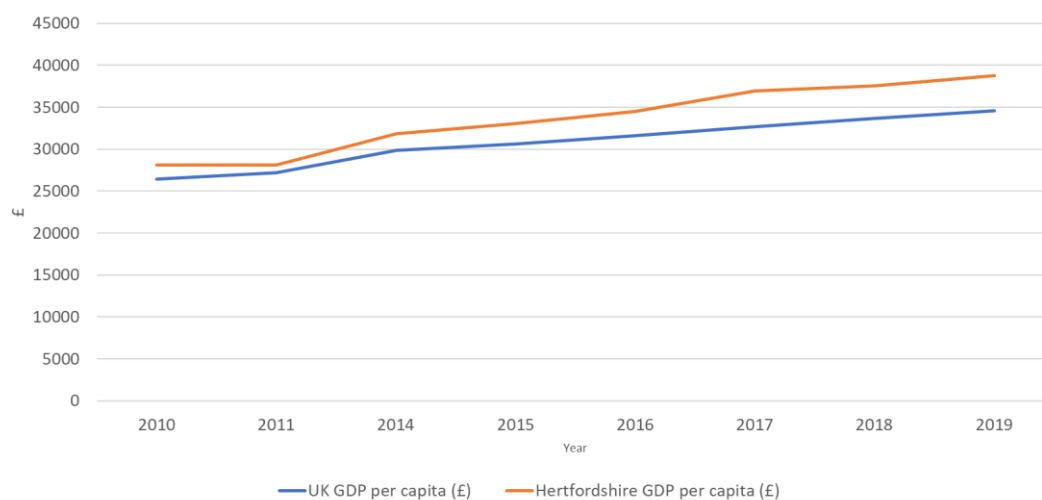
Figure 2. GVA by Sector



Source: ONS Regional Accounts 2021

Figure 2 outlines the proportion each sector contributes in terms of GVA to the Hertfordshire economy compared to national averages, where the inner circle represents the UK, and the outer circle represents Hertfordshire. The diagram shows that Hertfordshire has a larger share of its total GVA in construction, professional, scientific, and technical activities, wholesale and retail, admin and support services, and arts, entertainment, and recreations than the national average. Discussions with the Growth Board highlighted good working relationships held at the individual local authority level with the major employers in each sector. Taken as a whole, Hertfordshire’s economy performs better than the national average; this is demonstrated by figure 3, which shows GDP per capita as being consistently higher than the UK every year since 2010.

Figure 3. GDP per Capita

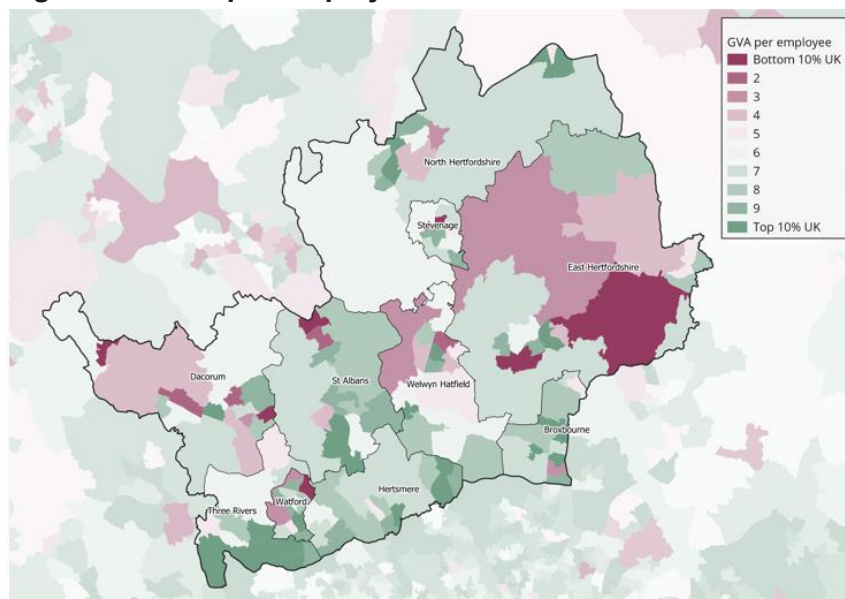


Sources: ONS GDP ITL Regions, ONS Population Estimates 2020

Good levels of productivity

Hertfordshire performs relatively well on employee productivity compared to the national picture; many of its more densely populated localities in Three Rivers, Watford, Hertsmere, and St. Albans score in the top 10% for GVA per employee in the UK (GVA denotes the value of output goods and services, minus the cost of the inputs and raw materials used up in production; therefore, GVA per employee is an indicator of the labour productivity within a given sector). Figure 4 describes the GVA per employee in Hertfordshire based on small-level geographies of around 1500 residents.

Figure 4. GVA per Employee



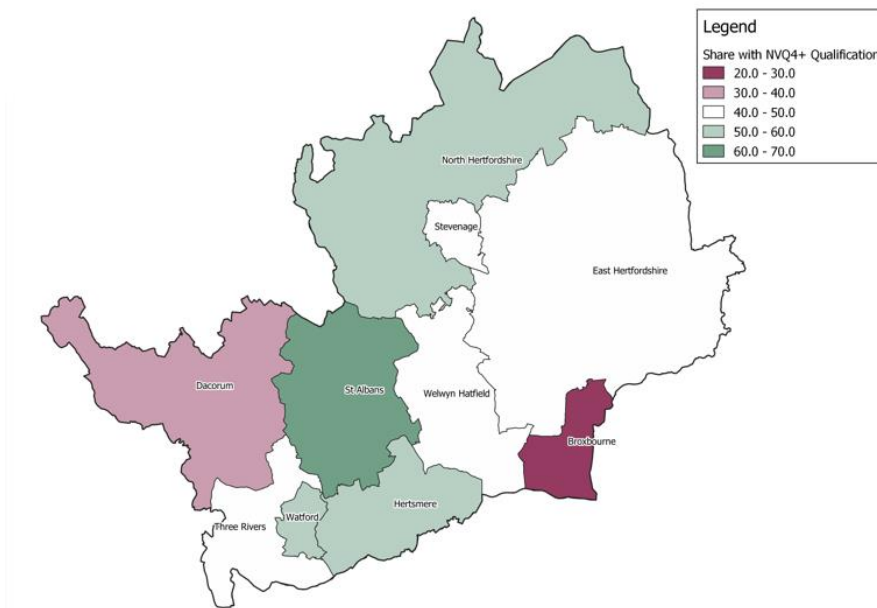
Sources: Metro Dynamics analysis of ONS GVA at small-level geographies, ONS Business Register and Employment Survey 2021

Whilst the overall picture of productivity is strong, Hertfordshire has lower GVA per employee for some of its more rural geographies in East Hertfordshire and Dacorum; however, it is worth noting that considering incomes and employment in these areas are strong, it could be that residents commute to work away from these areas, or that they are mainly retirees. The more densely populated areas which score poorly on GVA per employee, such as those in Watford, Stevenage and Dacorum, are of greater concern.

Some variation in skill levels

One of the key indicators of productivity is the level of skills in the workforce. In terms of higher qualifications Hertfordshire has a mixed picture, with St. Albans, North Hertfordshire, Watford and Hertsmere having a high percentage of individuals with NVQ4+ qualifications; however, Dacorum and Broxbourne has a significant dearth of individuals with degree or equivalent qualifications as demonstrated by figure 5.

Figure 5. NVQ4+ Qualifications

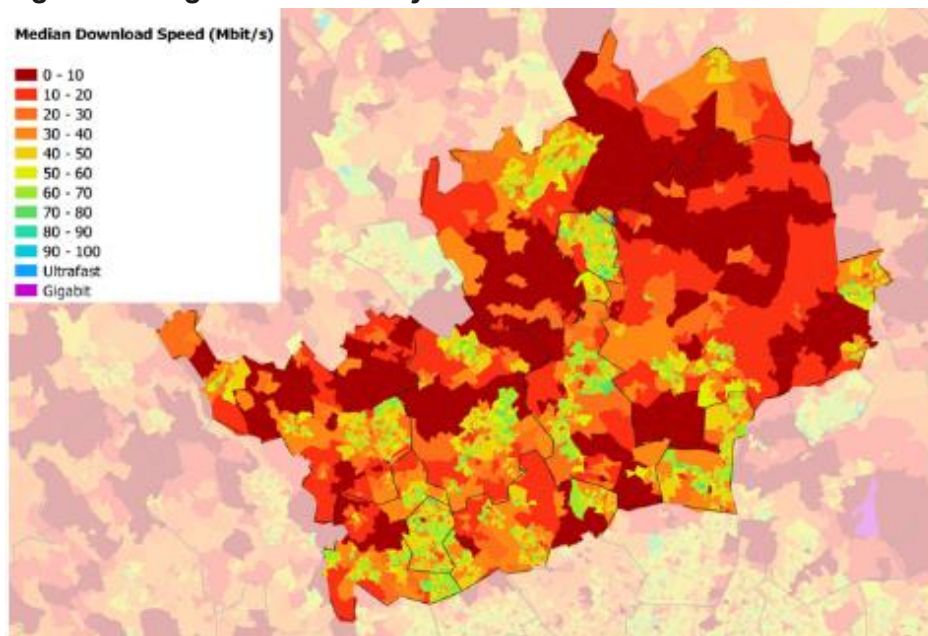


Sources: ONS Annual Population Survey 2022

Pockets of low digital connectivity

Similarly, the quality of digital infrastructure is a key component of driving productivity improvements. The digital connectivity picture in Hertfordshire is highly variable; Watford and Broxbourne on average have some of the highest average download speeds in the country, but many less densely populated places in East Hertfordshire and Dacorum have medium download speeds of only 0-10Mbit/s. The national average download speed is approximately 51.48Mbps. The poor digital connectivity of these places pose a significant barrier for individuals and business to access an economy. The high geographical variation in digital connectivity across Hertfordshire is demonstrated by figure 6 below.

Figure 6. Digital Connectivity

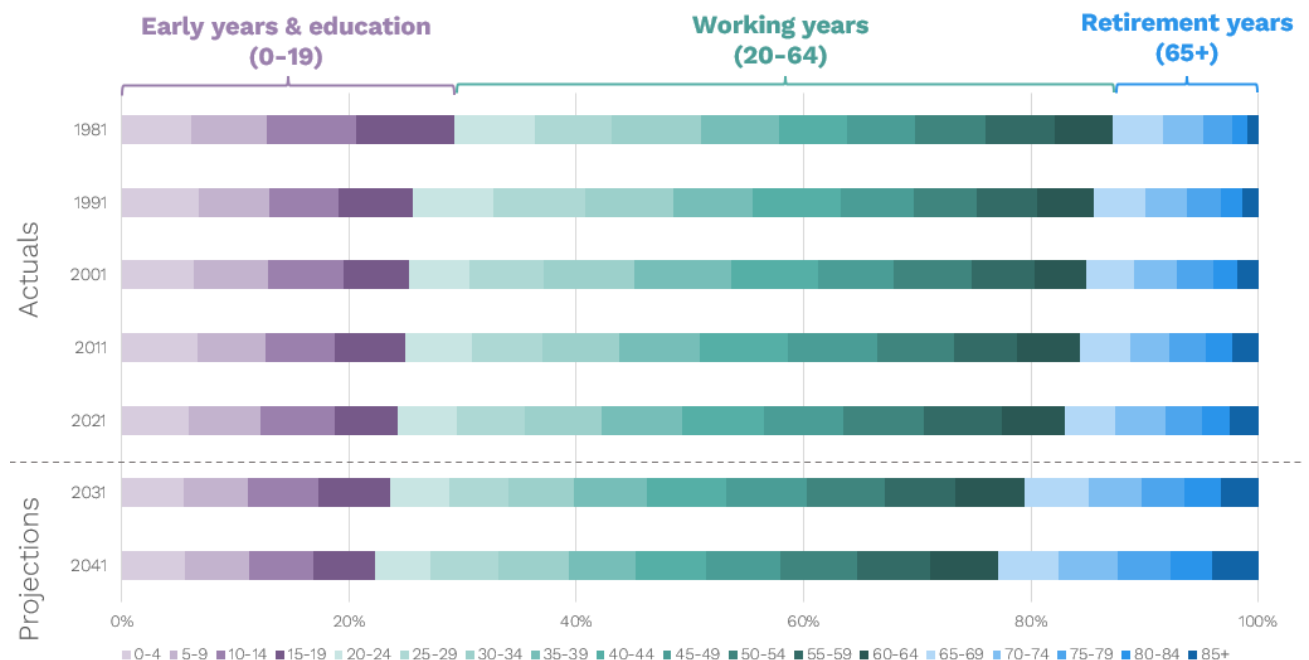


Source: Ofcom Connected Nations 2021

Ageing population

Like the whole of the UK, Hertfordshire is faced with long term demographic challenges which threaten productivity and growth, whilst increasing the demand for health and social care services and spending. As demonstrated by figure 7, from the 1980s the population share of retirement age individuals has steadily increased in the country, whilst there has been a decrease in the amount of working-aged people. By 2041 the percentage of over 65's in Hertfordshire is set to increase by approximately 10%, up to 27% of total population. Economically, this demographic shift means there is a decreasing base of net tax contributors whilst net tax dependents steadily increase; these shifts are a threat to the county's economic potential, and an increase in the burden on public services and public goods. The ageing population problem will exacerbate Hertfordshire's social care recruitment challenges. It will also add to the housing affordability problem, as well as issues around the suitability of the current housing stock.

Figure 7. Population by age

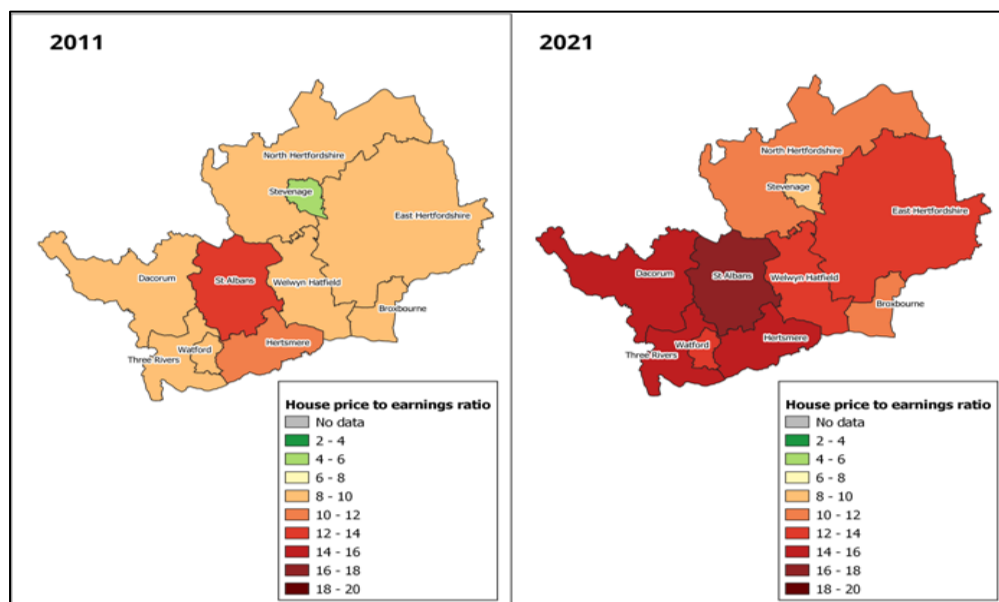


Sources: Various Censuses, 2018-based population projections

Issues with housing affordability

Housing continues to be a key issue for Hertfordshire; figure 8 shows the extent to which the affordability of housing has worsened over the last decade. In 2021 a typical full-time employee in the UK could expect to spend 9.1 times their salary on housing, whereas for the average individual in Hertfordshire they could expect to spend approximately 13 times their salary. Rising median house prices to median earnings ratio are a threat to Hertfordshire's economic growth, as it reduces the ability to attract and retain younger families, as well as undermining consumer confidence by constraining household disposable income.

Figure 8. Median House Prices to Median Earnings Ratio



Source: DLUHC 2021

Overall, the data indicates Hertfordshire performs well against national averages on wages, productivity, health and employment; it also has some key growth sectors in film, life sciences, and construction. However, there are some significant challenges which complicate the county’s ability to prosper and capitalise on future growth opportunities: namely an ageing population, digital connectivity issues and the lack of affordable housing and skills variations.

Discussions with Leaders and Chief Executives and comparison with other places indicate some additional strengths and challenges, pertinent to driving economic growth. This includes high levels of development, the state of local public transport, concerns over key worker recruitment and retention, the polycentric nature of the area and its proximity to London. The latter two factors can be considered as both a strength and a challenge, as the many vibrant urban areas and the push and pull of the capital make Hertfordshire an attractive place to live and a more complex place in which to support economic growth.

Poor local public transport

Although fast public transport connections are available to and from London, providing economic and leisure opportunities to a vast amount of the Hertfordshire population, public transport within Hertfordshire is insufficient to connect residents with local job opportunities or to encourage modal shift to lower carbon forms of transport. The Hertfordshire to Essex Rapid Transit (HERT) is a major infrastructure project, highlighted in the 2019 Growth Board priorities, but this is a long-term ambition, which because of its substantial funding requirement, is unlikely to be able to deliver improvements in the short term.

Large amount of development activity

Compared with many other places in the UK, Hertfordshire has a large amount of ongoing and planned capital programmes and projects, of all sizes. This indicates a healthy and dynamic local development market and, with stretching housing targets set to continue and sustainability becoming more of a central focus locally, this presents both challenges and opportunities. Growth pressure from London and high profile nearby developments such as the Ox-Cam Arc will continue to create demand for development, creating further pressure on critical infrastructure for these schemes to be viable. Although there are good local relationships with Homes England, Government capital funding is reducing, and so opportunities to attract alternative investment into the local development market should be explored.

Workforce recruitment and retention

The Hertfordshire economy is highly buoyant, with several high-growth sectors creating a high demand for skilled labour. The draw of higher salaries in London and pockets of lower attainment levels locally mean that the local workforce is not currently meeting this demand. Public sector organisations are increasingly struggling to recruit and retain essential staff such as health, social care and police key workers. Housing affordability in comparison to the salary levels of these jobs, as well as the higher London salaries are cited as key components of this issue. There are concerns that the challenges in retaining and recruiting health and social care staff in particular has the potential to escalate the post-covid healthcare crisis.

Strong local government relationships

A key strength for Hertfordshire is the longstanding history of collaboration across local government. The Growth Board is a reflection of this and has established a model for collaboration which is being assessed in other southern counties. During the Covid-19 Pandemic local government collaboration within Hertfordshire was particularly strong. A good example of this is the weekly meeting of the Leaders Group, which provided a regular space for information sharing, problem solving and collective action in a rapidly changing environment. The informal nature of this engagement was also noted as a key part of its success. In refreshing the priorities for the Growth Board one lesson to be learnt from recent experience is about the value of mixing informal meetings, with full formal meetings. It will also be important to extend the Growth Board's work to the wider 'public sector family' including key leaders from the Integrated Care Partnership and Further Education providers.

From research and discussions, it can be concluded that the Hertfordshire economy is performing well, with its strengths having provided a level of resilience against the shocks of the last decade. If the Growth Board is to fulfil its potential in supporting good economic growth in a way that works for all residents across the county, this will require a refocussed approach. The ambition should be to utilise economic collaboration to grow the size of the good growth prize. This opportunity underpins the recommended priority areas of focus, set out in the next section of this report.

4. Priority areas of focus

This section contains recommendations for the economic priorities of the Hertfordshire Growth Board over the next 3 years. They are informed by individual discussions with the Growth Board members, Chief Executives and leadership of the PCC and the LEP, analysis

of external trends, knowledge and insight from elsewhere and group workshops. It is recommended that these priority areas are taken forward, tested and developed into a refreshed programme of work for the Growth Board, with resources and key performance indicators sourced and agreed. It is notable that discussions with the Growth Board which have informed the priorities also highlighted a desire for the Board to assess current activity in each area and prioritise activity that will be additive as a point of principle. The result of this should be a more focused and streamlined programme which will be more likely to deliver impact and more able to respond to further change.

Drivers for economic growth

Discussions and workshops have focused not only on priority areas for economic growth, but also the drivers of it, in line with contemporary economic practice which aims to take a more holistic view of a local economy. The Growth Board have articulated four drivers of economic growth in Hertfordshire, reflective of the Growth Board's renewed ambition to encourage the right kind of economic growth for people and the planet. This is described in more detail below, and in figure 9.

- **Health** – recognising the importance of health in work and at home and the potential damage that can be caused by long-term ill health to individual and business economic activity and prosperity. The impact of the pandemic on Hertfordshire's population health is still emerging, and so close attention to evidence and joint working around solutions will be important in the near future as part of driving economic growth.
- **Sustainability** – ensuring that the economy grows within the means of finite natural resources and that Hertfordshire's natural assets, which benefit health and wellbeing as well as the economy, are protected. In the current energy crisis and ongoing energy security concerns, there is an existential threat to many businesses and indeed to residents, which must be understood and managed.
- **Inclusion** – understanding the scale and nature of inequality across the county and targeting interventions to enable everyone to benefit from local economic prosperity. Although relatively prosperous, Hertfordshire has pockets of deprivation that could become exacerbated in the current climate, preventing the declining working age population from realising its potential and contributing to further workforce shortages. The characteristics and impact of these pockets should be collectively known and owned.
- **Resilience** – nurturing and protecting Hertfordshire's strengths and characteristics that have helped the local economy be resilient against external shocks, so that this resilience can continue in the face of this uncertain future. Hertfordshire's economy is relatively diverse meaning it has not been overly impacted by specific sector issues or supply chain challenges. These underlying strengths should be preserved to mitigate growing threats such as the impact of Hertfordshire's ageing population on labour market resilience.

Figure 9. Drivers for good economic growth in Hertfordshire



It is recommended that these drivers for good economic growth are collectively adopted and owned by the Growth Board alongside its refreshed economic priorities. This will enable a more holistic approach to driving economic growth that recognises the interrelationships and dependencies that must be facilitated within the Hertfordshire economy.

Priority areas of focus

There are four priority areas of focus, drawn from discussions with the Growth Board, workshops, research and evidence from elsewhere, which are recommended to be taken forward as the Growth Board's refreshed economic priorities. These represent the areas that members of the Growth Board shared in common as the issues that require a greater collective focus and economic collaboration to address. They form a focused group of key priorities, as opposed to an exhaustive list. These priorities areas are summarised below and illustrated in figure 10.

Capital Projects – The extent and nature of capital projects across the county and the current funding landscape led members of the Growth Board to align on a need for holistic, coordinated working across Hertfordshire projects as a whole place-based portfolio. Given the high number of schemes when compared to others, it is recommended that an investment case for Hertfordshire is produced that makes the Hertfordshire proposition more impactful and attractive than the sum of its individual schemes.

Housing Affordability and Supply – Ongoing growth pressures and high housing targets made housing a clear, continued shared priority for the Growth Board. Whilst influencing and improving this situation will continue to be challenging, collective focus should now turn to supporting a more sustainable and inclusive type of growth that provides housing for those most in need.

Connectivity – The rise in hybrid working, the climate emergency and a reduction in commuting to London have highlighted the gaps and weaknesses in local public transport and digital infrastructure across the whole of Hertfordshire, that require more near-term collective action than in the previous Growth Board priorities. It is recommended that the Growth Board develop and bring forward more immediate transport improvements and digital solutions to support the shift to more sustainable modes.

Skills, Sectors, Recruitment and Retention – Workforce shortages and retention challenges have been exacerbated by Brexit and the pandemic and are affecting many of Hertfordshire's high growth and essential sectors in different ways. A complex challenge such as this makes a case for collective leadership and deeper collaboration, to convene sector leaders and skills providers in a more concerted and coordinated way to develop new solutions that provide opportunities for local people.

These priorities should be considered and developed as a set, as they are mutually reinforcing and mutually dependent in terms of their potential impact on good economic growth in Hertfordshire. This speaks to the interconnected nature of the opportunity facing the Growth Board, to encourage further and more inclusive growth from an already strong base, which will require a multi-strand response across capital projects, housing, connectivity and skills to unlock. This holistic thinking should be applied in the development of this priorities into a refreshed programme of work for the Growth Board.



Figure 10. Priority areas of focus

The scope, strategic case and proposed actions for each of these priority areas is set out in the rest of this section, along with a case study or example from elsewhere. These descriptions are intended to set out the high-level proposition for each theme as a starting point for development by the Growth Board and are not exhaustive.

Capital projects	
Vision	To develop a compelling investment pitch for Hertfordshire that brings in new funding and delivery partnerships with long term pension fund investors, through leveraging ESG investment goals. A Hertfordshire infrastructure and regeneration proposition and connected portfolio of projects is likely to have the scale and variety to attract investors looking to work strategically with places to gain financial and place-based benefits.
Strategic case	In comparison to other similar sized places, Hertfordshire has a significant amount of capital programme activity including major housing development, substantial town centre regeneration, and business and employment sites which, when combined on a Hertfordshire footprint, are on a much larger scale than in many other places. There is a growing funding gap not only for key development but also for critical enabling infrastructure to make these capital projects viable, in part because the LEP no longer has access to Local Growth Funding. There is therefore a need to seek out alternative financing through creating a more strategic, larger scale Hertfordshire opportunity for private, institutional investors, who will also bring new thinking and ideas to improve schemes and places. This in turn can then leverage additional sustainable and economic outcomes linked to ESG investment goals.

Potential actions	<ul style="list-style-type: none"> ▪ Review the 2018 infrastructure prospectus and subsequent work done by the Hertfordshire LEP to build a collective view of the current state and where the Growth Board can add value. ▪ Review and update the existing Hertfordshire place narrative into a Hertfordshire Investment Prospectus, agreed, owned and supported by the Growth Board and its partners. ▪ Agree a programme of engagement to bring the prospectus to the market, including at key regeneration and infrastructure events such as the UK Real Estate Investment and Infrastructure Forum (UKREiF).
Case study	<p>West Midlands Combined Authority. The Mayor of the West Midlands, Andy Street, launched £15bn of housing, regeneration, commercial and infrastructure development opportunities to international investors at the 2022 MIPIM property conference. MIPIM is the world's leading real estate event, bringing together over 20,000 property professionals from around the world, including over 4,000 investors, representing hundreds of billions of pounds in capital. The Mayor unveiled more than 20 diverse development opportunities from across the region, put forward by local authorities and all featured in the West Midlands Investment Prospectus 2022. By working together, the West Midlands aim to use its profile and convening power to bring together and support investors, developers, occupiers, landowners and other partners, who are passionate about placemaking, delivery and innovation and bring essential finance into the region.</p>

Housing affordability and supply

Vision	<p>To increase the supply of affordable housing solutions for specific resident cohorts, achieved through targeted innovation and cross-sector partnership, for example between developers, the Growth Board and the NHS. This work should focus on cohorts most in need, namely lower income, young people, the elderly population and key workers, at the Hertfordshire level to benefit from economies of scale and efficient partnership working.</p>
Strategic case	<p>Housing supply and affordability has been a priority of the Growth Board and Hertfordshire authorities more broadly for several years. The local market looks set to continue to be economically constrained, which will pose significant short term delivery challenges to existing programmes. Furthermore, discussions with the Growth Board noted relatively difficulties in engaging developers in more innovative approaches to affordable housing.</p> <p>In this context, and in addition to these existing programmes, the Growth Board should focus on developing and piloting targeted solutions to improve the affordability and supply picture for key population cohorts, such as key workers, older and younger people. To do this, the Growth Board should explore partnerships with investors and developers specifically looking to make a wider social impact on places, beyond financial returns, an approach described as place-based impact investing. This approach requires coordination and development at a Hertfordshire level, to bring the right scale of investment opportunities.</p>

	This work should build on the innovation that has already been achieved in off-site development and design standards.
Potential actions	<ul style="list-style-type: none"> ▪ Review current large developments, developer relationships and target cohorts to shortlist potential sites as opportunities for piloting new solutions. ▪ Take these opportunities, framed with the updated Hertfordshire place narrative, to institutional investors and developers interested in delivering social benefits for local places. ▪ Co-design pilots, drawing on ideas including key worker housing, area retrofit financing and delivery and downsizing space for elderly residents.
Case study	<p>Place-based impact investing (PBII) is a new approach to bringing investment into places, based on forming partnerships between local authorities and institutional investors looking to make a social impact on places as well as a financial return. PBII is different from traditional impact investing, as it aims to bring private finance to a linked portfolio of schemes in a place that will together have a social impact. Local authorities engaging in PBII are focusing mostly on housing and regeneration schemes, as well as clean energy and infrastructure. They are also exploring the art of the possible, as investors interesting in this approach are also offering project development capacity to bring new ideas, approaches and solutions to each place and in this way co-develop the place-based investment portfolio.</p> <p>This is a new approach and so reference material can be drawn from the Impact Investing Institute, which is currently supporting places to pilot PBII. PBII should be considered by the Board as a way of increasing affordable housing for those that most need it, through working with socially motivated investors who can help to bring similarly minded developers to Hertfordshire.</p>

Connectivity

Vision	The vision for this priority is practical yet impactful improvements to hyper-local transport and digital infrastructure, to make Hertfordshire a more sustainable and attractive place to live and work. This will require a more targeted, granular and incremental approach to improving physical and digital connectivity, coordinated at the county scale for efficiency. There should be a dual focus on making a near-term impact on this critical enabler for growth, whilst maintaining support for longer term, more transformational projects such as HERT.
Strategic case	Public transport within Hertfordshire is of insufficient frequency and coverage to enable modal shift away from personal cars, decarbonisation and growth of businesses located in Hertfordshire. It is recommended that the Growth Board focus on key nodes to drive hyper-local transport and infrastructure and active travel, to make a near-term impact, facilitating this at a Hertfordshire-wide level to bring economies of scale and manage dependencies. This is a bottom-up approach to transport improvements, linking nearby towns and villages, and leveraging Section 106 and wider investor partnerships linked to existing housing and commercial developments.

	<p>The rise in digital business and hybrid-working following the pandemic creates a further opportunity for Hertfordshire businesses and the local workforce with travel to London less of a necessity. However, to support business growth and these new ways of working, Hertfordshire’s many digital ‘dead spots’ must be addressed. Collective working across Hertfordshire to facilitate both physical and digital connectivity is likely to have a greater impact and bring additive benefits.</p>
Potential actions	<ul style="list-style-type: none"> ▪ Review current public transport provision across Hertfordshire and prioritise in order of nodes most needing improvement, joining up similar interventions ▪ Review areas of low digital connectivity and work with bodies such as BDUK to make a case for private investment at a Hertfordshire scale. ▪ Pilot and develop Hertfordshire branded digital platforms to support Hertfordshire-wide travel and hybrid working, such as apps and portals to link residents with travel options and co-working spaces across the county.
Case study	<p>Norfolk County Council have developed a locally tailored transport improvement plan focused on transport around and between the county’s many market towns. This started with a series of studies around each market town node to understand current public transport and active travel provision and issues, and to understand future demand from growth and new developments. This information was used to identify hyper – local changes set out in agreed and costed market town implementation plans.</p>

Skills, sectors, recruitment and retention

Vision	<p>To promote deeper collaboration on a more inclusive and thriving local job market, where more local people can access high-quality employment opportunities in one of Hertfordshire’s many high-growth and essential sectors. This means closer working across Hertfordshire with FE colleges, skills providers and major employers such as the NHS to monitor and respond to skills shortages in key sectors, building on the work already completed by the Hertfordshire LEP.</p>
Strategic case	<p>Hertfordshire is a buoyant local economy, with high-growth businesses demanding a highly skilled workforce, but that doesn’t benefit enough local residents. Furthermore, critical sectors such as health, care and hospitality are struggling to recruit. FE colleges and skills providers should be more integrated into the system leadership of Hertfordshire’s economy.</p> <p>It is recommended that the Growth Board collectively convene skills providers, colleges and employers at a Hertfordshire level around key sectors, to enable better collaborative working and problem solving to match supply and demand. Working as a single, pooled Hertfordshire skills leadership, a clear set of Hertfordshire-wide medium-term skills objectives should be developed and the contributors to upskilling, such as health and wellbeing, evidenced and understood. From this collective strategic basis, this group should input into strategic documents such as the Hertfordshire Chamber of Commerce LSIP, as well as more broadly looking to champion, scrutinise and broker skills improvement across the county.</p>

Potential actions	<ul style="list-style-type: none"> ▪ Review LEP and local authority work on skills and sectors to understand gaps and how the Growth Board can add value with any further interventions. ▪ Convene skills leaders from across Hertfordshire, for example in a joint skills committee with the LEP, to problem-solve around skills mismatches and define skills objectives
Case study	<p>Greater Manchester Combined Authority have a leading approach to skills leadership and place-convening around skills. Building on the convening and advocacy power of the Mayor, the CA have brokered close relationships between skills providers of all sizes, employers and the local authorities. This skills leadership group have shared objectives and agenda for championing and developed solutions to labour market challenges. GMCA regularly publish research and reports to support policy change locally and nationally, and to support local scrutinization and oversight of skills progress.</p> <p>In neighbouring Buckinghamshire, Buckinghamshire Business First acts as a vehicle close working between skills providers, employers and the public sector, with a joint skills hub and several programmes aimed at solving local labour market issues.</p>

5. Governance and enablers

To set up the Growth Board for success in delivering its refreshed priorities, it is recommended that changes are made to three key enablers. These recommendations have been drawn from observations of how the Growth Board is currently operating in comparison to other places, feedback from members of the Growth Board and Chief Executives and considerations on what will be required to deliver the four shared priorities. The three enablers are set out below.

A culture of deeper economic collaboration

The Hertfordshire Growth Board was originally set up and constituted in preparation for the ultimately unsuccessful Growth Deal with Government in 2019, followed by engagement in a potential devolution deal in 2021. At the same time, LEP programme funding has been reduced and there is now a greater expectation that economic development is a function that needs to align with democratic accountability. For that reason, County areas that do not have devolution arrangements have been taking steps to strengthen their local authority collaboration to drive economic development. With this in mind, it is recommended that the Growth Board now focus more sharply on fostering a culture of deep collaboration around encouraging good economic growth, as the core collective objective. This will enable members of the Growth Board to develop a programme of work that directly responds to the

strengths and opportunities specific to the Hertfordshire economy, ready for any future shifts in Government economic policy and creating a stable environment for potential investors.

In other similar local economies, a culture of economic collaboration is often supported by a series of principles for joint working, shown below. The suggested principles for this set out below, were developed in a workshop with Hertfordshire Leaders and Chief Executives and are informed by the work that Metro Dynamics has conducted for other major southern county areas.

As the collective leadership of our local economy, we will:

- **Grow the size of the prize** by creating genuinely new opportunities and increasing strategic ambition.
- **Promote the county for inward investment** and leverage in funding that wouldn't be available without it.
- **Unlock mutual advantage in major developments** by identifying the links between places and schemes.
- **Co-ordinate major organisations across the system** through all partners having skin in the game and the incentive to collaborate long-term.

These principles aim to bring clarity of purpose across key components of local economic growth. It is recommended that the Growth Board formally endorses these principles, as a signal of the collective commitment to your shared purpose.

Blended governance

Growth Boards and similar joint economic bodies have over the years deployed a range of governance models, from formal to informal, arms-length and integrated. Growth Board members and Chief Executives have reflected on the ways of working of the Board so far, and have emphasised that whilst the formal, public meetings of the Board provide a useful 'shop front' for conducting business in an open and transparent way, there was also benefit to the regular informal meetings established during the pandemic.

It is recommended that the Growth Board move to a blended model of formal and informal governance meetings, to allow for greater space for collaborative discussions and creative problem solving across the priority areas of focus. This could also include more joint Growth Board and LEP Board meetings, a model that is being developed by the Cambridge and Peterborough Combined Authority, and which is the basis of the Buckinghamshire Growth Board. The Hertfordshire Growth Board, whether formal, or informal, or joint with the LEP, should continue with the same stewardship and resourcing by officers as a formal board.

The following key features for Hertfordshire's future economic governance were drawn from discussions with Leaders and Chief Executives, and are set out below to provide specific local requirements:

- Varying the location and meeting format with a mix of more frequent informal meetings, with fewer formal ones aimed at external parties such as investors.
- Smaller, more focussed list of priorities around which meaningful problem-solving can take place

- Including different stakeholders where relevant, especially from critical anchor institutions, such as FE and the NHS
- Reviewing emerging devolution options and other enabling mechanisms where relevant
- Reflecting on what worked well in the governance and collaborative relationships during Covid as positive example, much of which was focussed on specific tasks.
- Commissioning chief executives as collective place leaders to support and work alongside elected Leaders.

System capacity

As a vehicle for economic collaboration, joint working under the auspices of the Growth Board must apply not only to system leadership, oversight and decision-making but also to system capacity, resourcing and delivery. This will require closer and more involved joint working by the Hertfordshire Chief Executives and senior officers, as well as the elected Leaders themselves. This means providing a robust and consistent layer of senior coordination and leadership to develop and grip the new work programme, as well as developing solutions and problem-solving in regular meetings, mirroring the Growth Board. This will enable more to be made of shared resources at all levels.

Pitching the Hertfordshire opportunity

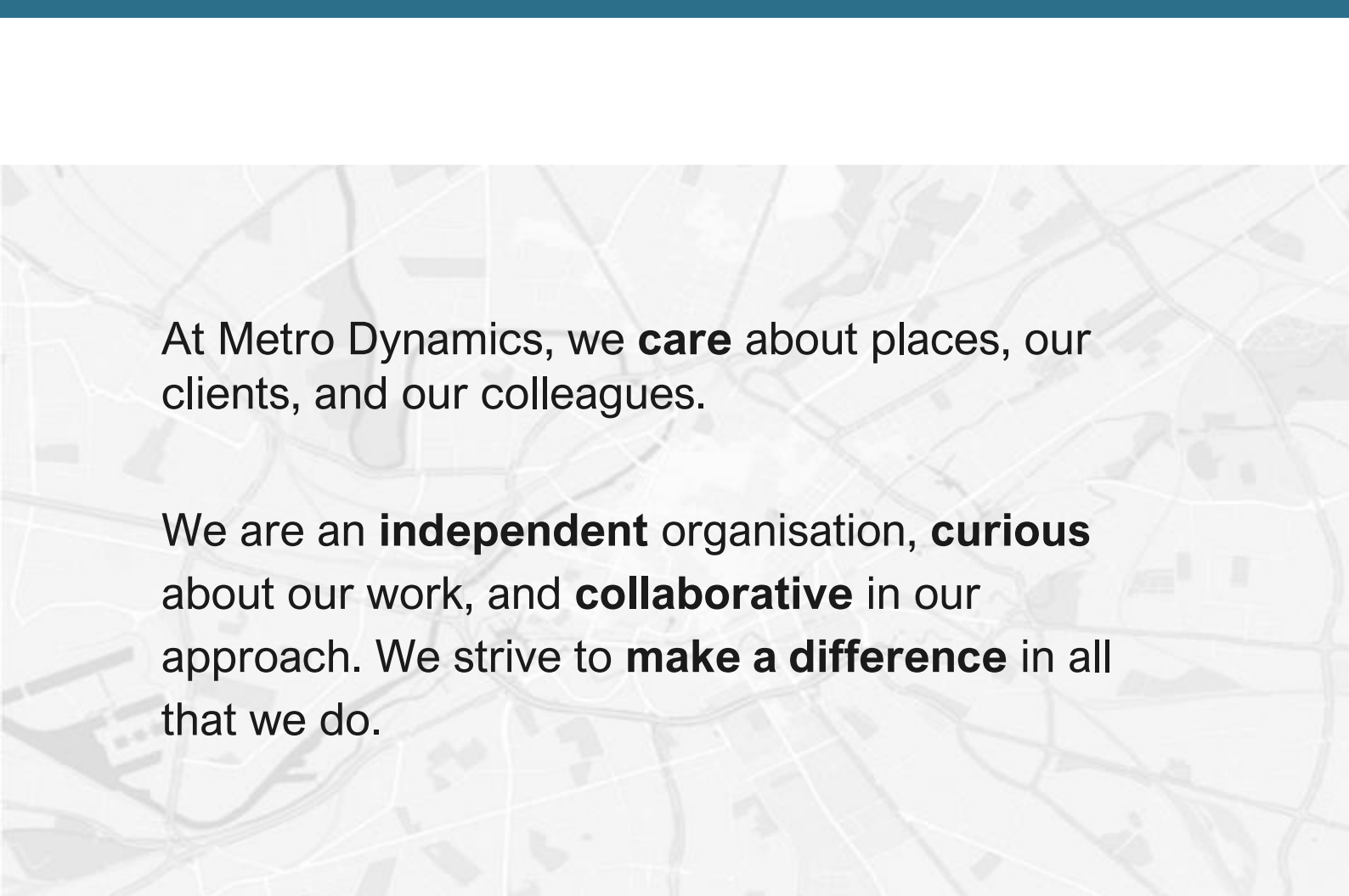
There is an opportunity for Hertfordshire Leaders and chief executives to do more to lobby and campaign together for the whole-Hertfordshire opportunity, with private organisations such as developers and investors, and public sector partners in national government alike. Outside of a formal growth or devolution deal, there are many opportunities for brokering new and innovative ways of working with Government, leveraging relationships with MPs and local business leaders to support this. It is recommended that Hertfordshire update its previously unused strategic place narrative for use as a single narrative with which to pitch the Hertfordshire proposition to public and private sector audiences.

6. Next steps

The process of refreshing Hertfordshire's economic priorities has demonstrated that there is a good level of alignment between members of the Growth Board on the key problems to solve and the priority areas of focus to address these. This suggests there is a strong basis from which the Growth Board should carry out the following immediate next steps.

1. **Ratifying the priority areas of focus and enablers** – the priorities should be formally recommended, discussed and ratified if acceptable by the Board.
2. **Recasting the Growth Board governance model** – establish informal regular meetings of the Growth Board to provide space collaboration and problem solving. A series of principles to underpin and guide governance should also be developed.
3. **Increasing and strengthening the Chief Executives group** – establish regular informal meetings to mirror those of the Growth Board for Chief Executives. The focus of these meetings in the first instance should be on developing the work programme, and then on gripping delivery and problem solving.

4. **Developing a new programme of work** – the focus of the new priorities and the clarified purpose of the Growth Board should be translated into a new, streamlined work programme, with shared resources and clear metrics to enable progress management. This should start with a first principles assessment of the activity required to further define and deliver the priority areas of focus, to ensure that activity is only resourced if directly contributing to these strategic themes.
5. **Creating a Hertfordshire investment proposition** – as a first delivery action, the previous strategic place narrative should be reviewed and refreshed to be used as a key product across all four economic priorities, to convene new partners and pitch the Hertfordshire opportunity. As a priority, this should be used as the basis for a Hertfordshire investment proposition, with a portfolio of investible capital schemes that can be taken to market.



At Metro Dynamics, we **care** about places, our clients, and our colleagues.

We are an **independent** organisation, **curious** about our work, and **collaborative** in our approach. We strive to **make a difference** in all that we do.

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