



# Economic Development Strategy 2018 - 2032

Waverley Borough Council

Waverley  
BOROUGH COUNCIL

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## Foreword



This Economic Development Strategy recognises the importance of a healthy local economy in making Waverley an attractive place and in enhancing the quality of life experienced by its residents. It appreciates the vital contributions of employers, small businesses and the rural economy and sets out how the Council intends to work in partnership with these and other stakeholders.

Waverley has much to celebrate. It has been rated as one of the most desirable places in which to live in the UK. It has beautiful countryside but enjoys convenient proximity to London, major airports and the south coast with good inter-connecting rail services. It has a highly-skilled working age population and a wide range of thriving small businesses.

However, Waverley also faces some significant challenges. It has good quality housing but some of the highest house prices in Surrey which obliges many employees of local businesses to live outside the borough. This makes it harder for local businesses to recruit skilled employees and, despite Waverley's reputation for affluence, it also contains pockets of deprivation where unemployment is a serious problem. In common with many other places, Waverley's high streets are being adversely affected by technology and changes in consumer habits.


There are major projects in the pipeline designed to boost the local economy. Work has already started on the Brightwells Town Centre Regeneration Scheme in Farnham which will create new jobs, new leisure facilities, retail and restaurant spaces and much needed new housing. In the south-east of the borough, the development of Dunsfold Aerodrome is planned to provide significant extra employment space, jobs and homes.

However, to address Waverley's challenges in the longer term, it will be essential to secure future investment in Waverley by nationally-based employers and local businesses. Developing the right business spaces backed by the necessary infrastructure will be a vital component in driving growth in the local economy and providing greater local employment opportunities.

This plan includes six key themes we have developed in response to an analysis of evidence about the local economy, the wider regional and national context and Waverley's ambitions for local business and the local economy. The Council's purchase of business properties and commercial investment programme will help underpin this strategy.

Given shrinking local authority budgets, the scope for direct investment by the Council is limited and so its emphasis must be on playing to its strengths by building strong positive partnerships with all parts of the local business community and other key stakeholders such as the Local Enterprise Partnership, Surrey County Council,





national public-sector bodies, educational institutions and training and business support providers.

This Strategy has been developed following a detailed analysis of the local economy and engagement with a wide range of stakeholders. It represents the Council's enthusiastic acknowledgement of the part it can play in promoting local economic success.

The Council looks forward to working with all its partners and local communities to achieve the Strategy's objectives.

**Councillor James Edwards**  
**Portfolio Holder**  
**Economic and Community Development**



# Executive Summary

## Overview

Waverley is a borough located in the south-west corner of Surrey and borders the counties of Hampshire and West Sussex. It has good transport links to London and has become a highly desirable place in which to live and work and to visit.



*Cranleigh*



*Crafts Study Centre, University of Creative Arts, Farnham*

Waverley offers a high quality environment which features outstanding countryside, towns and villages with defined characters and a wide range of attractive rural areas. It has a strong local service economy driven largely by the needs of a highly-skilled out-commuting workforce who work in London and other parts of Surrey and Hampshire. The out-commuting workforce amounts to over 1 in 5 of the resident population and nearly half of the employed population. Conversely, around 20,000 workers in-commute to

the Borough, reflecting a third of the local available jobs, to support local enterprises.

There are over 8,200 VAT-registered local businesses which benefit from a sympathetic commercial environment. Waverley also benefits from its participation in the wider economies of Surrey and the Enterprise M3 Local Economic Partnership area which have been and remain within the strongest parts of the UK economy.

The total business turnover in Waverley was over £4.9bn in 2017, with micro and small businesses contributing 61% of the total revenue.<sup>1</sup> No one sector is dominant, but the largest sector is Retail and Wholesale employing around 9,600 people (17% of the employment in the Borough) and generating an annual turnover of over £1.4bn (over 28% of turnover generated in the Borough).

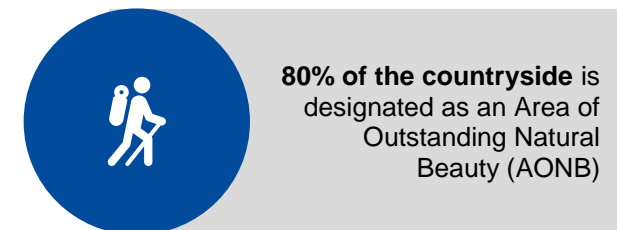
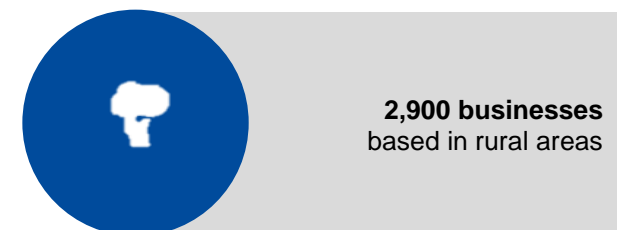
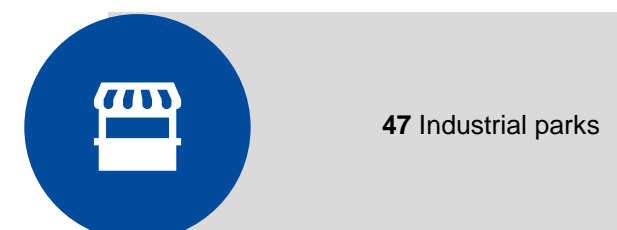
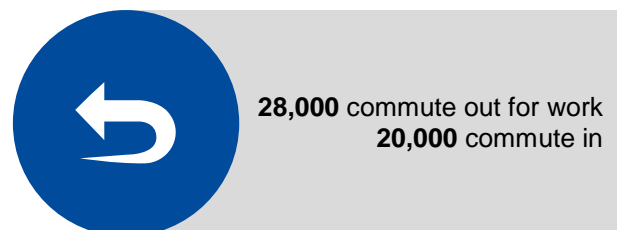
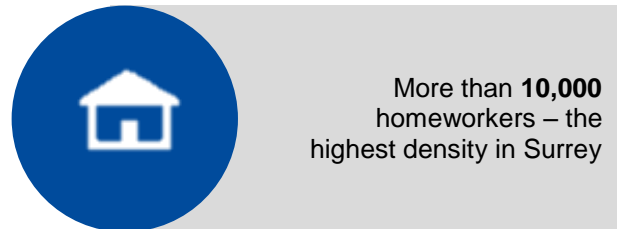
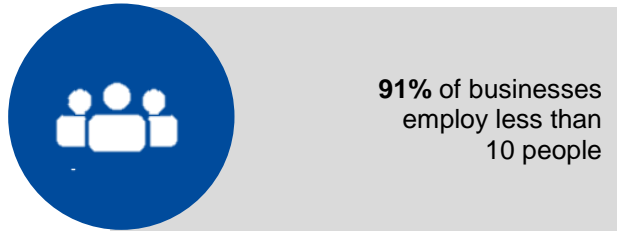
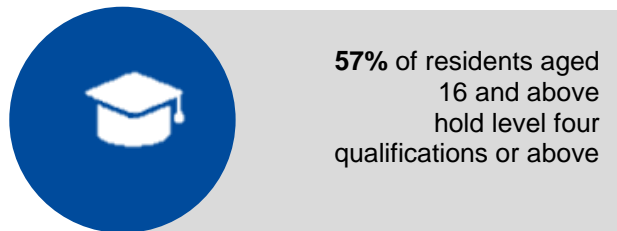
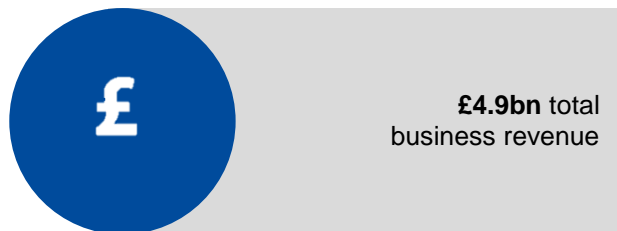
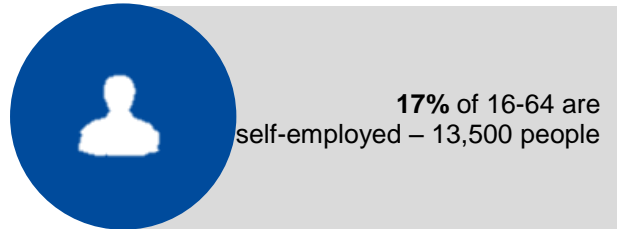
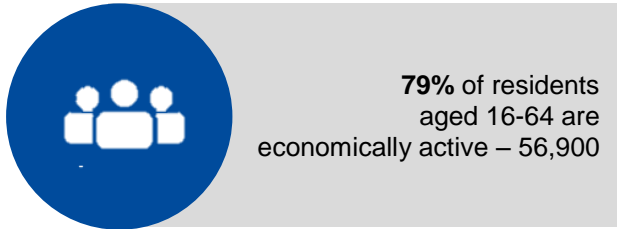


*Godalming Business Centre*

<sup>1</sup> IDBR March 2017, provided by ONS, 'UK Business: Activity, size and location', 2017



## Waverley by numbers



## Structure of the Economic Development Strategy

The Economic Development Strategy has three parts – the Economic Development Vision, the Long-Term Economic Plan and the Action Plan.

The **Economic Development Vision** is the high level ambition for Waverley’s economy over the life of the Strategy to 2032 and beyond. The delivery of the Economic Development Vision is supported by six Themes which represent the areas in which Waverley Borough Council (“the Council”) will work with its partners.

The Economic Development Vision is for Waverley to be:

*A successful place where local businesses can grow and flourish. Where all our rural and urban communities have access to sustainable, high quality employment. Where everyone living and working in Waverley can share in its beautiful natural environment and economic prosperity.*

Achievement of the Vision is supported by six Themes:



Encourage sustainable business and employment growth in both our urban and rural areas



Provide high quality business and employment support



Support healthy town and village centres



Encourage a successful visitor economy that is right for Waverley



Expand links with and support for the education sector



Support the right housing developments in Waverley



**The Long-Term Economic Plan** sets out the facts about the current state of the Waverley economy, including its strengths, weaknesses, opportunities and threats, and describes its most important business sectors and sites. It sets out what the Council and its many partners should aim to achieve in relation to each of the six Themes to realise the Economic Development Vision. See Chapters 1 to 3.

**The Action Plan** sets out shorter-term activities in relation to each of the Themes. Where possible, these activities are designed to have measurable targets or outcomes to allow progress to be assessed objectively and reported on at least annually. The Action Plan is expected to be updated regularly over the life of the Economic Development Strategy. Chapter 4 introduces the Action Plan and it will sit as an accompanying document.

## Six Themes with Long-Term Activity and Support



### Encourage sustainable business and employment growth in both our urban and rural areas

Boost Waverley's businesses through initiatives, events and the awarding of council contracts.

Foster effective regional partnerships to encourage business growth in valuable sectors.

Look to invest in more commercial premises to protect suitable employment space to provide long term stability, whilst increasing the Council's income. "A landlord of choice".



### Provide high quality business and employment support

Provide skills and employment support to businesses and individuals including those unemployed in deprived wards.

Monitor the state of the local economy and communicate effectively with the business community through the most appropriate channels.

Respond promptly to commercial planning applications.



### Support healthy town and village centres

Support healthy town and village centres

Work closely with town and parish councils and local Chambers of Commerce on projects to support high streets, retail and service activities.

Develop a car parking strategy for each town centre.







## Encourage a successful visitor economy that is right for Waverley

Encourage a successful visitor economy that's right for Waverley

Increase the value and employment opportunities of the visitor economy to local businesses by working with partners including Visit Britain, Visit England, Tourism South East, Visit Surrey, towns and villages, the Surrey Hills management and the National Trust to promote the borough as a business and leisure destination.



## Expand links with and support for the education sector

Maximise opportunities and links with educational institutions in the borough with the local community, employers and businesses.

Support the University of Creative Arts (UCA) to find local student accommodation and establish more suitable premises for local work and exhibition space.

Support engagement between the UCA and local cultural services.

Work with wider partners to explore creative sector and export opportunities.



## Support the right housing developments in Waverley

Support housing that is affordable in the right locations.

Explore supporting infrastructure opportunities, working with Enterprise M3 LEP and other cross-boundary partners and neighbours.



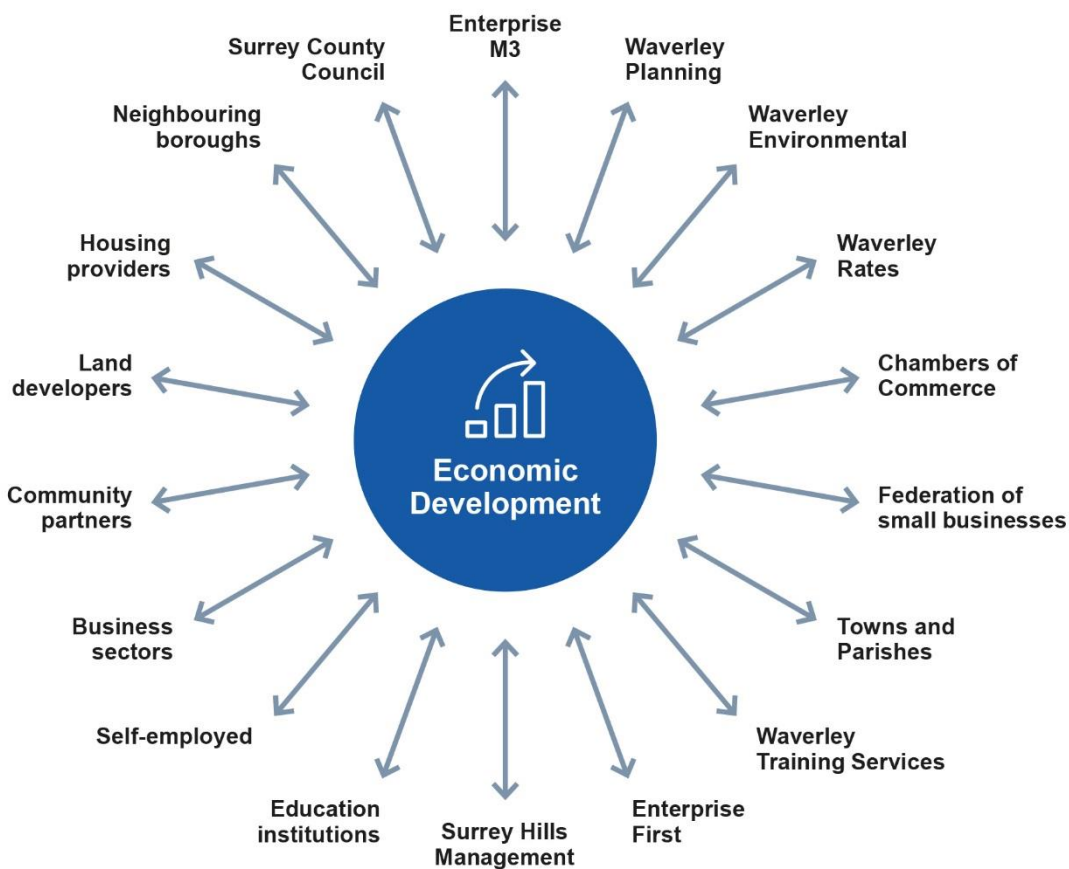
## Background to the Economic Development Strategy

The publication of the Economic Development Strategy reflects one of the key findings of the 2016 Cratus review<sup>2</sup> of the Council and its activities, namely that it would be highly desirable to produce such a strategy based on extensive engagement with the full range of economic stakeholders in Waverley. These stakeholders are shown in Figure A below. The Cratus review helped set a recommendation for: ‘a new Economic Development Strategy that promotes Waverley’s future economic prosperity.’

Consultation with stakeholders was carried out during 2017 and 2018 and, with the assistance and involvement of Atkins, as consultant, a first draft of the Economic Development Strategy was published in June 2018. This was extensively reviewed by the Overview & Scrutiny Committees and other councillors before being submitted to the Council for approval in October 2018.

The Economic Development Strategy is intended to complement the Council’s other strategic documents, namely the Local Plan to 2032, the Infrastructure Delivery Plan, the Corporate Plan to 2023, the Housing Strategy to 2032 and the Cultural Strategy to 2026.

Figure A: Economic development partners



<sup>2</sup> Cratus 2016 Waverley Strategic Review



## Purpose of the Economic Development Strategy

The Economic Development Strategy recognises that the Council is not able to deliver the Economic Development Vision on its own. With the exception of its role as a local planning authority, a borough or district council is not designed, equipped or financed to act as a direct major stimulant to the local economy. However, the Council is well placed and equipped to work in partnership with other economic stakeholders which can exercise more direct influence by investing in the local economy, safeguarding existing jobs and creating new employment opportunities.

Specifically, the Council can:

- (a) **support** economic stakeholders such as local businesses and employers, training services and residents seeking employment;
- (b) **monitor** continuously the state of the local economy and central government activities to ensure that the Council has up-to-date knowledge of what is happening in Waverley and that Waverley obtains full benefit from national government funding schemes or other initiatives;
- (c) **communicate** effectively with economic stakeholders to ensure the Council understands their needs and any problems and, when effective action is possible, that it occurs in a timely manner;
- (d) **work with** neighbouring authorities, Surrey County Council, the Enterprise M3 LEP and other economic development partners (figure X) to consider cross-border and combined activities; and
- (e) **promote** the Borough as a whole and individual business sectors, both locally and to a wider audience.

The Action Plan sets out the activities that the Council intends to carry out as its contribution to the achievement of the Economic Development Vision. They will be reported on to the Overview & Scrutiny Committees at least annually and updated as required. The economic environment will evolve over time and the list of activities is likely to need amendment as circumstances change. A key part of the Economic Development Strategy is the creation and maintenance of an ongoing process of:

- (a) honest dialogue and open exchange of ideas between all parties interested in the continued prosperity of Waverley;
- (b) identification and monitoring of local challenges and opportunities;
- (c) taking forward ideas which will protect the long-term dynamism and prosperity of Waverley; and
- (d) paying due consideration to the need to protect Waverley's environment and character.



# The Long-Term Economic Plan

## 1. Waverley's Economy in 2018

### 1.1 About Waverley

Waverley's economic characteristics reflect the borough's unique location, dynamic enterprises, communities, heritage and landscape character. The borough has a population of approximately 125,300 people and is primarily rural in nature. The majority of the population live in the main urban settlements of Farnham, Godalming, Haslemere and Cranleigh.

The borough is very fortunate to have a highly skilled population and a high business density with 8,200 VAT registered businesses. The majority of these businesses are small: 91% employ fewer than ten people whilst the borough also has the highest number of homeworkers in Surrey.

The UK prosperity index analysis (2016), has rated Waverley as **the most prosperous borough in the country** (*Evidence Appendix 3.1*)

The UK competitiveness index (2016), has rated **Waverley as 39<sup>th</sup> of 389 local authority areas for competitiveness.** (*Evidence 1.1*)

Waverley is in a **highly strategic location**, with road and rail routes to the capital, the coast and to other significant economic centres such as Guildford, Basingstoke and Woking. It is within the Enterprise M3 LEP economic area and borders the Gatwick Diamond and Coast to Capital economic area. The railway line, which directly serves three of Waverley's main towns, plays a vital role in the economic vitality and environmental sustainability of the Borough.

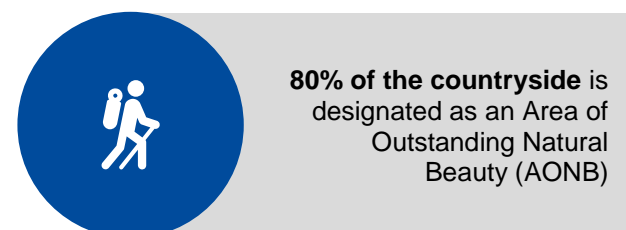
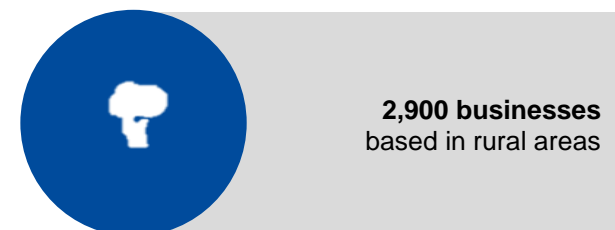
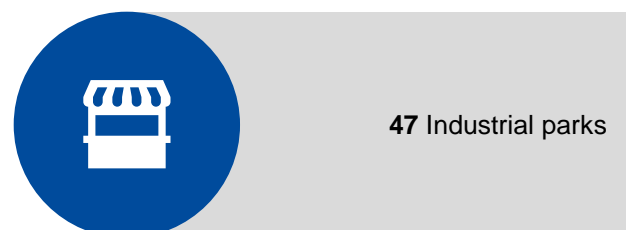
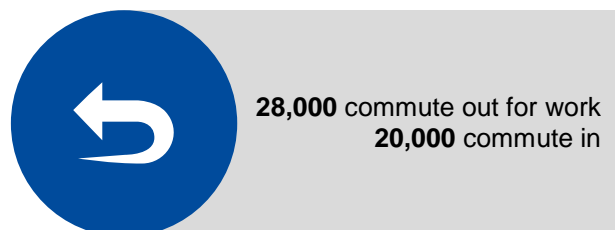
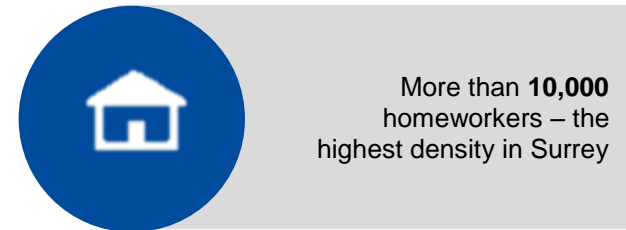
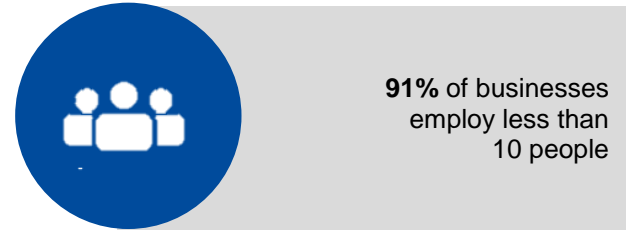
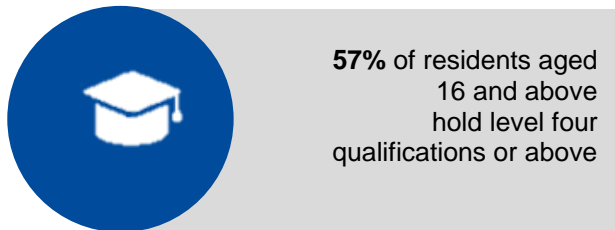
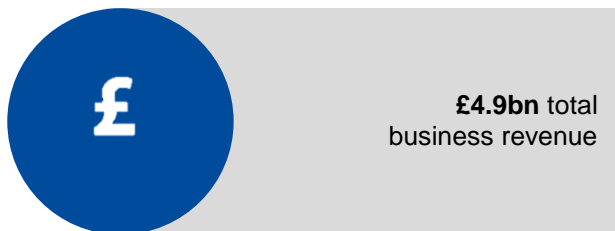
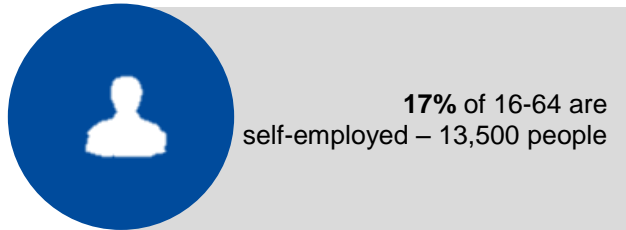
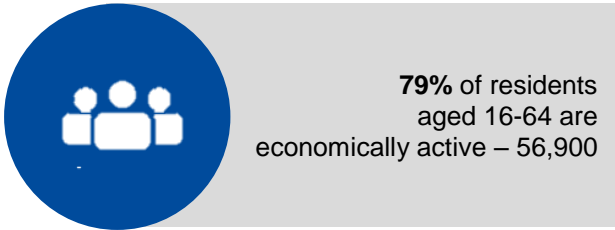
Waverley benefits from being **part of a prosperous wider area**, with Surrey's economy performing very strongly over recent years, and with productive nearby areas including Guildford and Woking.

The evidence demonstrates that Waverley is a **highly attractive place to live and to visit**, with its high quality natural environment and the unique character of its towns and rural areas, though it is not an affordable place to live for everyone. Waverley has a strong economy, in which highly skilled out-commuting is an important variable.

With these existing conditions to build upon, **Waverley has good opportunities to drive future prosperity and dynamism.** This recognises key sectors and opportunities (*Section 1.4 and 2*).



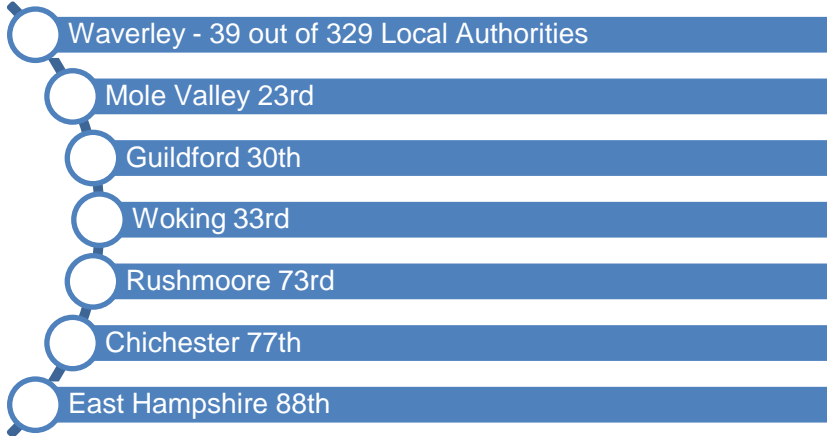
## 1.2 Waverley by numbers



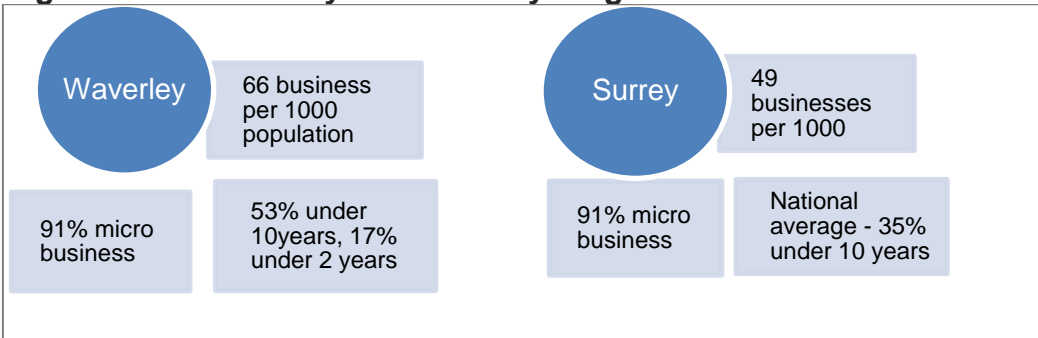
### 1.3 Waverley's socio-economic performance

The evidence presented in Appendix 1 draws out a series of headlines for Waverley's economy, these are presented below. It is also important to recognise the economy of the wider Surrey and Enterprise M3 LEP area, as important drivers for Waverley's socio-economic performance.

#### A strong business and competitive environment



#### High business density - small and young business dominance



#### Good start-up rates but less good survival rates

Region	Survival Rates
Waverley	Surrey's <b>3rd</b> for business births, but <b>10th</b> for net additions • 2015 1-year survival rate - <b>84%</b> 2012 4-year survival rate - <b>43%</b>
Surrey	• 2015 1-year survival rate - <b>90%</b> 2012 4-year survival rate - <b>50%</b>
South East	• 2015 1-year survival rate - <b>91%</b> 2012 4-year survival rate - <b>52%</b>

There are likely various factors behind these rates, which will be explored.



### Strong economic activity and employment levels

79% of the population aged 16-64 are economically active, this is in line with Surrey. Both Waverley and Surrey have maintained low unemployment, currently at 2.5%.

### Modest total employment growth since 2010

Waverley's employment rates have increased only modestly, and below Surrey's levels. Though a few sectors have grown.



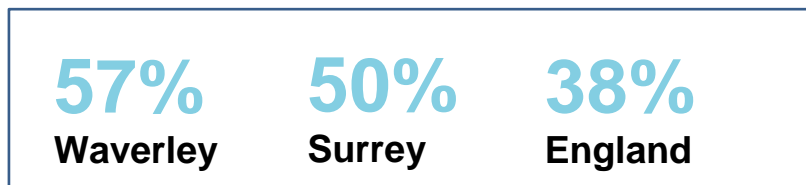
**High out-commuting** with the majority of the 28,000 out-commuting residents working in wider Surrey (28% work in Guildford) and then London (25%).

 **50%**  
**of employed residents commute out**

Approximately 20,000 **commute in** to Waverly for work (30% of available local jobs) with the majority commuting from wider Surrey by car (60%).

 **60%**  
**commute in by car**

**Highly qualified residents, with a majority with NVQ Level 4+**



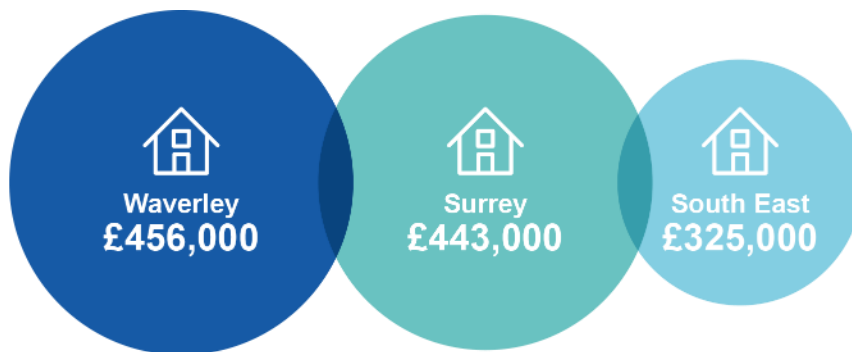
## High residential wages, but lower workplace wages than Surrey

Waverly also has a significant difference between its workplace and resident wages, as shown with gross weekly wages:



## Lack of housing affordability for medium and lower income earners

- The average house prices are higher than Surrey and the South East.



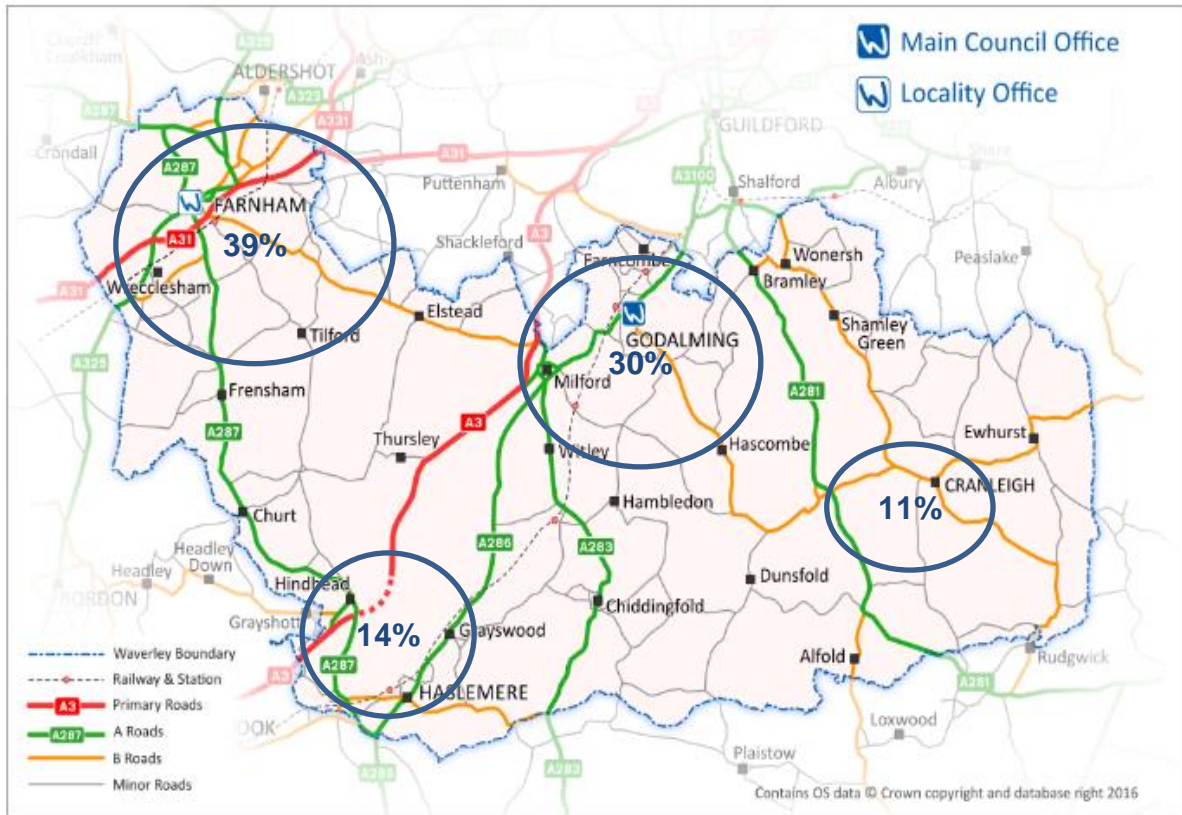
Whilst Waverley's workplace wages are lower than Surrey.

**Strong high street vacancy rates** – 2-5% across centres vs. the national average of 9%.





**Businesses are distributed across the four main centre areas, with Farnham and the surrounding area currently accounting for around 39% of businesses and Godalming and surrounds 30%.**



**32% of businesses are based in rural areas.**



## 1.4 Waverley's key sectors and sites

This section presents some of the most significant sectors and sites of Waverley's economy, reflecting areas of economic strength and economic opportunity and/or threat going forward.

The evidence base (*Appendix 1, Evidence 1.11*) has demonstrated the key sectors by employment and turnover, where the top sectors are shown below in Table A.

Table A: Top sectors in Waverley by employment and turnover

Top sectors by employment - % of 56,400 employment	Top sectors by turnover <sup>3</sup> - Waverley total is £4.9bn
1. Retail and wholesale at 17%	1. Retail and wholesale
2. Education – at 15%	2. Professional and technical services
3. Professional and technical services – at 11%	3. Construction
4. Business administration and support – at 11%	4. Business administration and support
5. Health – at 11%	5. ICT

Source: Evidence base, covering Experian and NOMIS datasets.

**Retail and wholesale** includes retail in stores, stalls, markets and other; wholesale across goods and services; and the repair and maintenance of motor vehicles. It is important for Waverley to protect its high streets (Theme 3) as key locations of its retail businesses and employment. The town and village centres currently have strong vacancy rates, especially compared to the national average (*Evidence 3.5*).

**Professional and technical services** include a range of different services including management consultancy, architecture and planning, engineering, photography, advertising and media. These services include many small, often home-based, expertise businesses in Waverley across the towns and rural areas.

**Construction** covers a range of services that local householders and businesses may employ covering: building construction, electrical work, plastering, floor and wall works, plumbing, glazing, painting, roofing and scaffolding.

**Business administration and support** includes a range of services including renting, leasing and reservation services, conferences, human resources, facilities management and support, security, building maintenance and office administration.

**Information and communication** covers many production types and services; across books, newspapers, journals, computer games, software, radio, television,

<sup>3</sup> This is based on NOMIS mid-point of turnover bands by business count so is an estimate and there may be some movement in the sectors within the top 5 places. For example, education could be placed in the top 5 in practice (6<sup>th</sup> based on mid-turnover points).



film and animation, websites and business software support. This covers many niche specialist enterprises in the borough.

**The education and health sectors** are key employers in the borough, representing a greater share of employment than surrounding areas. These are among the key service industries that are vital to the continued functioning and prosperity of the borough and its economy.

**Local services** employ a significant share of local people in small and self-employment enterprises alongside bigger, national brands in Waverley. These include local retail; construction and maintenance services; food and leisure services such as restaurants, cafes, pubs and gyms; childcare; car repairs; local transport; support services to local businesses and the self-employed, such as accountancy; and personal services, such as hairdressers.



*Chiddingfold village*

Further, Waverley has some **knowledge intensive businesses**, which reflect opportunities for future economic growth and the development of surrounding clusters and collaboration. For example, Dunsfold Park has housed businesses collaborations, some with the University of Surrey, to develop new green technology services.

**Compared to Surrey**, Waverley has some key employment differentials in the **businesses administration and support** and **education** sectors, which have an increased share of local employment (*Evidence 1.11*).



*Waverley Borough Council business support event – GDPR training with Enterprise M3 Growth Hub*



The following sector spotlights further detail the sectors identified as being key for the Economic Development Strategy for 2018-32.

## Education

Waverley is home to **an excellent set of educational institutions**, providing economic strength and potential.

There are **20 independent schools** in both the primary and secondary stages in Waverley (Independent Schools Council (ISC) listing). These schools provide over 7,500 school places, which is over 30% of the school-age population of Waverley. A large share of pupils commute in from outside the borough and board, bringing economic value through family visits.

There are **34 state schools** in Waverley and the education sector employs **over 8,000 workers in Waverley**.

## Opportunities

Waverley's schools also provide facilities beyond their school time services, where these can provide important community engagement and support local business.

The development of school provisions can benefit the local economy.

## Threats

Schools rely on having a sufficient supply of qualified staff who live in the area and/or who can commute conveniently into the borough, where high house prices and poor access put Waverley's high quality school provision at risk.



*St Catherine's School, Chapel service*



## Further education

Waverley is home to the **University of Creative Arts (UCA)**, a leading UK institution for the creative arts. The UCA has its largest campus in Farnham with **over 2,000 students**. The UCA was named **Modern University of the Year** by the Times in 2018.

The UCA specialises in courses including film production, animation, art and design, advertising, acting, computer games art, ceramics and glass, and is also home to gallery and exhibition space.

The UCA is also a business and is one of the borough's largest employers. Through its staff and supply chain, the UCA makes a strong contribution to the local economy and can be described as a 'hidden gem' in Waverley. The UCA Economic Impact Assessment (*CAG consultants, 2018*) demonstrated that the **university brings £23.5m to the Waverley economy** through staff, supply chain spending, student spending and employment. Further, the UCA brings social and cultural benefits.

Though not located in Waverley, the **University of Surrey** is another leading education institution with a student body of **over 12,000 undergraduates and over 3,600 post graduates**. The University of Surrey has strong research and technology capabilities, alongside its Tourism faculty.

## Opportunities

Waverley has an offering that already attracts students, where the market towns and beautiful surroundings appeal to creative students who may wish to study and live outside of London. To continuously have a student body of 2,000 either living in or commuting to the area presents an opportunity for the provision of services to meet student demands and capture economic spending. These services will include cultural offerings, night time and leisure services, and can also be used develop wider community links and local diversity.

Approximately 97% of UCA's graduates are in employment or further study 6 months after graduating. With the right engagement and support, Waverley can host more of these future job opportunities and benefit from the expected growth in industries related to the UCA.

The links with, and role of, the UCA in Waverley is a key element in the Council's Cultural Strategy, which comprises three main aims:

- 1) Work with the UCA to enable more cultural sector graduates to develop their creative careers within Waverley.
- 2) Work with strategic partners and internal council teams to look at the opportunities for affordable studio and incubator spaces.
- 3) Explore the role that the Council can play in enabling the UCA to address the lack of student accommodation including the use of private landlord accommodation.

## Threats

- A risk of there being a lack of facilities, services and accommodation for students, and follow-ons for graduates, leading to a lost opportunity in economic development and sector growth.
- The current student to bed ratio is low – 5.88 (vs a wider average of 3.5:1), and there is significant pressure on the local housing market.



## Creative and Digital Sector

Waverley has a **highly skilled population** with a current strong level of business activity and employment in these sectors leading to a turnover of £442m (*Evidence 1.12*) alongside the UCA campus for creative students including digital and media specialisation. Growth of this sector also reflects wider trends in online sales and lifestyle solutions. Waverley sits adjacent to globally leading centres for 5G communications (University of Surrey and industry), software design and computer gaming.

Waverley already has a strong base of arts venues such as Farnham Maltings (hosting a wide range of creative businesses and events), New Ashgate Gallery (championing artists and affordable art) and Cranleigh Arts Centre (a vibrant arts venue). These create a craft town feel and provide an annual programme of arts that some of the UCA students engage in.

### Opportunities

**The creative sector is worth over £90billion to the UK economy, and its value grew 45% between 2010 and 2016, above the UK sector average of 23%. The UK exports creative industry services at an annual value of £21bn, 9% of the UK's total exports, and the sector has been identified as a key UK sector for future exporting.**

In 2018, a £150m creative sector deal was announced by UK Government and the Creative Industries Council (CIC) with initiatives targeting a 50% increase in creative exports by 2023; a drive to increase the supply and diversity of talent across the sector; and investment from the Industrial Strategy Challenge Fund.

Outside of London, the South East is the region with the greatest share of UK jobs in the creative sector. For example, Rushmoor and Guildford have been able to develop large games industry clusters due to their strategic locations, workplace offerings and support.

### Threats

That there is a lost opportunity and other areas develop opportunities with the UCA and its students.



Cranleigh Arts Centre



## Visitor Economy

Waverley has much to offer visitors (*Evidence 3.3*) with natural environment, heritage and history, cultural venues, museums, market town shopping, events, conference and meeting facilities, wedding venues, food and drink offerings, leisure and spa facilities.

The visitor economy is worth over £217m to local Waverley businesses, employing over 4,100 people. Waverley's accommodation sector had over 215,000 overnight trips in 2012, whilst day visits were estimated at over 3,000,000 to the borough. These included business visitors, VFR (visiting friends and family i.e. UCA graduation visitors), groups and leisure visitors. (*Tourism South East (TSE) 2012*).

The sector is strong in Surrey, which had over 555,000 international visitors in 2017, staying 5.2m nights (a large increase on 2016) and spending £255m (an increase on 2016) (*VisitBritain statistics*). Tourism from both domestic and overseas visitors has been growing in the South East (*Tourism South East*).

## Opportunities

Approximately 24% of UK day visits are now to small towns, and 23% to villages and countryside (an increase over recent years). The visitor market is well supported with the presence of walking opportunities (British Travel Survey, 2011), whilst heritage emerged as a second most popular activity for British visitors. The Visit Britain 2017 study broke down the key activities that visitors do and spend money on, finding that the main activities of day visitors were:

- Visiting family and friends – 24%
- Eating out – 11%
- Outdoor leisure – 8%
- Night-time activities i.e. bars – 8%
- Special shopping – 7%
- Generally, explore the area – 6%
- Visitor attractions – 5%
- Special public event – 3%
- Beauty/spa visit – 1%

The average spend levels of visitors helps indicate the economic value that an increase in visitors can bring. Overseas visitors spend an average of £85 a day, UK overnight trips an average £64 per day and UK day visitors an average of £34. (*Visit Britain, 2017*).

## Threat

If it is not well considered, the visitor economy can put further pressures on local infrastructure and crowd out local services and needs.



Waverley Abbey House



## Care Sector

The care sector is significant to Waverley's economy, in particular the old age care sector. There are many private care homes in Waverley including Birtley House, Cedar Court, Broadwater Lodge, Waverley Grange, Jubilee House, Eastlake, Chestnut view, Moorlands and Knowle Park. The age profile of the population, both locally and regionally, is projected to increase in older age groups to 2032 (*Evidence 2.1*).

The provision of high quality homes that are sufficiently staffed with qualified carers, alongside community facilities and outreach, is important to the quality of life of Waverley's older residents.

## Opportunities

The meeting of local and regional resident needs' is an economic opportunity where there are currently 33,000 jobs in the sector for Surrey, and 10% are managerial roles. The sector value to the South East economy is nearly £7bn. Waverley reflects 10% of Surrey's sector employment and has over 2,000 workers employed specifically in residential care (14% of Surrey) and 1,600 in old age residential care (16% of Surrey).

## Threats

The Surrey Care Sector Report (2016/16) highlighted that around 8% of adult social care roles were vacant in Surrey. The provision of sufficient employment is at threat, mainly due to affordable homes and sector attraction and retention issues.

## Rural Economy

Waverley's businesses are spatially distributed across the borough in both rural areas and the urban centres, with 32% of businesses located in rural areas (*Evidence 1.14*). It is therefore important that the Economic Development Strategy is conducive to all of Waverley's businesses environments, with support and actions readily applicable either specifically or across business areas.



*Mare Hill Common, Witley*

The rural areas and economy make a significant contribution to Waverley, through a diverse range of business types covering agriculture, arts & recreation, estate houses, education sectors, and small expert service businesses. Waverley's landscape provides locally focussed employment for farmers, vets, woodland trades, agricultural engineers, small construction among others.

The majority of business located in rural areas are however engaged in activities different to tourism, farming and local food production. Education; business administration and support; and professional and technical services are the largest rural-based sectors in terms of employment levels (accounting for 45% of rural-based employment). Professional and technical services, construction, and wholesale and retail are the largest in terms of the number of businesses (*Evidence 1.14*).





The vast majority of the rural businesses are micro businesses, and many of these are be professional home-based business with specific needs. Local services, mobile coverage and high-speed broadband are important to these locally focused businesses and employers.

The rural economy is highly important for the visitor economy, with key sites and supporting services to the natural environment. Waverley's National Trust sites are important for the economy, and there are a series of attractions for residents and visitors (*Evidence 3.6*). Waverley is in close proximity to the Surrey Hills area of outstanding natural beauty (AONB), the South Downs National Park and the North Downs Way National Trail, as well as associated rural attractions. These include the Rural Life Centre (Farnham), Winkworth Arboretum (Godalming), the Sculpture Park (Farnham), Frensham Ponds and Devil's Punchbowl in Hindhead.

Whilst there are many businesses located in the rural areas, the contribution of specifically rural activities should be well considered as they contribute to the character of Waverley and are important for a functioning rural economy. Data that has been gathered for employment and business sectors (*Evidence 1.14*) classifies such employment activities by the standard industrial classifications, which do not always pick up these rural activities. However, 150 businesses have been classified as agricultural in their main activity. The farming and forestry sector is important in helping to maintain the outstanding qualities of the Waverley countryside.



*River Wey, Farncombe*



## 2. Waverley's Economic SWOT

The development of Waverley's Economic Development Strategy has been based on the borough's strengths, weaknesses, opportunities and threats (SWOT). This section presents the SWOT analysis of the borough's economy, supported by the Evidence Base presented in Appendix 1.

### **Economic strengths**

- A diverse economy
- A strong SME business base
- A highly skilled and qualified population
- Low levels of unemployment
- Healthy and attractive town and village centres
- A dynamic rural economy
- Proximity to Surrey Hills AONB, the South Downs National Park and the North Downs Way National Trail.
- An attractive natural environment with associated rural attractions and events.
- A strong and large education sector
- The University for the Creative Arts (UCA)
- Good transport links to London, airports, the A3 and M3.
- Arts and crafts revival
- Business and wedding venues
- Strong chambers of commerce

### **Economic weakness**

- A high affordability gap between local salaries and house prices
- Patchy broadband infrastructure and mobile coverage
- Lacking and or stretched transport infrastructure
- Industrial areas under pressure from housing development
- Loss of employment land through Permitted Development Rights
- No major attraction for visitors
- Four separate chambers of commerce make economic logistics more difficult



## **Economic opportunities**

- **Ensure the vitality and viability of Waverley's town and village centres**
- **Support the large number of small, and home-based, businesses**
- **Develop and promote the visitor economy**
- **Diversify hotel activities and expand offering**
- **Enhance access to countryside through sustainable modes**
- **Further utilise the Chambers of Commerce**
- **Further support the rural economy**
- **Strengthen community and business links with the education sector**
- **Enable growth of the UCA and associated local economic benefits**
- **Protect community and social facilities**
- **Facilitate the care sector in Waverley**
- **Work with the region on infrastructure solutions**
- **Work with the region on growing valuable sectors**

## **Economic threats**

- **Brexit impact on local business**
- **Declining proportion of working age residents**
- **Key workers are priced out of housing**
- **Employment areas lost to housing development**
- **A lack of affordable workspace for smaller businesses**
- **Further pressure on the Borough's existing transport infrastructure.**
- **Several challenges to Waverley's High Streets**
- **Perceptions about a declining mix of independent retailers**
- **Becoming a set of dormitory towns where proximity to London is the main driver**
- **Losing economic dynamism and valuable sector opportunities**
- **Negative impacts on the countryside environment**



## Brexit

Clearly, the UK's decision to leave the European Union will have a business impact and will be a key element in business planning across various sectors. The situation remains highly uncertain and at the time of writing, the Economic Development Strategy is not able to reflect and incorporate an understanding of the potential impacts on Waverley's businesses and residents. For example, Waverley's farmers may be specifically impacted by Brexit in terms of production regulations and workforce operations, and the area's European headquarters may be likely to relocate.

However, the accompanying Action Plan is flexible in that it will be updated as required and reported on annually. This gives a chance for the Council and its partners to respond to the agreed Brexit deal, and its potential impacts, with specific business support. The Council will maintain communication on this subject with its partners and across its business base.



*Cranleigh 'In Bloom', July 2017*



# The Long-Term Economic Plan

## 3. Waverley's Economic Development Vision and Themes

The evidence base and SWOT analysis demonstrates that Waverley has good opportunities to drive future prosperity and dynamism, if key threats can be addressed.

The Economic Development Vision is for Waverley to be:

**A successful place where local businesses can grow and flourish. Where all our rural and urban communities have access to sustainable, high quality employment. Where everyone living and working in Waverley can share in its beautiful natural environment and economic prosperity.**

This strategy sets out how this Vision will be achieved through six Themes of activity by the Council and its partners, namely:

- 1) **Encourage sustainable business and employment growth in both our urban and rural areas**
- 2) **Provide high quality business and employment support**
- 3) **Support healthy town and village centres**
- 4) **Encourage a successful visitor economy that is right for Waverley**
- 5) **Expand links with and support for the education sector**
- 6) **Support the right housing developments in Waverley**

The Long-Term Economic Plan and the accompanying Action Plan focus on measures that the Council can undertake to help meet this Vision, with a focus on providing the supportive business environment and facilitating activity by partners, local stakeholders and the business community.

The Long-Term Economic Plan is considered for each of the six Themes in the following sections, with a Theme narrative and long-term activities and support.





## Theme 1: Encourage sustainable business and employment growth in both our urban and rural areas

**Support sustainable growth that will protect and enhance Waverley's future dynamism and prosperity, with employment opportunities available to all of Waverley's communities.**



*The ramsac office, Godalming*

Waverley already has a diverse business base with many small enterprises (*Evidence 1.3*) operating across a range of industry sectors. This, in combination with the borough's high levels of economic prosperity and low levels of historic population growth (*Evidence 2.1*), meant there was no strategic need to pursue high levels of growth.

However, **Waverley, as other areas, has an aging population** that is projected to grow significantly for 2018-32 (*Evidence 2.1*). Waverley will also be facilitating new housing development as set out in the adopted Local Plan. These longer term changes mean there is a need to protect Waverley's dynamism and prosperity by facilitating employment and business opportunity for local people and the next generation.

**Waverley's businesses and employment are dispersed across the borough** where rural areas (26% of employment, *Evidence 1.14*) are important as well as the key centres. Economic development actions and approaches to support business and employment growth will need to be tailored for these different areas under common principles set out in this strategy.

Waverley has long had a **large population of out-commuters** (*Evidence 2.11*), generally highly skilled people who bring in higher wages to the Borough. Local service businesses are a significant part of the economy and are important for Waverley's out-commuting residents, as well as providing employment to local residents, often as small businesses. Waverley's economy benefits from residents spending their wages locally. Ensuring these sectors' workers can live in Waverley or easily commute in is important, this is discussed further in Theme 6.

**It is important for the borough to support Waverley's priority neighbourhoods**, and the communities who lag Waverley's overall economic performance. Addressing specific concerns around access to employment and skills for these residents will help address the gap between Waverley and its areas of lower socio-economic outcomes and support sustainable prosperity across the borough (*Evidence 4.5*)

The Council has a lever to help ensure local businesses benefit from local services and project work, through **raising awareness of Council procurement opportunities** and supporting the retention of these benefits within the borough. This approach aligns with the aims of Social Value and Inclusive Growth. As of 2016/17, the Council spent 7% of its



contracted expenditure with suppliers who have an office or depot within the borough, and 18% of suppliers within the Surrey Borders. The local figure rises to 48% if the key contracts with Mears, Veolia and Glendale are included.

**The key attribute for growth is for it to be sustainable.** As such, it should reflect sectors that can support the continuing dynamism and prosperity of the area in the mid to long-term, whilst enabling Waverley's attractive character and quality of life to be protected and enhanced. The Council will maintain a positive outlook towards exploring opportunities for employment growth in appropriate sectors and locations, necessarily engaging with the sectors and understanding the market.



*Dunsfold Business Park*

Sectors where demand is expected to continue to be important or indeed grow in Waverley have been detailed in the key sectors section (1.4), they include **education, further education, rural activities, the care sector, the creative and digital sectors and the visitor economy** - and the Council can actively support and facilitate these areas. By facilitating the growth of these valuable sectors to Waverley, and to create local employment, can help address the gap in workplace and resident wages (Evidence 2.10).

The key here will be in **providing fit for purpose premises that match the growth sectors and local demand.** This likely includes office space for smaller businesses (Evidence 1.16, Evidence 1.8) and more specific creative sector aligned spaces, as set out in Waverley's Cultural Strategy. A commercial business hub can support isolated people who are working from home and early stage businesses by providing access to services, networking, meeting rooms and space for growth outside of the home. This will be guided by Waverley's adopted Local Plan and Employment Land Review.

The need to meet business premises can be advertised and encouraged to all potential providers. For example, Haslemere Business Centre is successfully provided by Haslemere Chamber of Commerce and the Council has made acquisitions of The Enterprise Centre and Wey Court in Farnham and Langham Park in Godalming.





*Brightwells Regeneration Scheme, Farnham*

### **Long-term activities and support – Theme 1**

#### **Work effectively as a council and with external partners to support business**

**A) The Council's Economic Development team will work effectively with key council departments such as planning, business rates and environmental health.**

**B) Support suitable infrastructure projects in the borough in line with the Infrastructure Delivery Plan, engaging with Enterprise M3 and other cross-boundary partners and neighbours.**

#### **Respond to business climate change and provide support**

**C) Support existing businesses and encourage valuable business sectors to locate to Waverley, supporting local employment.**

**D) Understand the business community needs through engagement and data gathering across sector and locations. This includes the specifically rural sectors.**

**E) Support the rural economy by working with local parishes, Surrey Hills AONB, the National Trust, Guildford Borough Council and other partners.**

**F) Encourage local businesses to engage in its online tendering processes so that more local businesses are awarded council contracts.**





## Invest in local employment properties

**G) Explore further investment in business premises that fit with the Local Plan and match growth sectors and local demand.**

**H) Protect suitable employment space and become a 'landlord of choice'.**

## Employment and skills

**I) Support the sustainable growth of employment in line with the growth identified in the adopted Local Plan.**

**J) Address unemployment by helping people in deprived wards into work through supporting initiatives such as the Farnham Job Club and Godalming Opportunities project.**

**K) Promote suitable apprenticeships and training opportunities for all ages and develop local skills and training, with Waverley Training Services and other external training providers.**



*Farnham Job Club*





## Theme 2: Provide high quality business and employment support

**Continue to pursue schemes that provide effective and valuable business support.**



*Tourism event, Waverley Abbey House*

The Council has a good track record of supporting local businesses and it is important that the Council continues to engage with business and work in collaboration with its partners here.

**Waverley has good rates of business start-ups** (*Evidence 1.7*), however it has a high business death rate, **lower rates of new enterprise survival** than the wider area and lower rates of business scale-ups (*Evidence 1.7*). Business support across the start-up and growth cycles will play a key role in facilitating this improvement alongside

the availability of suitable grow-on workspace (Theme 1, *Evidence 1.8*).

It will also be important to understand why businesses are ceasing operations or relocating, where there may be some important common factors whilst some of these business deaths may simply reflect retirement. There is a significant number of young businesses and small businesses in the borough who can benefit from targeted business support.

Initiatives that develop the **skills and qualifications of the local workforce** can be considered, to support all of Waverley's residents who seek work into employment. This will benefit both the local workforce and local businesses, as it will make it easier to recruit locally.

There are a range of initiatives that the Council and its partners can continue, expand or begin from 2018, and these are detailed in the Action Plan.

The Council will work on this Theme with: Surrey County Council; Enterprise M3; Business South; Enterprise First; Waverley Training Services; Haslemere Business Centre; the four Chambers of Commerce; the town and parish councils; Job Clubs; Surrey Inward Investment Programme; Department for International Trade (DIT); Department for Business, Energy & Industrial strategy (BEIS) and the UCA.

A key role of the Council and its Economic Development Team is in signposting businesses to its partners and other economic stakeholders. Communication with businesses is essential and the Council will communicate with businesses using a range of appropriate channels, as covered in the Action Plan. Homeworkers and rural businesses may be traditionally harder to reach and therefore alternative communication tools and partners will be used. Further, there is a role for the Chambers of Commerce and the towns and parishes to help promote and communicate on the Council's various business services.



Business requirements such as broadband, mobile coverage and car parking space will be understood, and solutions worked on, with partners. For example, Enterprise M3 with their targets for digital access, the Superfast Surrey project, the Broadband for Surrey Hills project and with the Chambers of Commerce and town and parish councils.



*Volunteers for the Community Meals Service; the start your business in Waverley book launch*

In summary current initiatives include:

### **Enterprise First**

The Council has a three-year Service Level Agreement with Enterprise First, a not for profit organisation that provides free business advice to local start-ups. Its offer includes a variety of free programmes and support, including practical workshops on marketing and finance, and events where people can put questions to experts on various subjects such as accountancy, law, social media and council services. The business support provided by Enterprise First during the last agreement was well received by local businesses, with up to 200 new businesses a year using the service.

### **Waverley Training Services**

The Council runs study schemes and a successful apprenticeship programme through Waverley Training Services (WTS). WTS has high pass levels compared to training services in other areas and a wide and varied business clientele.

This programme is likely to expand with the Apprenticeship Levy impact, with a projected 300-400 apprentices being provided to businesses in the local and wider area each year.

Apprenticeships are currently within business admin and management, ICT, customer service, digital and media and teaching assistants, whilst accountancy and HR apprenticeships are likely to grow.

### **Farnham Job Club**

The Council established Farnham Job Club at Sandy Hill in 2013 and a team of volunteers now deliver the club every Tuesday. The club provides a supportive environment with tailored support and advice for job seekers to find work or training. There are good links with the two nearest Job Centre Plus offices in Guildford and Aldershot.



### **Premises enquiry service**

The Council regularly responds to enquiries for local business premises and makes use of the latest EGi property database to facilitate this. This is part of a free enquiry service.

### **Close working with the town and parish councils**

The Council undertake quarterly meetings with the towns and parishes to understand concerns and share information. These meetings cover key issues such as council procurement, permitted development rights, parking provisions, local events and initiatives.

### **Chamber of Commerce Engagement**

Initiatives have been developed in collaboration with the Chambers of Commerce such as 'Compete on the Street', which provided feedback on customer service for high street retailers; free business events such as 'Ask the Expert'; and training such as 'Digital high street skills' and 'Futureproof your business'. The Council has also used the Chambers' expertise, involving them in consultations such as consultation following the 2017 Business Rates Revaluation.

Further: A **Business Improvement District** is now being explored by the Chambers of Commerce, where funding has been provided for a feasibility study.

**Waverley's BIG awards** are being organised by the Chambers of Commerce with the Council's support.

## **Long-term activities and support – Theme 2**

### **Work effectively as a council to support business and with external partners**

**A) Foster effective regional partnerships to encourage business growth and sector support.**

**B) Monitor service supply i.e. broadband and banks**

**C) Engage with partners on business issues i.e. rates retention, infrastructure needs.**

### **Invest in local employment properties**

**D) Respond promptly to commercial planning applications.**

### **Business support**

**E) Promote and signpost to all business support provision and partners, covering start-ups and growth, recruitment, training and other assistance**

**F) Support and engage with businesses including start-ups, home workers and rural businesses.**

**G) Communicate effectively with businesses through different channels, and via the Chambers of Commerce and town and parish councils**



**H) Gather business intelligence and monitor business views and the economy.**

**I) Support the business community by promoting procurement opportunities.**

### **Employment and skills**

**J) Develop the programme of business events and networking opportunities and the training programme for businesses, i.e. on recruitment/skills topic.**

**K) Continue to work with Job Clubs and employment initiatives to support all our residents into work.**

### **Respond to business climate change**

**L) Adapt business advice service brief to suit changing needs and to advise around Brexit impacts.**

**M) Explore overseas exporting opportunities with partners, including Enterprise M3, Invest in Surrey, Surrey County Council and the Department of International Trade (DIT).**





### Theme 3: Support healthy town and village centres

**Protect the character and vitality of the high streets, and enhance the perception of the town centres as destinations.**

The high street forms the visible, perceptible pulse of a prosperous local area. Vibrant and community-feel town centres are **beneficial for local wellbeing**. In being attractive destinations, town and village centres support social cohesion and engagement between residents and businesses, whilst also **supporting the visitor economy**.



*The Pepperpot, Godalming High Street*

Across the UK, the nature of the high street and shopping and leisure trends are changing through internet shopping, out of town malls and the growing food convenience delivery market. Many centres have been hit hard by vacancies and short survival rates. Waverley however has demonstrated **strong vacancy rates** with the latest data (*Evidence 3.5*) showing Waverley outperforming the national average by a significant level.



*Farnham Food Festival. Credit: Vaidas Gerikas*

Waverley's centres offer a **relatively good mix of shops, services, bars and restaurants, with many small, independent shops**, whilst there is also strong representation from national retailers and charity shops. Currently, the four town centres show a share of 3-7% of charity shops as part of the high street mix. This may have partly increased due to their discounted rate relief. The mix of offerings in the town and village centres is important to their continued vitality and sustainability as community hubs.

The **Brightwells regeneration project** is a clear example of the benefits of investing in Waverley's town centres. Encouraging new businesses (shops, restaurants, leisure) and providing jobs, leisure opportunities, community facilities and much needed housing helped drive an economic uplift to the area. The East Street area has undergone effective regeneration, adding vitality and a sense of destination to the entire town centre.

Further, Waverley has opportunities for its town and village centres **with:**



- **its art and craft heritage** and offerings;
- with its **creative students** as both potential occupiers and town centre users; and
- with the high level of **home-based and flexible workers** who could be more attracted to centre use, especially alongside services and working space offerings.

**Parking issues** have been consistently raised, where a lack of capacity affects the ability of residents and those from a wider area to use the different high streets, which could lower footfall. Continued discussion on these matters can help inform future council car parking strategies. Parking is also important for visitor access and enabling their movement across the borough.



*Haslemere High Street*

To be most effective, different approaches may need to be applied to Waverley's different distinct town and village centres, the accompanying Action Plan will reflect this.

### **Long-term activities and support – Theme 3**

#### **Work effectively as a council to support business and with external partners**

**A) Encourage more people to shop on our high streets by working closely with town and parish councils, Chambers of Commerce and partners to support footfall and promote the centres as destinations.**

**B) Gather business intelligence around the centres, and to share this will local town and parish councils and the chambers.**

**C) Work with local town and parish councils and chambers to monitor the loss of key office and retail sites via permitted development rights.**

**D) Develop a tailored parking strategy for each town centre, and areas where it is relevant, to maximise the use of existing capacity and provide additional capacity where needed and practicable.**

#### **Business support**

**E) Continue to offer initiatives such as the 'Compete on the Street' customer service programme.**



**F) Investigate starting a network of independent retailers and explore new initiatives and marketing campaigns such as a 'Buy Local/Use Local' scheme with partners.**

### **Employment and skills**

**G) Provide retail customer service training and support JCPs and Job Clubs to engage with town centre opportunities.**

**H) Offer training opportunities to retailers.**

### **Respond to business climate change**

**H) Engage closely with businesses through chamber led initiatives such as the BIG Waverley business awards and explore a Business Improvement District for the borough.**



*Hambleton village shop*







## Theme 4: Encourage a successful visitor economy that is right for Waverley

Develop the visitor economy in a sustainable way that brings prosperity to businesses and local diversity.



*The Sculpture Park, Churt*

The visitor sector is seen as a **potential growth area for Waverley** (Section 1.4), where there is substantial value in the day visitor market from UK residents and overseas visitors, who are increasingly visiting nearby places.

Waverley has much to offer visitors (Evidence 3.6), providing events, cultural activities, shopping, eateries and attractions for residents, visitors and those visiting friends and relatives (VFR) during their leisure time. As today's consumers are increasingly tech savvy customers, they are also looking for interactive experiences and expect the sector to embrace technology.

Digital marketing activities would form a key part of a marketing strategy. Waverley can also be promoted as a **destination to business visitors**, an important market segment with specific needs such as conference facilities and hotel based away days.

The different market segments of the visitor sector will suit different areas of Waverley, and this can be brought out in developing specific approaches with town and village stakeholders.

Waverley has the potential to capture the benefits of a strong visitor economy, where **forging stronger links with key industry bodies**: Visit England, VisitBritain, Tourism South East, Visit Surrey and the National Trust will support this aim. The Surrey Hills Management Plan will also inform and support this Theme. These partnerships can raise awareness of the area as a destination and maximise additional promotion for Waverley, including local events and activities in the towns and villages.



*Frensham Great Pond*

Waverley has **outstanding natural assets** that can support a visitor economy action plan. 80% of the countryside is covered by the Surrey Hills AONB, whilst all public bodies have a statutory Duty of Regard to conserving and enhancing this area. Assets include Waverley's position as a gateway, enhanced with its rail stations, to the South Downs, the Surrey Hills and the Olympic Box Hill, Leith Hill and Pitch Hill cycle route. Further, Waverley's own offerings comprise museums, art centres, heritage sites and the market and craft towns.



The Surrey Hills could be further promoted as a National Park, whilst the Downs Link is a hugely under resourced asset. There are examples throughout the UK of expired rail routes that have been developed into tourist attractions and sustainable travel routes.



*Surrey Hills AONB - Gibbet Hill, Hindhead. Credit: Surrey Hills AONB Board*

**The rural economy** can also be promoted, through supporting arts and crafts fairs, farmers' markets, small businesses and by protecting community and social facilities such as pubs and post offices in rural areas.

**Events within Waverley** can appeal to visitors and the local market. These could include food, drink or walking festivals, craft months, walking tree trails, cycling routes and following in the footsteps of famous locals. **Art, crafts, literature and local produce events** could be a good focus. This will help protect and further enhance the identity of Waverley's market and craft towns, and of Waverley as a destination offering both culture and beautiful natural environments.

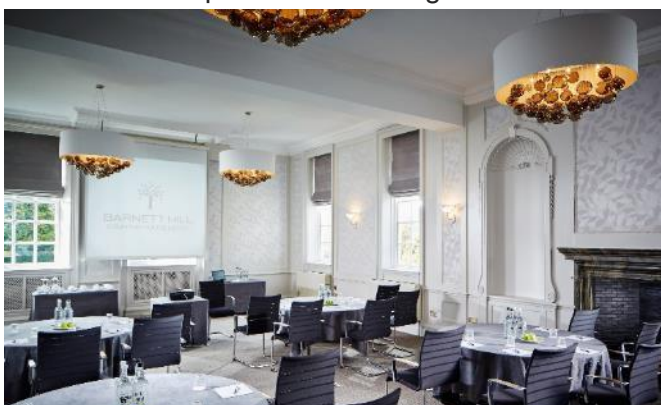


*Godalming Museum*



There is also an opportunity to capture benefits from the newly opened **Farnborough International**, which is an expansive event space that will attract many visitors to its national and international events (estimates of 50,000+ a year). Waverley can offer such influxes of visitors with food and drink, retail and various cultural offerings, whilst accommodation provision is a further opportunity. There is a need to ensure parking is sufficient for visitors, across the towns and villages (Theme 3) for these areas to capture visitor benefits.

**The right type of investment can help attract visitors.** Hotels are one type of investment, and the proposals for Lythe Hill Hotel are a good example, where four/five-star hotel properties provide more job opportunities with higher staff: guest ratios. The larger hotels could expand their offerings to accommodate the visitor economy with facilities for



*Barnet Hill Country House Hotel*

events and functions i.e. weddings and business conferences. These can support the local economy as well as increase the demand for overnight stays, providing local employment opportunities. There is also an identified need for more budget accommodation options such as B&B's and low cost hostels (*Evidence 3.6*)

## **Long-term activities and support**

### **Work effectively as a council to support business and with external partners**

**A) Work with tourism organisations to promote Waverley both as a leisure and business visit destination and to understand key markets and targeted joint marketing activities.**

**B) Consider improvements to sustainable travel, cycling and walking offerings, with local and wider stakeholders including Rail Partnerships.**

**C) Help promote and create opportunities for the tourism industry, with local town events and activities.**

### **Business support**

**D) Communicate the importance of the visitor economy and its business opportunities, supporting this with advice services and training opportunities.**

### **Respond to business climate change**

**E) Support an increase in the number of hotel beds/stays.**

**F) Encourage appropriate filming opportunities and work with local landowners to create the right planning permissions and protocols.**





## Theme 5: Expand links with and support for the education sector

**Help secure future economic sustainability by utilising and capturing further benefits of Waverley's education institutions locally.**

Waverley is unique in its education offer, where it is home to excellent primary, secondary, sixth form college and independent schools; the University of Creative Arts (UCA); and Waverley Training Services. **This is a real USP for the area and supports the economy** by attracting students and families to the area, supporting over 8,000 direct jobs and providing a supply of highly and specifically skilled young people.



*UCA, Farnham Campus*

The economic value of the education sector can be expanded and further captured in the local area through a) the development of the educational institutions in the right ways, and b) where students continue to live and work in Waverley, contributing prosperity and sector growth.

As set out in the key sectors (*Section 1.4*), there are both opportunities for and threats to the education sector's continued, and increasing, success. **There are opportunities for Waverley's schools to continue their success** over the strategy lifetime, where the right



*Founder's Court, Charterhouse School*

development and infrastructure plans that fit the Local Plan can be supported. School facilities can also be further utilised by the local community and businesses. However, impacts on staff retention may need to be considered alongside housing affordability and transport access.



**The UCA could become the nucleus of a ‘creative hub’** for a variety of creative, digital and art skills to attract creative, innovative people to settle in the borough. This community can represent business collaboration and growth as well as reinforcing town branding and local spending patterns.

Beyond the UCA courses, people can be attracted to stay locally through the right support for creative, digital and knowledge intensive start-ups. An aim in Waverley’s Cultural Strategy is to work with strategic partners and internal council teams to look at the opportunities for affordable studio and incubator spaces and enable more graduates - from UCA, the University of Surrey and others - to develop their careers in Waverley. With the right engagement and support, **Waverley can host more of the future job opportunities and benefits from expected growth in key creative industries** (Section 1.4).

There is also mutual benefit in forging links between the UCA, local cultural venues, social organisations (like Enterprise First and the Arts Council), Business South and local business – namely, in sharing knowledge, skills, placements and start-up and employment opportunities.



*Waverley Training Services careers fair, with two apprentices*

Brightwells and its retail and entertainment offer will enhance the attractiveness of Farnham to students. Beyond this, there are other student living environment offerings that can be facilitated and supported that can also boost business growth and the retail sector.

**Student accommodation and supporting development** would need to be well thought out, including consideration of how accommodation will incorporate the use of private landlords, and locations of new supporting development. A good example is the Epsom UCA campus. Epsom is a picturesque market town with a community feel and good proximity to London. It now has 1,500 students at its campus and has witnessed the development of a local art scene along with new bars and restaurants.



## **Long-term activities and support**

### **Work effectively as a council to support business and with external partners**

**A) Support engagement between the UCA and local cultural services such as Cranleigh Arts Centre, Farnham Maltings, Arts Partnership Surrey as well as social organisations, Business South and local business.**

**B) Understand the needs of students and articulate these to partners and local businesses with the benefits of a local student population.**

**C) Continue dialogue with local schools to understand their development needs and where they can engage with the local community, such as sharing facilities.**

### **Invest in local employment properties**

**D) Identify where current or new space can be provided for creative, digital and knowledge intensive business, and support development here.**

### **Business support**

**E) Provide free business advice, services and support partner engagement for graduate start-ups, alongside UCA.**

### **Employment and skills**

**F) Identify opportunities and help UCA deliver more student accommodation, working with WBC housing and property teams.**

**G) Work with Waverley Training Services (WTS) to develop links between local schools, colleges and employers.**

### **Respond to business climate change**

**H) Consider supporting the creative sector with understanding overseas exporting opportunities, working with UCA and institutions including Enterprise M3, Surrey Inward Investment Programme, Surrey County Council, and the UK's DIT.**





## Theme 6: Support the right housing developments in Waverley

**It is important that affordable housing is available for key service employees, and good accessibility for those who commute in.**



Key local services – local retail; construction services; food and leisure services such as restaurants, cafes pubs and gyms; childcare; car repairs; local transport; support services to local businesses and the self-employed; and personal services - are vital to the continued functioning and prosperity of the borough and its economy. This is especially so where a large share of Waverley's employed population are out-commuters (*Evidence 2.11*).

Providing the local, affordable homes for these key workers is important as well as ensuring

those who commute in have good access through travel routes and car parking space.

The Strategic Housing Market Study, and the new Housing Strategy for 2018-26, has noted the importance of housing availability for first time buyers and young families, students, new graduates and potential start-up business, and for the retirement market.

**Waverley is projected to have a flat working age population for 2018-32** (*Evidence 2.1*), where supporting younger professionals and families in the area can alter this projection and enable the economy to support its aging population.

This is further critical where **housing affordability** is impacted by workplace wages that are significantly lower than residential wages (*Evidence 2.10*). One long-term approach, alongside the addressing of housing affordability, is to help ensure higher paid sectors can thrive in Waverley to provide local employment and raise workplace wages (Theme 1).



*Waverley Borough Council procured construction project, Ockford Ridge affordable housing*



Another approach to ensuring sustainable prosperity from development is to combine housing and employment space as **mixed use development**. The Dunsfold Park proposals are an excellent example with the provision for 500,000 square foot of varied and higher quality employment space, alongside the development of its new housing village with social infrastructure (community facilities, child care, education and open space). Brightwells in Farnham is another example of mixed use development where retail, restaurant and leisure opportunity was provided alongside community facilities and much needed affordable and open market housing.

These schemes help ensure the right cultural, leisure and community development is also provided. It will be important for partners to work with the Council and the adopted Local Plan to provide the right housing for each individual area.

**Providing local employment for existing and new residents** to Waverley is important in protecting the area's vibrancy and prosperity, as opposed to the towns becoming more dormitory (Theme 1).

**Infrastructure investment** is important to the area, especially with the target for thousands of new homes in the area as detailed by the Local Plan. The railway service is vital to Waverley's residents, whilst the bus network in and out of Waverley may be an important consideration as well as better intermodal links. Without effective transport infrastructure, there will be constraints on commuters, the movements of goods and services by businesses and the inflow of visitors, which would have a negative impact on the local economy and quality of life.



*Farnham Train Station*

Further, the town and village centres in proximity to new housing development may need to develop to sufficiently provide the service and community facilities required by residents, reflecting an opportunity for businesses as well as an infrastructure and planning need to facilitate this.

The Council does not have the level of responsibility or funding for transport infrastructure. However, the Council can work in partnership with those that do, including Surrey County Council, Enterprise M3 LEP, the Department for Transport and MPs to communicate its needs and influence decisions. This will be in line with Waverley's **Infrastructure Delivery Plan**.

### **Long-term activities and support**

#### **Work effectively as a council to support business and with external partners**

**A) Support the delivery of the new home requirement set out in the adopted Local Plan, with 590 new homes to be built annually to 2032.**





**B) Explore supporting infrastructure opportunities, including working with Enterprise M3 LEP, Rail Partnerships and other cross-boundary partners and neighbours to discuss opportunities to improve and integrate infrastructure.**

**C) Work alongside partners and neighbouring authorities on transport LEP bids covering the Enterprise Growth Fund.**

**D) The Council's Economic Development Team to liaise with planning and other internal and external partners and monitor the impact of permitted development rights and the change of use from office and retail to residential.**

### **Respond to business climate change**

**E) Contribute to local service supply consultations. (e.g. bus services, pay phones, ticket office closures, post office closures, cash point access and others).**

### **Business support**

**F) Communicate with businesses on opportunities through housing development and it's supply chain procurement.**

**G) Support the development of key business sectors in Waverley, to provide local employment.**



## 4. Measuring Progress

### 4.2 The Accompanying Action Plan

Shorter-term actions have been considered for these six Themes that are achievable and in areas that Waverley Borough Council can influence.

The accompanying Action Plan sets out targets with the Theme actions, including measures where appropriate, and identifies the role of the Council and its partners in achieving the these. These targets will inform a set of projects that relate to one another over the next two years and beyond.

### 4.1 Approach and Timeline

The Economic Development Strategy incorporates two key aspects of progress measurement for the Vision:

- A series of Action Plan targets that will bring focus and provide a clear pathway of progress that will be captured in the live document.
- The use of business communication and monitoring through: Waverley's annual business surveys; the Chamber of Commerce and town and parish council meetings; and an annual publication of key economic metrics and monitors.

The Action Plan will be flexible to local concerns that arise, and the economic monitoring that is undertaken, by incorporating new actions and targets as required over time.

It should also be noted that a range of external factors, including the state of the national economy, could affect the success of the strategy. In this context, the Council will undertake an interim and final evaluation of the strategy over the 2018-32 period. The findings of the evaluations will be used to learn lessons about what has worked well and what could be improved to adjust the strategy and inform the future economic plans of the Council.

Figure B below outlines the timeline of the Economic Development Strategy's progress and update.

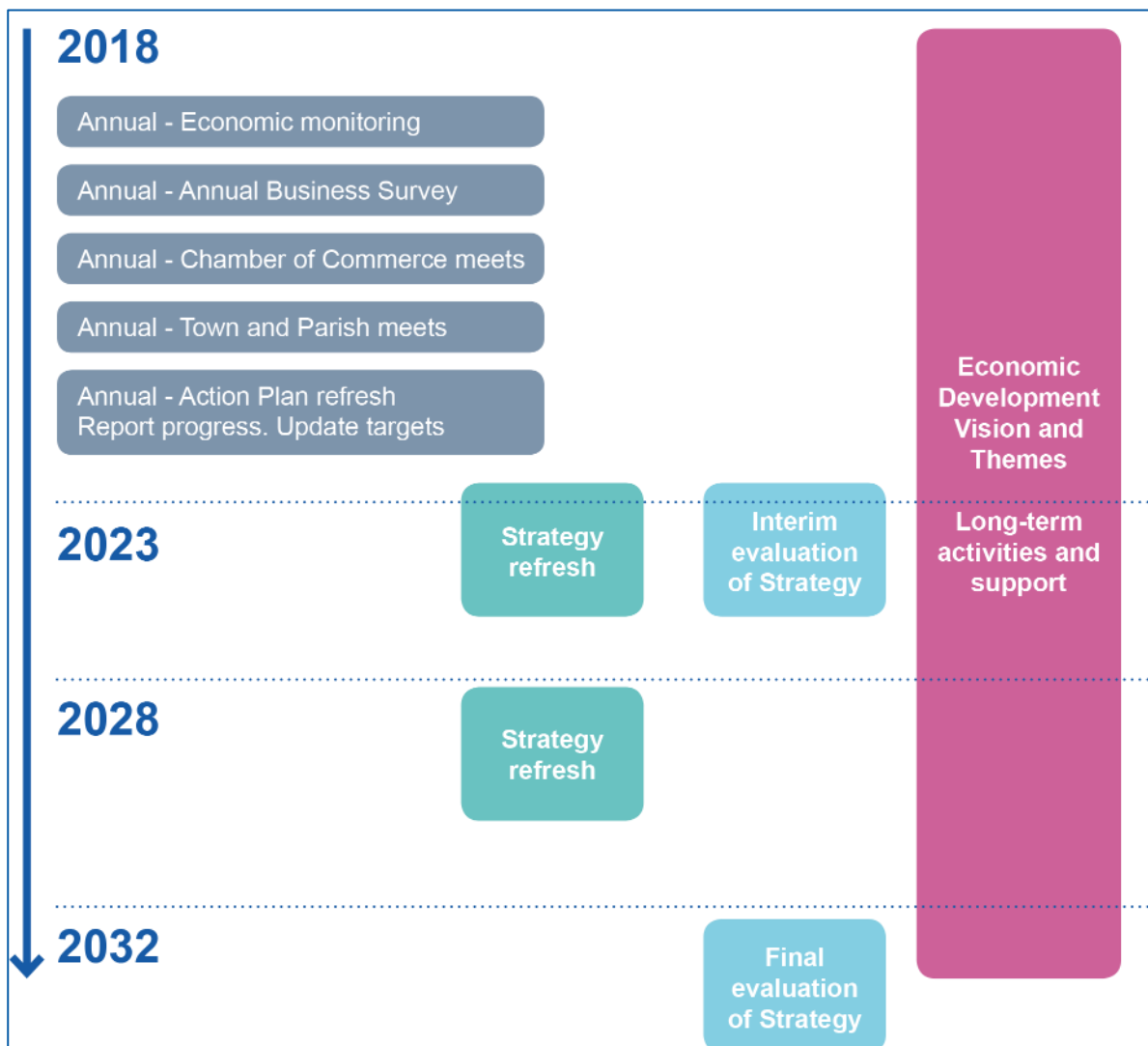
Waverley Borough Council look forward to working with its partners to deliver the Economic Development Vision for 2018-2032.



**The Economic Development Vision is for Waverley to be:**

*A successful place where local businesses can grow and flourish. Where all our rural and urban communities have access to sustainable, high quality employment. Where everyone living and working in Waverley can share in its beautiful natural environment and economic prosperity.*

Figure B: Economic Development Strategy timeline





## APPENDIX 1: Evidence base behind the strategy

A range of data sources, and the latest available data, has been used throughout the evidence to this strategy. Whilst some datasets have data published for 2017 or indeed through to 2018 quarter 1, other datasets are only available at older publication date - 2016 or earlier. Further, some variables that are collected at the census are therefore dated back to 2011, though these are often slower moving variables concerning households and travel to work.

Much of socio-economic evidence has not moved significantly from previous years, where many variables are relatively stable for Waverley.

### Waverley's business environment

#### 1.1 A strong business environment

The UK's Prosperity Index (Legatum Institute, 2016) includes a Business Environment ranking and placed Waverley 66th of the 389 local authorities included. This index covers the following dimensions:

Table 1: UK Prosperity Index: Business Environment dimensions and scores

Dimension	Measure	Waverley score
Broadband speed*	Average speed (Mbps)	73/100
Superfast broadband	% of properties with access to superfast (above 24Mbps)	86/100
Business survival	% new businesses still trading after 5 years	72/100
Entrepreneurship rate	New businesses per 1000 people	23/100
Logistics index	Measure of access to rail, road, airport and port links	11/100

\*This does not feature mobile connectivity where this was raised locally as an issue.

Waverley performed less well on logistics at 11/100, where Woking scored 20 and Guildford 16 in comparison. Though the entrepreneurship rate was just 23, this was high amongst Surrey.

Nearby Guildford was ranked 65th, Woking 56th, Mole Valley 22<sup>nd</sup>, Rushmoor 125th, Chichester 112<sup>th</sup> and East Hampshire 151<sup>st</sup> in the Prosperity Index: Business Environment dimension.

Alternatively, the UK Competitiveness Index (2016) is a related index for competitiveness more generally and uses a differing set of dimensions. Waverley was ranked 39<sup>th</sup> here (compared to similar 36<sup>th</sup> in 2013). This index covers:

- Economic activity rates
- Business start-up rates per 1,000 inhabitants
- Number of businesses per 1,000 inhabitants
- Proportion of working age population with NVQ Level 4 or above
- Proportion of knowledge-based business



Nearby Guildford was ranked 30<sup>th</sup>, Woking 33<sup>rd</sup>, Mole Valley 23<sup>rd</sup>, Rushmoor 73<sup>rd</sup>, Chichester 77<sup>th</sup> and East Hampshire 88<sup>th</sup> for this competitiveness index.

### 1.2 High business density

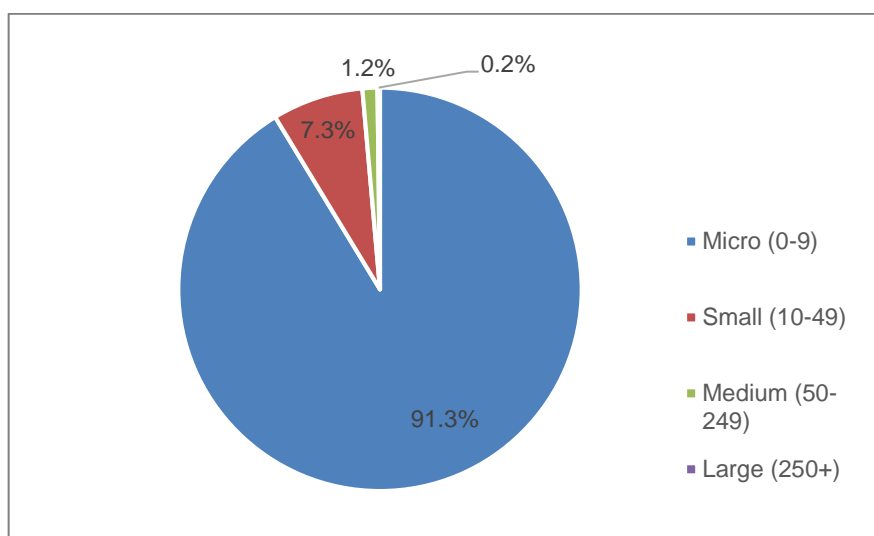
Waverley has one of the highest business densities in Surrey with 8,200 VAT registered enterprises in the borough and 9,025 local units (*source: Inter-Departmental Business Register (IDBR) from ONS, 2017*). This relates to a business density of 66 businesses to a 1000 local people, compared to 49 for Surrey, where Waverley has many micro and home-based businesses.

There are 4,081 Waverley businesses currently paying NNDR (business rates)<sup>4</sup> suggesting that many local businesses are in the knowledge economy, operating from home, where 10,200 residents are homeworkers<sup>5</sup>, and/or are utilising latest technologies to maintain a small physical footprint.

### 1.3 Dominance of small businesses

Waverley's business base is dominated by small enterprises. Approximately 91% of Waverley's businesses are 'micro businesses' employing fewer than ten people (*Source: NOMIS business counts by employment size, 2017*). This is higher than the national average of 88%, though in line with Surrey at 91%. At the same time, the borough has only 15 large enterprises employing 250 or more people (figure 1).

Figure 1: Waverley enterprises by number of employees



Although similar shares of micro and small businesses, Waverley has a higher SME intensity than Surrey (51%). This reflects the ratio of SME employment to economically active population. (*Source: Nesta and Sage, 'The State of Small Business' report and dataset, 2017*).

### 1.4 High proportion of young businesses

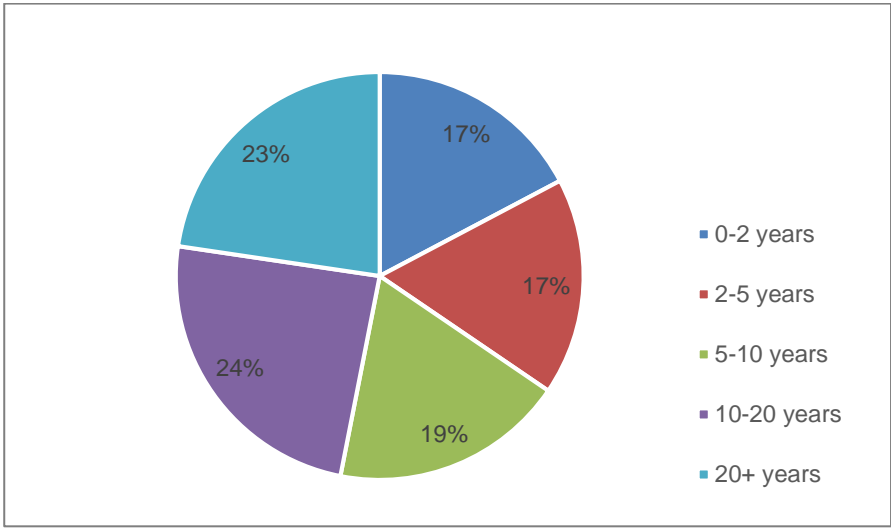
The borough has a higher than average proportion of younger businesses, with 17% of businesses being less than two years old and 53% of businesses in Waverley being up to ten years old (compared to the national average of 35%) (*Source: Experian business data for Waverley Borough, 2017 release, 2016 data*)

Figure 2: Waverley age breakdown of businesses

<sup>4</sup> Waverley Borough Council

<sup>5</sup> CENSUS 2011, DC6609EW1a: those aged 16+ who work mainly at or from home.





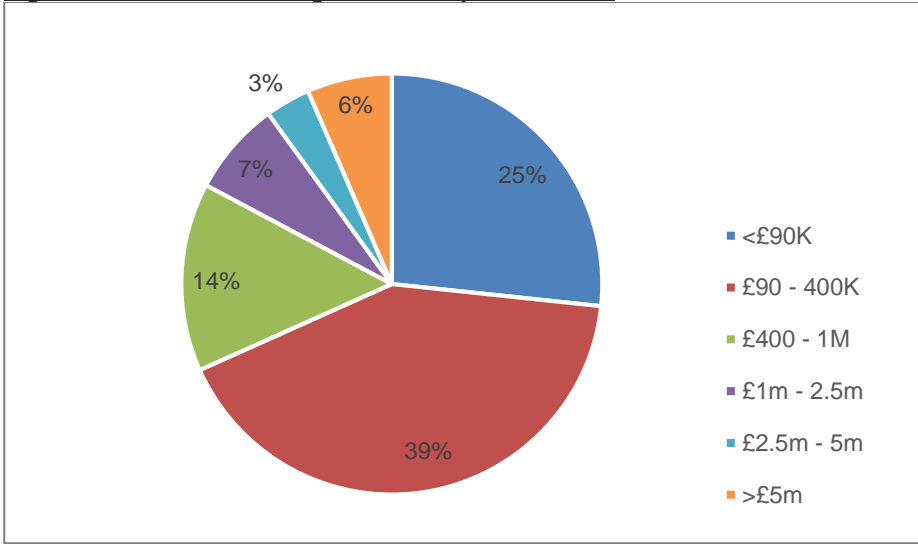
**1.5 Waverley’s businesses drive local turnover of nearly £5bn**

Even with the dominance of younger and smaller businesses, the total business turnover in Waverley is over £4.9bn and micro and small businesses contribute £1.76bn (35%) and £1,26bn (25%) respectively to this total (61% share of total revenue). (source: IDBR March 2017, provided by ONS, 'UK Business: Activity, size and location', 2017).

**1.6 Business are clustered below £400,000 per year**

Individual businesses however are clustered at lower turnover bands, with 25% earning less than £90,000 per year and a further 39% earning £90,000 – £400,000, so that over two thirds of businesses earn below £400,000, as shown in Figure 3. This likely reflects the small-scale employment (less than 10 staff) for much of Waverley’s businesses. (Source: Experian business data for Waverley Borough, 2017 release, 2016 data)

Figure 3: Turnover banding of Waverley businesses



In comparison to the rest of Surrey, Waverley contributes about 4% of the county’s business turnover, as presented in Figure 3, whilst contributing 8% of Surrey’s total workforce (ONS, 'UK Business: Activity, size and location', 2017). This may reflect lower turnover businesses as well as the movement of the resident workforce out to businesses in other areas, where Waverley (as further below in Socio-economic drivers) has a high level of out-commuting. Indeed, this lower value business environment is reflected in Figure 4 and 5 below showing the business turnover by business counts across Surrey, where Waverley has a lower level.

**5 Figure 4: Business turnovers across Surrey**



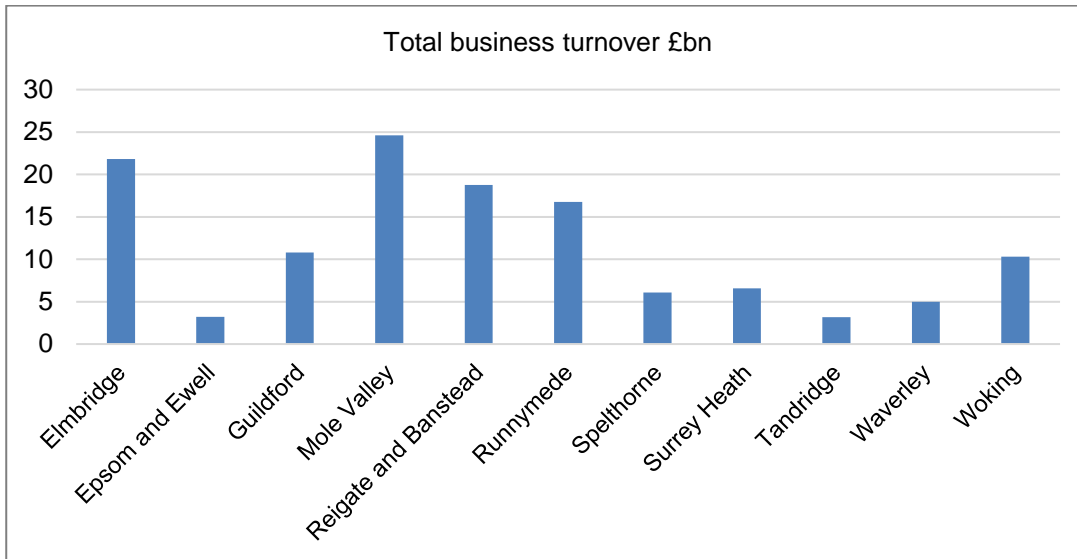
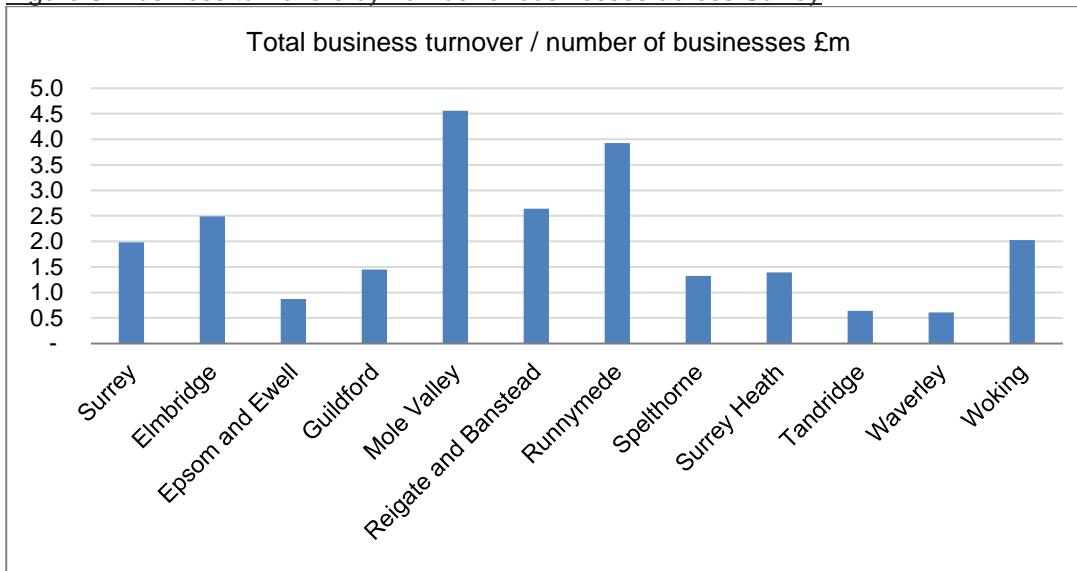


Figure 5: Business turnovers by number of businesses across Surrey



This data will be skewed by a few very large turnover businesses. Waverley has a dynamic business environment, with numerous independent businesses as a key part of their socio-economic environment.

### 1.7 Consistently good start-up rates, but less good survival rates

This picture of small and younger age businesses is supported by the data on the births and deaths of enterprises in the borough in recent years, as presented in figures 6 and 7 below. (Source: ONS Business Demography data, 2017)

Figure 6: New enterprises count for 2012-16

	2012	2013	2014	2015	2016
United Kingdom	269,565	346,485	350,585	383,075	414,355
England	239,975	308,770	313,200	344,385	374,035
Surrey County	7,180	8,375	8,400	9,110	8,710
Elmbridge	975	1,235	1,255	1,415	1,295
Epsom and Ewell	360	505	490	610	530
Guildford	785	845	890	970	995





Mole Valley	550	605	560	635	590
Reigate and Banstead	690	900	975	1,005	1,050
Runnymede	490	530	500	570	620
Spelthorne	665	825	820	775	640
Surrey Heath	555	610	615	670	595
Tandridge	485	615	590	680	635
<b>Waverley</b>	<b>1,060</b>	<b>1,010</b>	<b>960</b>	<b>1,020</b>	<b>930</b>
Woking	565	695	745	760	830

Waverley has one of the highest business birth levels in Surrey, accounting for an average of 1,000 new businesses every year to Surrey, which is a significant level considering its total current base of 8,200.

In terms of growth rates, Waverley has stayed stable around the 1,000 mark, either rising above or dipping below this level. Alternatively, if we compared the 2012-13 average with the 2015-16 average, England has risen by 29% between these periods and Surrey at 15% whilst Waverley's new business level has fallen by 6%. Across the districts of Surrey, only Spelthorne has also declined between these periods.

Waverley also has one of the highest business death levels in Surrey, accounting for an average of 900 every year.

Figure 7: Enterprises deaths - count for 2012-16

	2012	2013	2014	2015	2016
United Kingdom	252,400	237,235	246,480	282,865	327,775
England	221,780	209,215	217,930	250,585	291,145
Surrey County	6,535	5,970	5,730	7,135	8,270
Elmbridge	850	820	845	1,000	1,270
Epsom and Ewell	320	330	350	395	435
Guildford	725	670	625	765	935
Mole Valley	465	465	435	550	645
Reigate and Banstead	685	615	630	740	870
Runnymede	410	425	355	450	540
Spelthorne	445	400	505	870	775
Surrey Heath	485	460	420	500	585
Tandridge	455	415	400	480	605
<b>Waverley</b>	<b>1,195</b>	<b>920</b>	<b>690</b>	<b>780</b>	<b>910</b>
Woking	500	450	475	605	700

Therefore, on net annual enterprise additions, Waverley is not performing well with an average 97 net additions, which is the second lowest in Surrey.

The ONS dataset also provides enterprise survival rates, where Waverley has had the following survival rates compared to Surrey as a whole. (Source: ONS Business Demography data, 2017)

Figure 8: Waverley and Surrey's survival rates of new businesses

Area	2012 – 4yr survival	2013 – 3 yr survival	2014 – 2yr survival	2015 – 1 yr survival
Surrey	50%	64%	77%	90%
Waverley	43%	65%	79%	84%
	2012 – 1 yr survival	2013 – 1 yr survival	2014 – 1 yr survival	2015 – 1 yr survival



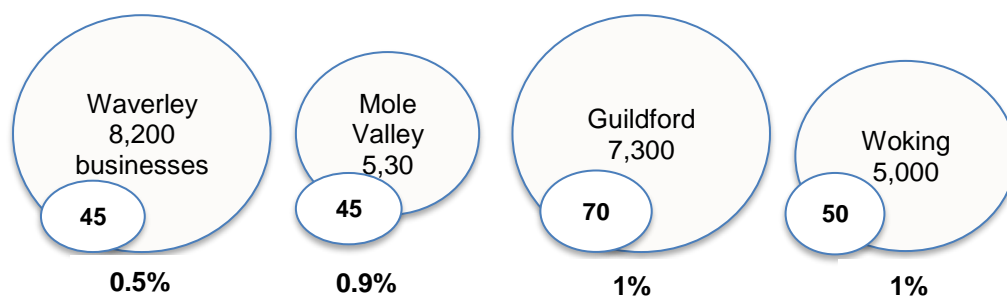
Surrey	90%	94%	92%	90%
Waverley	84%	94%	93%	84%

Waverley therefore shows strong performance in enterprise births but has lower survival rates than other areas particularly beyond two years. The one-year survival rate has itself fallen since 2013, back to 84% of new enterprises in 2015, whilst the county level has been more stable and remains at 90% in the latest year of data (2016 survival for 2015's new enterprises).

### 1.8 Waverley has few business scale ups

In looking at how many businesses have scaled up, data from the Nesta and Sage 'State of Small Business' report (2017) shows Waverley's performance compared to other local areas. 'Scaling up' refers to businesses whose turnover or employment had increased by an average 20% or more annually for 2013-2016.

Figure 9: Comparative business scale up rates



Of Waverley's business base, only around 1 in 200 has scaled up since 2013, whilst the comparison areas were closer to 1 in 100 scale ups. This may reflect a share of Waverley's businesses that are home-based and do not intend to scale up their operations, whilst other factors to consider are the availability and affordability of grow on space and business support.

Further, this scale up analysis does not indicate the value of the businesses upscaling and is therefore an indicative, if incomprehensive, proxy for business growth alongside analysis on net business additions (Figure 6 and 7), total economic value (see 1.5) and employment growth (2.5).

### 1.9 Waverley has seen reasonable growth in GVA (gross value added)<sup>6</sup>

In considering GVA from across the local business sectors, Waverley has seen an 12% increase to £3.7bn since 2012 in the latest data, compared to 12% across Surrey (£39bn). (Source: ONS *Regional GVA Income Approach data, 2017 release and 2015 latest GVA data*). Other areas in Surrey have had higher and lower growth rates, from 1% to 17%.

### 1.10 Productivity growth

The Nesta and Sage report also considered small business productivity changes over 2013-16, concerning output per worker (SME turnover/SME employment). The reporting found that Waverley's SMEs have had modest productivity growth (6%) since 2013 whilst Guildford increased by 13% and Woking by an impressive 43%. Woking's productivity gains have likely been driven by some high value growth sectors where it is in the top ten of UK knowledge sector concentrations.

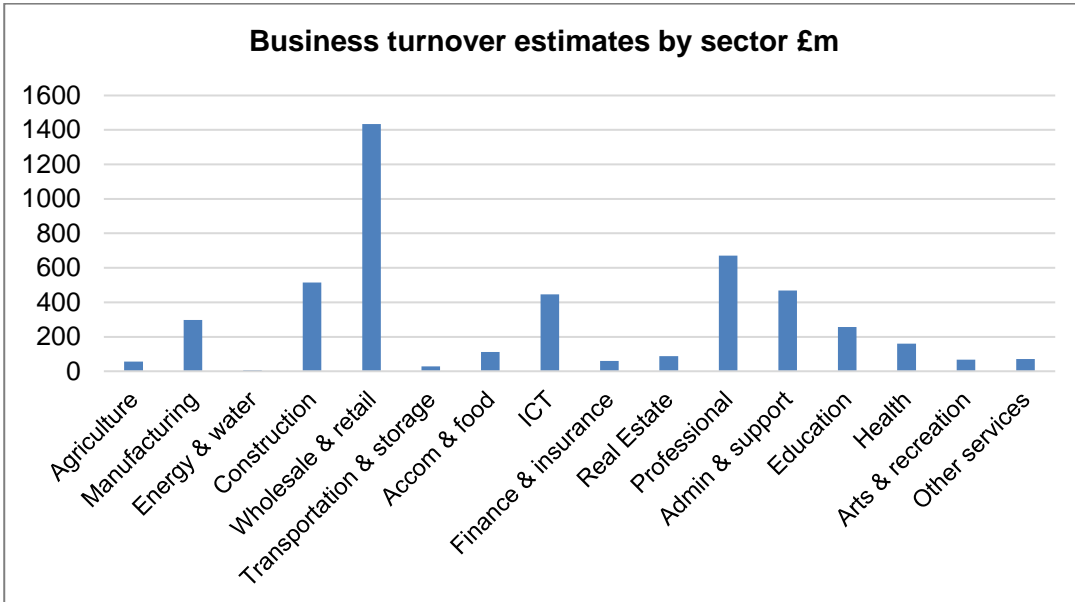
### 1.11 Key business sectors

Using NOMIS business count data by turnover bands (2017), we can estimate turnover by sector. It is important to note that these estimates use the NOMIS turnover mid-points and are therefore bound by a constraint on accurate information, but the total achieved is close to the known Waverley total business turnover of £4.9bn.

Figure 10: Business turnover by sector

<sup>6</sup> GVA is the value of the economy due to the production of goods and services, reflecting output minus consumption. GVA per head using total population. Data presented in nominal prices.

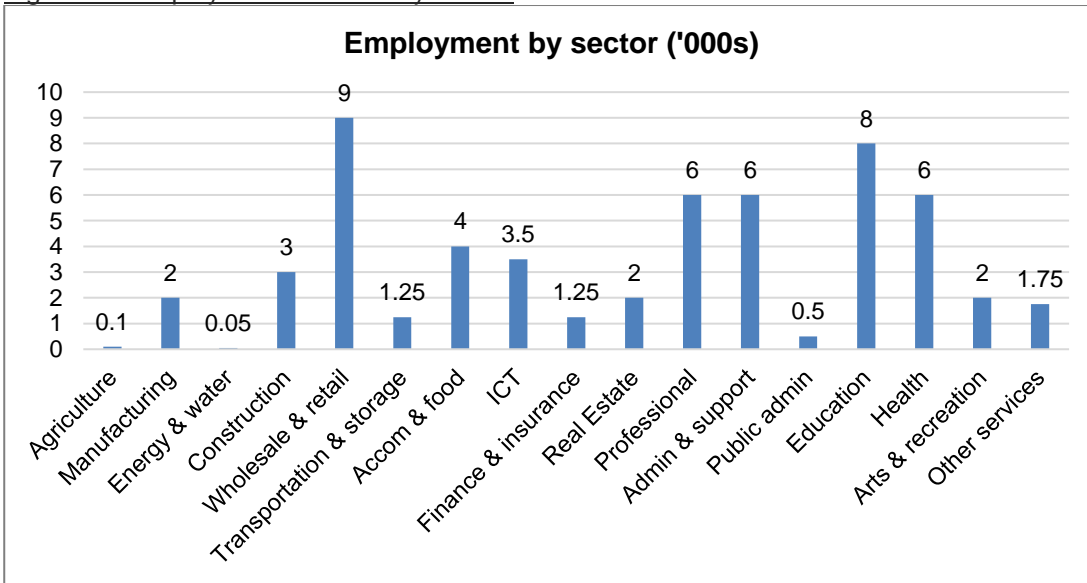




As such, the analysis allows us to ascertain the most significant sectors by turnover – wholesale and retail; professional and technical services; business administration and support; ICT; construction; and education.

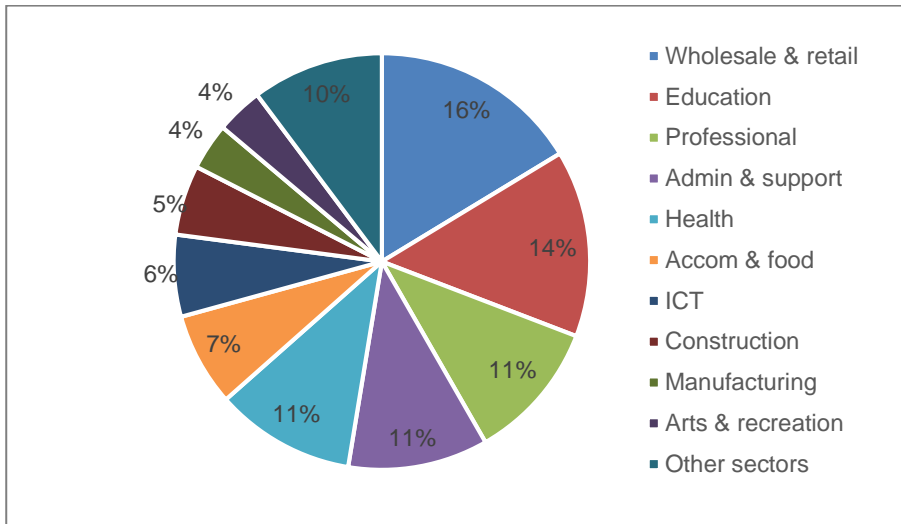
More certainly, employment is available at sector level at is presented below in Figure 11 (*Source: NOMIS Business register and employment survey, 2017*)

Figure 11: Employment numbers by sector.



The total employment of 56,400 can also be shown as percentage shares, as below:





Wholesale and retail; education; professional and technical services; businesses administration and support and health are the key employment sectors in Waverley.

In comparing the sector employment shares to Surrey, two sectors emerge as having clear differentials – business administration and support (11% to 9% in Surrey) and Education (14% in Waverley and 9% in Surrey). Alternatively, Surrey had a slightly higher share in professional and technical services and public administration.

### 1.12 The creative industries in Waverley

The creative and digital industries are flourishing in Waverley as shown in Table 2, with the number of businesses and turnover level. (Source: ONS, *Creative Industries Economic Estimates, 2016*). Waverley performs strongly to other nearby areas, whilst Woking demonstrates a smaller base of businesses but with a significant level of employment and turnover, reflecting a top location for digital and creative business in the UK.

Over half (59%) of those employed in this sector people holding a degree (DCMS report 2016).

Table 2: The value of the digital/ creative industries in Waverley

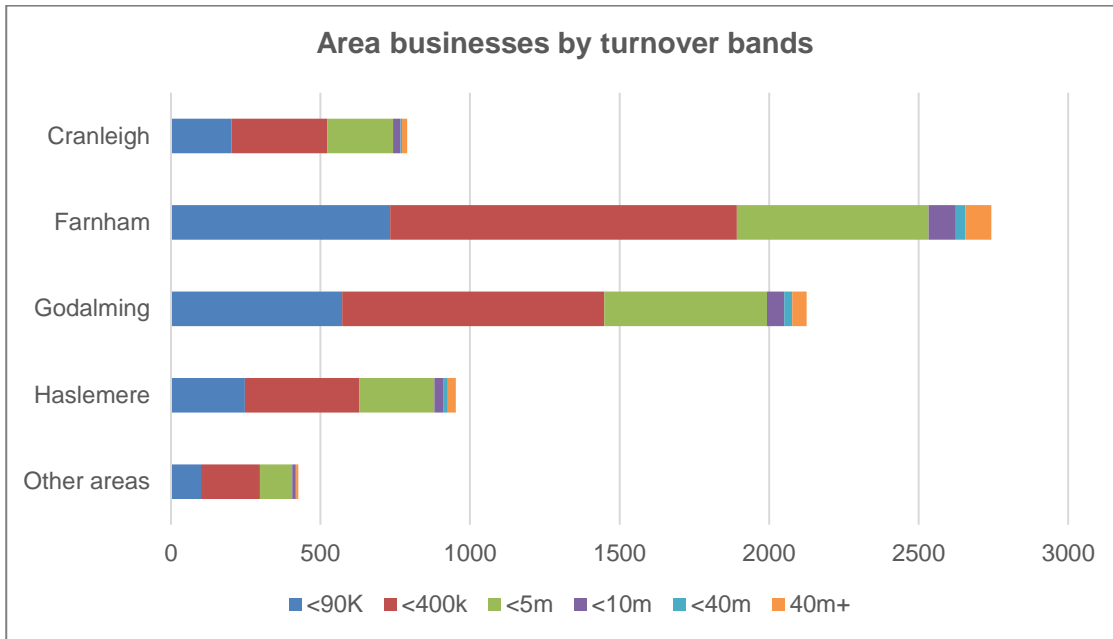
	Count	Employment	Turnover £m
<b>Waverley</b>	<b>1,260</b>	<b>3,573</b>	<b>£442m</b>
Reigate and Banstead	975	2,812	£414m
Mole Valley	820	2,394	£310m
Mid Sussex	975	2,744	£286m
Tandridge	625	1,277	£106m
Epsom and Ewell	580	1,127	£105m
Brighton and Hove	2,845	7,334	£543m
Woking (Top ten in the UK)	980	16,411	£2,600m

### 1.13 Businesses are distributed across Waverley's urban and rural areas

Data purchased from Experian (Source: *Experian business data purchase, 2017*) detailing all registered business units and their location and turnover bandings has enabled businesses to be distributed across Waverley according to Figure 13 below.

Figure 13: Businesses by nearest centre and turnover bands





The data provided the nearest centre location, and on this basis the total business count by the four main centres is as follows:

- Cranleigh – 14%
- Farnham – 39%
- Godalming – 30%
- Haslemere – 17%

#### 1.14 Rural areas are important to businesses

65% of Waverley's population live in rural areas and rural related hub towns<sup>7</sup>. Businesses are distributed spatially across the borough, where 2,600 - 32% of Waverley's total business stock - are situated in the borough's rural areas<sup>8</sup>. These rural businesses deliver an estimated £800m<sup>9</sup> – 16% - of Waverley's total business revenue. In terms of employment, the rural area accounts for 28% of workers (Source: *NOMIS Business Register and Employment Survey, 2017*). This highlights that many of the rural businesses are typically micro in size, with one to a few workers.

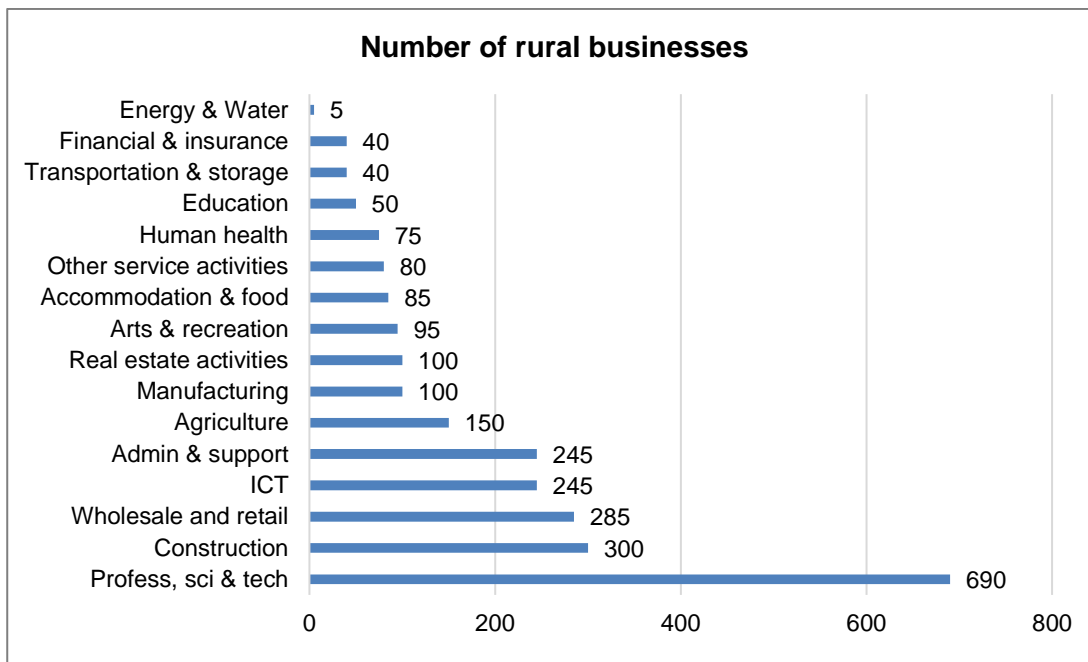
The number of rural businesses has grown 11% since 2010 (Source: NOMIS business count by MSOA level). The businesses are distributed across different sectors, as demonstrated in Figure 14 below.

<sup>7</sup> Surrey Rural Statement; Surrey Countryside and Rural Enterprise Forum (2016)

<sup>8</sup> Using Mid Super Output Area (MSOA) urban-rural designations from Census 2011

<sup>9</sup> NOMIS Business counts by turnover band (2017) – midpoint estimate.

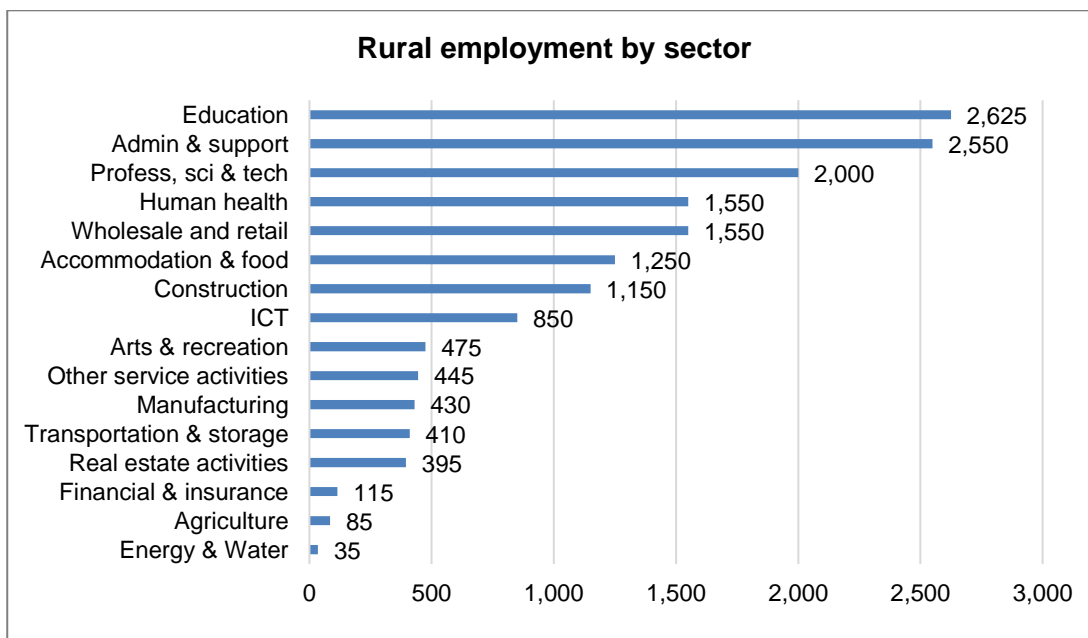
Figure 14: Rural business count by sector



Professional and technical services; construction; wholesale and retail; business administration and support; and ICT have the largest number of businesses in the rural areas. There are also 150 agricultural based businesses in the rural area, where across Waverley this accounted for a small share of employment but clearly reflects a significant group of enterprises and farmers.

This sector breakdown does not necessarily reflect employment levels, where for example the 50 rural education businesses employ many people. The employment by sector is shown in Figure 15 below (Source: NOMIS Business Register and Employment Survey, 2017).

Figure 15: Rural sectors by employment numbers



Education is the largest employer in the rural areas of Waverley (2,625 workers), followed by business administration and support (2,550) and professional and technical services (2,000). These three sectors all had a greater share of employment in the rural areas than borough wide (16%, 16% and 13% respectively compared to 14%, 11% and 11%). Health and wholesale and retail are also 6 key sectors (both at 1,550 workers), reflecting the Waverley wide picture of top sectors. Accommodation and food has a slighter higher share of rural employment than borough wide. Construction (1,150) and ICT (850) are the next largest employers.



The employee size of rural businesses largely reflects the wider Waverley picture, with 92% of these businesses being less than ten employees, whilst education accounts for 15 of the 35 medium rural business. The rural area does not have any large businesses of 250+ employees. (Source: *NOMIS Business counts by employment bands, 2017*).

### 1.15 Brexit

Clearly, the UK's decision to leave the European Union will have a business impact and is a key element in the business planning across various sectors. The situation remains highly uncertain and at the time of writing, the Economic Development Strategy is not able to reflect and incorporate an understanding of the potential impacts on Waverley's businesses and residents.

However, the accompanying Action Plan is flexible in that it will be updated as required and reported on annually, and so this gives a chance for specific business support considering the agreed Brexit deal and its impacts to be responded to by Waverley Borough Council and its partners. Waverley Borough Council will maintain communication on this subject with its partners and across its business base. For example, the export market is of growing interest to many businesses and the Council could seek to help them take advantage of any support and opportunities available.

At this stage, we can present some relevant points and high-level evidence on Brexit.

Firstly, there are some key factors why Waverley may be less impacted than other areas where:

- The economy is not dependent on international visitors
- There is not a significant presence of large exporters i.e. key manufacturers
- There is a relatively low share of the local population who are EU citizens.

However,

- Rural farmers and agricultural based businesses may be impacted
- The UCA and University of Surrey both have a share of their student population who are EU citizens
- There may also be further challenges for EU graduates moving into employment, putting SMEs at a disadvantage to employing these graduates.
- The local independent schools have a portion of students from EU countries
- There are nine foreign owned companies in the borough whose parent company are EU/EEA, though this is the third lowest across Surrey local authorities (Source: *WBC analysis, 2018*)
- There are 13 foreign owned companies in Waverley whose parent companies are located in the rest of the world and thus there is a risk of headquarter moves. Again, this is the third lowest in Surrey. (Source: *WBC analysis*)

Further analysis could be undertaken as Brexit negotiations develop to understand the level of employment that could be impacted, but at this stage any estimate would need to be highly caveated.

The LSE (London School of Economics) undertook a local impact assessment<sup>10</sup> of a soft or hard Brexit. For Waverley, they estimated an annual GVA impact of -1.2% under a soft Brexit scenario and -2.4% under a hard GVA impact. This considered employment shares, trade volumes and production related to a European supply chain. These estimates resulted in Waverley being in the top third of local authorities for impact, with some Surrey authorities impacted harder and a few others less so.

### 1.16 Office supply

- Waverly Borough Council permits the change of use of existing employment sites to residential and other alternative uses where it can be clearly demonstrated that there is no reasonable prospect of the site being used for employment use.
- The Local Plan also predicts that a limited supply of employment land and premises and the limited pipeline of future development are likely to constrain business growth and the ability to attract new investment in the Borough



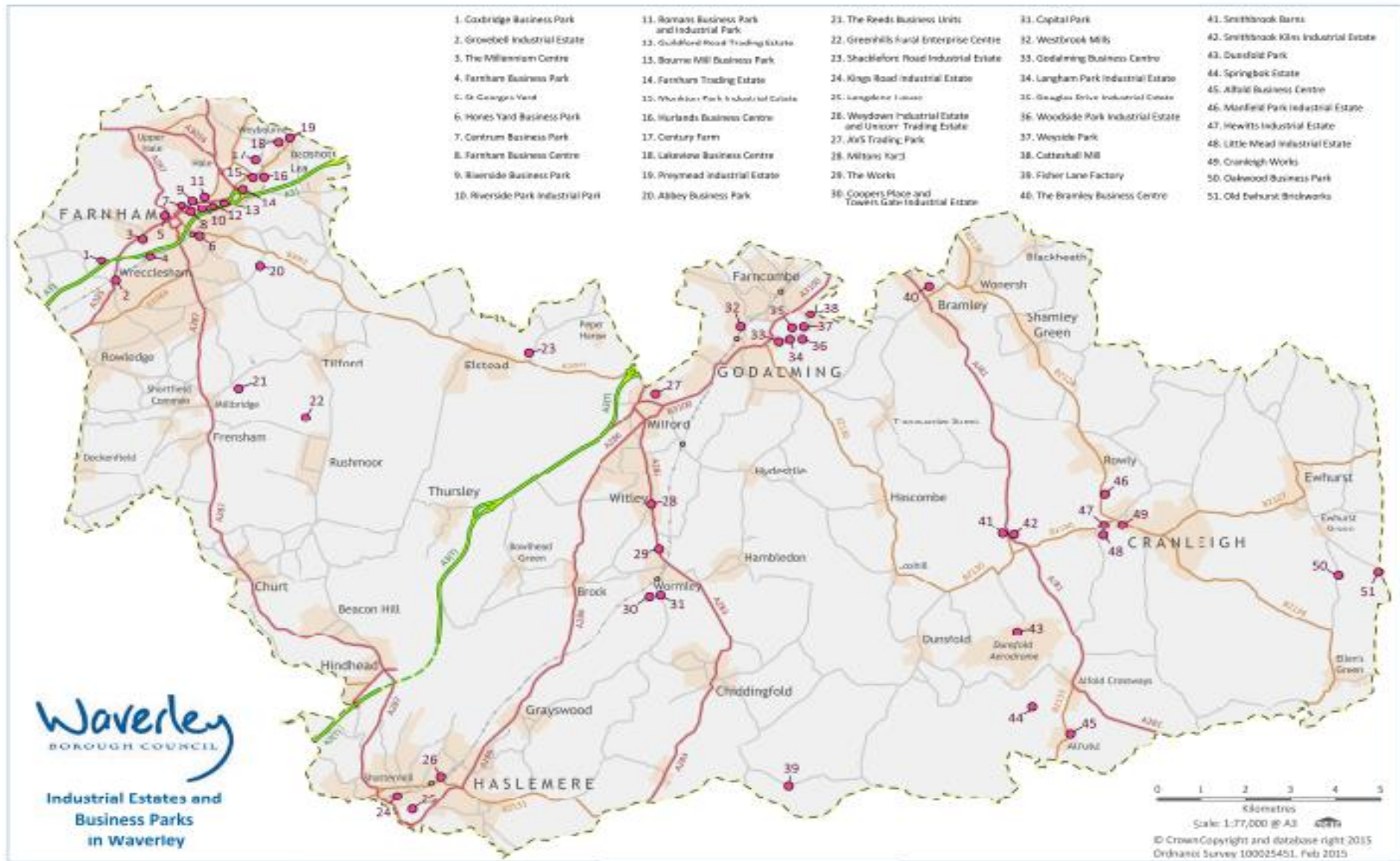
- Waverley's Employment Land Review, looked at three scenarios in future employment land demand: base, higher growth and lower growth. In all three scenarios there was a forecast of increased demand for B1 Use Class – business.
- The Employment Land Review forecast a supply of 9,000 sqm of loss of office space, demonstrating a long-term forecast shortage.





1.17 Waverley has 47 industrial estates and business parks

Figure 16: Waverley's industrial estates and business parks across the borough



## Current socio-economic drivers

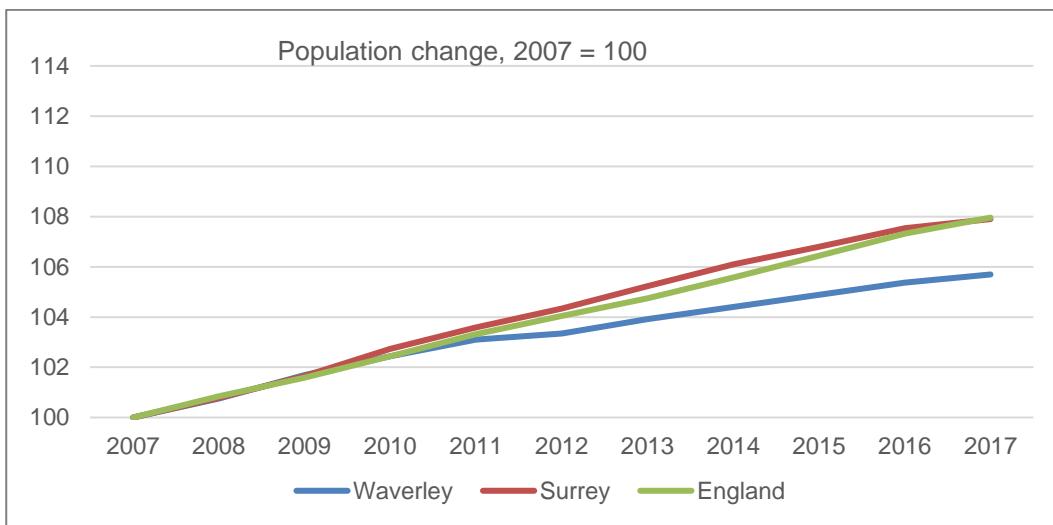
### 2.1 A stable but ageing population

Waverley has a current population of 125,000 residents. Waverley's population is growing at a slower rate than the county and national averages, having grown by 5.7% over the period 2007–2017 compared with growth rates of 7.9% across Surrey and England (Figure 17). This level of growth equates to approximately 630 new residents per year. Waverley's population has an older than average age profile, with residents aged 65 and over accounting for 22% of the Borough's population (compared with 18% across England).

There are a relatively low proportion of people aged between 20-35, higher proportions of people aged over 45, and low levels of ethnic diversity compared with across England. (Source: *NOMIS population estimates by 5 year band, 2017; and Census 2011*)

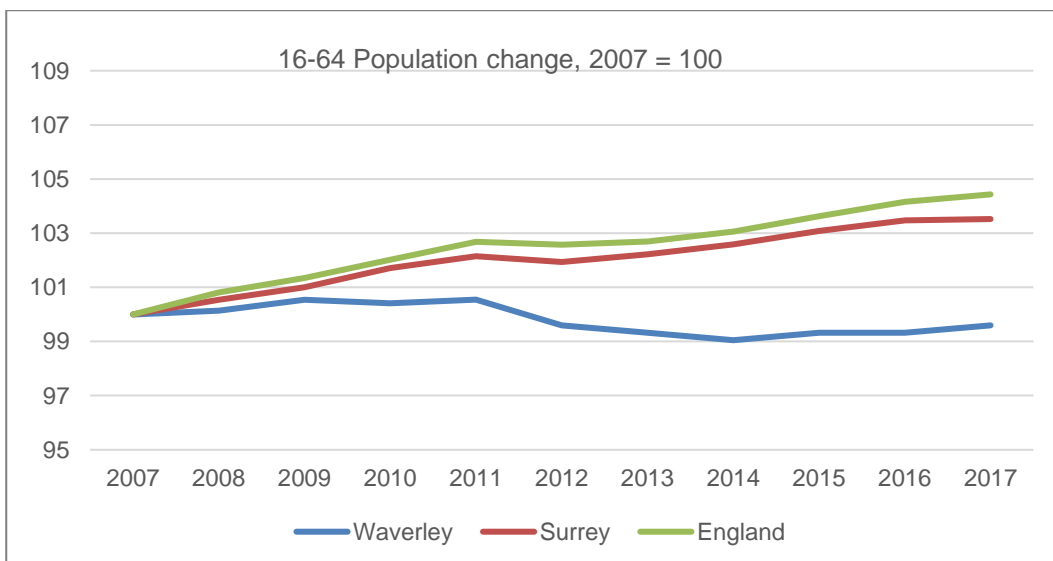
Waverley's population is also aging at a faster rate than Surrey and England (Figure 18), with a working age population that fell from 2010 before stabilising.

**Figure 17: Index of mid-year population estimates 2007-2017 (2007 = 100)**



Source: *NOMIS population estimates, 2017*

**Figure 18: Index of mid-year 16-64 population estimates 2007-2017 (2007 = 100)**



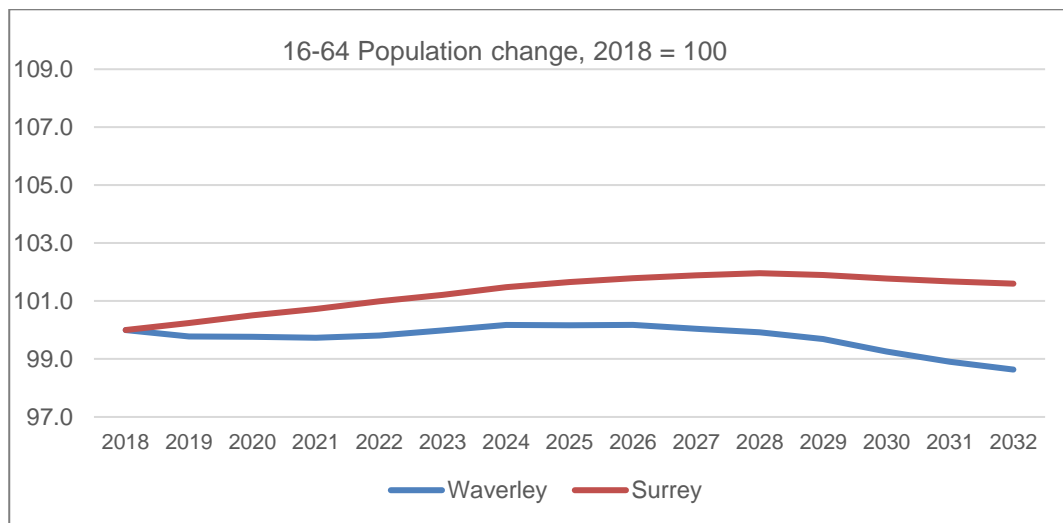
Source: *NOMIS population estimates, 2017*

In looking ahead, NOMIS provides population forecasts where Waverley is estimated to have an increasing population over 65 years old, and a flat population aged 16-64. These forecasts are made given the existing socio-economic environment and taken forward the current population trends.



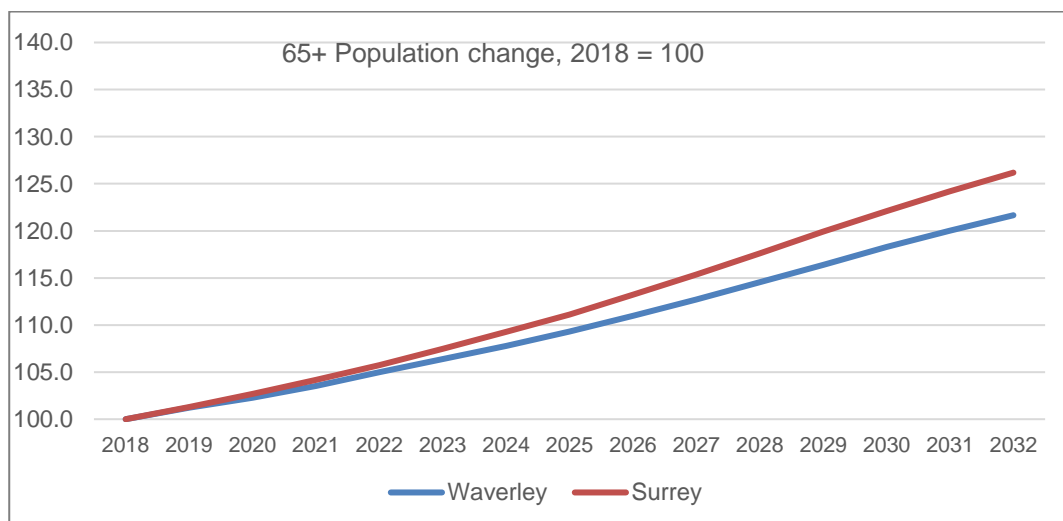
Figures 19 and 20 below show these population estimates over the Economic Development Strategy period.

**Figure 19: Index of mid-year 16-64 population projections 2018-32 (2018 = 100)**



Source: NOMIS population projections by 5-year band, 2017

**Figure 20: Index of mid-year 65+ population projections 2018-32 (2018 = 100)**



Source: NOMIS population projections by 5-year band, 2017

Waverley is projected to have a flat working age population in the mid-2020s before it declines again below Surrey's population change levels, whilst the share of the population who are over 65 is projected to steadily rise at a similar rate to Surrey.

## 2.2 Healthy economic activity

The borough has a higher than average economic activity rate, with 79% of the population aged 16-64 being economically active, and in line with Surrey's level. (Source: NOMIS local authority profiles, April 2017- March 2018)

Waverley also has higher levels of self-employment (19%, compared to 13% in Surrey and 10% across England). 33% of workers in Waverley work part time – 3% higher than Surrey and the national average. Waverley also has the largest number of homeworkers in Surrey with over 10,000 people homeworking. (Source: NOMIS local authority profiles, 2017)

## 2.3 High levels of employment

There are some 56,400 employees working within the borough. The borough has experienced modest levels of employment growth mirroring the UK's economic performance.



Waverley has a relatively small proportion of residents claiming unemployment-related benefits - approximately 0.5%. This is four times lower than the national average. (Source: *ONS Claimant Count, 2017*)

#### **2.4 Strong labour demand**

Waverley has a greater labour density (0.95) – the % of jobs to local 16-64 population – than Surrey (0.92) and the South East (0.88). This means Waverley has the number of jobs, at 69,000, for 95% of its working age population, whilst many in the area commute out and others commute in for these jobs this is a strong indication of local employment demand. (Source: *ONS Jobs Density, 2017*).

However, some local employers have indicated that whilst the demand is there, they can struggle to recruit workers. (see Place section below).

#### **2.5 Employment growth and trends**

From 2010 to 2017, employment levels have remained largely stable in Waverley, moving from 53,000 to 56,400 (5.7%) and below the county employment increase rate (8.5%). Meanwhile, the employment rate has increased from 77% to 80.7% between 2010 and 2017. (Source: *Nomis, Population survey, 2010-2017*).

Between 2010 and 2016, the professional and technical sector was the only sector to see its employment share rise significantly (18%). Other sectors have shown some steady levels of growth including accommodation and food services; recreation; ICT; and business admin and support services.

Employment in manufacturing has seen steady decline since the year 2000, with the number of FTE jobs in the sector shrinking by over 40%. However, between 2010 and 2016 it seems to have stabilised, with around 2,000 in employment in the sector.

Waverley Borough Council is one of the largest employers in the borough, with a direct and significant supply chain that benefits the local economy. However, the overall proportion of jobs in the public administration and defence sector is low (1% compared to 5% in Guildford and 3% across Surrey) and employment levels in the sector fell 41% between 2010 and 2016, (Source: *Nomis, BRES, 2010-2015 & 2015-2016*).

Work undertaken at a sub-regional level by the Enterprise M3 LEP and Surrey County Council has identified that Waverley sits within an area of niche sectors and knowledge-driven industries. This includes 5G and communications; advanced automotive and aerospace; gaming and creative media technologies; cyber security; space and satellite technology; agri-tech (including food and drink); oil and gas, medical veterinary; and pharmaceuticals, life sciences and healthcare.

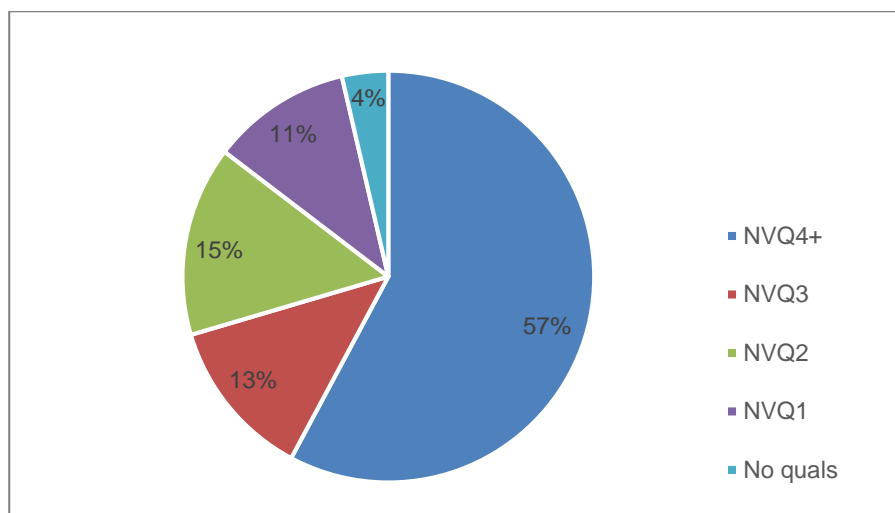
#### **2.6 High Employment Skill Levels**

Waverley has a highly qualified resident population with 57% of residents aged 16 - 64 holding Level 4 (degree level) qualifications and above. This is higher than the Surrey average (50%) and almost 20% higher than the national average. (Source: *NOMIS local authority profiles, 2017*)

Waverley also has a lower than average proportion of residents with no qualifications (3.6% compared to 4.3% and 7.6% across Surrey and England respectively). Figure 21 presents the breakdown of skill groups for Waverley. (Source: *NOMIS Annual Population Survey, 2017*)



Figure 21: Highest level of qualification of Waverley residents aged 16 and over



### 2.7 Social enterprises

Social enterprises are also an important part of the community life in Waverley. There is a growing and vibrant social enterprise sector in the borough with social enterprises providing services that are delivered locally, are tailored to local need and provide additional social value. There are currently over 120 social enterprises in Waverley (Waverley Borough Council data) covering a wide range of areas including arts, crafts and museums; business support; conservation; disabled services; education and training; furniture; gardening; halls; housing and accommodation; housing associations; leisure; music and media; personal support; retail; charity shops; and voluntary services.

### 2.8 High levels of economic prosperity

The borough is one of the least deprived in England, ranking 320 out of 326 local authorities in terms of deprivation. The Legatum Institute, in its latest prosperity index analysis (2016), has rated Waverley as the most prosperous borough in the country (see Place section below). Further, Waverley has 5.7% of households that are workless compared to 10% in Surrey, and low unemployment at 2.5% in line with Surrey and lower than the South East and national levels. (Source: NOMIS Annual Population Survey - households by combined economic activity status, 2017)

### 2.9 Excellent health levels, on average

In Public Health England's recent annual Health Profile - which covers the health and lifestyle of adults and children, disease and poor health, life-expectancy and causes of death - Waverley scored significantly above the average for England. However, the continued gap in life expectancy between the most and least advantaged areas is a cause for concern.

Life expectancy is 8.2 years lower for men and 10.6 years lower for women in the most disadvantaged priority neighbourhoods.

### 2.10 Differential wages between residents and workplaces

It is an affluent borough with the median gross annual pay of Waverley residents in employment is higher than the Surrey and national average (£39,267 compared to £36,241 and £29,085 respectively). (Source: NOMIS Annual Survey of Hours and Earnings, 2017)

However, residents' wages are significantly uplifted to the wages available from Waverley's workplaces as shown in Table 3.

Table 3: Resident and workplace wage differential

Wage (gross weekly)	Waverley	Surrey
Residential	£748	£680
Workplace	£583	£620



Residential uplift	28%	10%
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Source: *NOMIS Annual Survey of Hours and Earnings, 2017*

There is a clear differential here where local workplace jobs are significantly less well paid than the wages residents receive on average. This reflects the high levels of out-commuting to high skilled and/or higher paid jobs. This has implications for housing affordability (See Place section below).

### 2.11 High levels of in and out-commuting

The borough has high levels of out-commuting with approximately 28,000 of residents in employment working outside the borough. The most popular commuting destinations are Guildford (28%), London (25%), Rushmoor (8%) and East Hampshire (6%), with only 37% of Waverley residents working in Waverley.

At the same time, over 20,000 people commute into Waverley. The areas providing workers for Waverley workplaces are also Guildford, Rushmoor and East Hampshire as local boroughs, but also Chichester, Hart and Horsham. (Source: Census 2011, travel to work data). Of those commuting into Waverley, from other areas, the majority commute in a private vehicle (65% private road use 60% drive) this is the same as the national average (60%). Just 3% travel by train, compared to 5% in the UK and 8% in the South East. Approximately 11% commute on foot or by bike, which is relatively lower than the in the South East and England (15%). Approximately 19% of Waverley's working population work from home, this is relatively higher than the South East (12%) and England (10%), (Source: *Census 2011, method - travel to work data*).

Those commuting to London travel primarily by train (67%), whilst a large share drive to work (28%) and a very small proportion are car or bus passengers. Those commuting to workplaces across the South East region, largely to the centres of Guildford, Rushmoor and East Hampshire use the road network much more intensely (82% road use and 74% driving their own cars cars) with just 6% using public transport (train or buses).

For all of Waverley's residents working in Waverley and beyond, a larger share are travelling to work by car (67%) than the South East (64%) and UK (60%) whilst a lower share are walking or cycling (12%, with 15% for UK and South East) and more are using rail (14%, with 5% for UK and 8% for the South East) (Source: *Census 2011, working patterns data*)

### 2.12 Unusually high proportion of home workers

Waverley also has a large share of residents who mainly work from home, around 10,200, which can be partly explained by the large base of self-employed (17,900). This is the highest level of people working from home across Surrey and of other nearby local authorities. As such, it is valuable to understand the make-up of these home workers.

Most of the home workers are at high occupational levels – Managers, directors; professional occupations; and associate professional and technical occupations – whilst 11% are in skilled trades. In terms of the sectors that Waverley's home workers are mostly employed within, these are represented by professional, scientific and technical activities; ICT; wholesale and retail; construction; education and other (services and arts and entertainment).

In terms of the age band distribution of the home workers, 37% are 35-49 and 36% 50-64, whilst only 14% (or 1,500 residents) are under 35 and working from home. (Source: *ONS 2013*)



## Place

### 3.1 The UK's Prosperity Index (Legatum Institute, 2016) has rated Waverley as the most prosperous borough in the country.

This covers a range of dimensions and measures, as presented below.

Table 4: UK Prosperity Index: Dimensions and scores

Dimension	Measures	Waverley ranking / 389 local authorities
Economic quality	<ul style="list-style-type: none"> <li>• Unemployment %</li> <li>• Long term unemployment %</li> <li>• Child poverty rate</li> <li>• Feelings about household income</li> <li>• Job satisfaction</li> <li>• Median annual earnings</li> <li>• Five-year average GVA growth</li> </ul>	9
Business environment <i>(as shown in Business Environment section above)</i>	<ul style="list-style-type: none"> <li>• Broadband speed</li> <li>• Superfast broadband access rate</li> <li>• Five-year business survival rate</li> <li>• Entrepreneurship rate</li> <li>• Logistics index</li> </ul>	66
Education	<ul style="list-style-type: none"> <li>• Attainment A*-C %</li> <li>• Core subject attainment</li> <li>• Truancy rate</li> <li>• No qualifications rate</li> </ul>	31
Health	<ul style="list-style-type: none"> <li>• Life expectancy at birth</li> <li>• Life expectancy at age 65</li> <li>• Anxiety rating of residents</li> <li>• Eudaimonic wellbeing rating</li> <li>• Cancer mortality rate</li> <li>• Premature CVD mortality rate</li> <li>• Obesity rate</li> <li>• Infant mortality rate</li> <li>• Health satisfaction rate</li> <li>• Smoking %</li> </ul>	8
Safety and security	<ul style="list-style-type: none"> <li>• % felt safe walking</li> <li>• % felt unsafe in neighbourhood recently</li> <li>• Road death rate</li> <li>• Violent crime rate</li> <li>• Theft rate</li> </ul>	114
Social capital	<ul style="list-style-type: none"> <li>• Recycling rate</li> <li>• Volunteering rate</li> <li>• Voter turnout</li> <li>• &amp; who think people can be generally trusted</li> <li>• % struggled to pay mortgage in past year</li> <li>• Average house price to earnings ratio</li> <li>• % who can rely on friends in times of need</li> <li>• % who can rely on family in times of need</li> </ul>	222
Natural environment	<ul style="list-style-type: none"> <li>• Annual tonnes of waste per head</li> <li>• % waste sent to landfill</li> <li>• Air pollution exposure</li> <li>• Protected land %</li> </ul>	11



Waverley performed particularly well on health, natural environment, education and economic quality. Nearby Guildford was ranked 10th, Woking 13th, Mole Valley 2<sup>nd</sup>, Rushmoor 123rd, Chichester 29<sup>th</sup> and East Hampshire 8th.

### 3.2 Deprivation overall and target areas for beneficial support

The low level of deprivation is reflected with low levels of disadvantaged communities, good quality housing, good transport connections, first class schools, active communities, good health facilities, and a diverse range of leisure and recreational opportunities, Waverley is often named in national surveys as one of the best places to live in Great Britain<sup>11</sup>.

However, Waverley also has small number of priority neighbourhoods, with areas to target for economic support. These have been identified using a comparison of conditions among neighbourhoods in Waverley (containing a population of approximately 1500), with the Index of Multiple Deprivation (IMD) as:

- 1) Sandy Hill (Farnham)
- 2) Aaron's Hill (Godalming)
- 3) Northbourne/Binscombe (Godalming)
- 4) Wrecclesham/Weydon Lane estates (Farnham)
- 5) Alford Cranleigh Rural and Ellens Green

The IMD is calculated from a wide range of datasets for each of seven “domains” into a single overall IMD score. The “domains” are income; employment; health deprivation and disability; education, skills and training; barriers to housing and services; crime and living environment.

Waverley and strategic partners support these communities, and other smaller communities, through grant allocation grants and a range of activities. These groups also reflect an opportunity for socio-economic gains through their engagement in the labour market and in opportunities for employment, skills and training support that Waverley provide.

### 3.3 Lack of housing affordability for medium and lower income earners

The median gross pay of people **working** in Waverley is £30,347 pa compared with the median gross pay of people **living** in Waverley that is £39,267 pa - 29% lower (*Source: Annual Survey of Hours and Earnings, 2017*). Thus, many residents are commuting out of the borough to access higher paying jobs, and others commute in to undertake lower paying jobs.

The median gross annual workplace earnings for these Waverley based workers are lower than the Surrey equivalent of £33,325, and higher than the national median of £29,079.

The gap between residence-based and workplace-based income levels, in combination with the high average property prices in Waverley, has implications on the affordability of housing for lower-paid workers.

The attractiveness of the borough is reflected in its house prices that are significantly higher than the national average and among the highest in Surrey. The average house prices across housing types are £456,000 compared to Surrey at £443,00 and £325,000 for the South East. (*Source: Land registry live tables, as per June 2018*)

Newly forming households require substantial deposits and salaries to purchase on the open market in Waverley. An income of £102,167 is required for a 90% mortgage on an average property with a deposit of £45,000.

This not only creates affordability issues but also affects employers' ability to recruit locally.

### 3.4 Lack of affordable housing supply

In September 2014, Waverley Borough Council's Housing Strategy and Enabling Team surveyed local public and private sector employers to establish the extent to which housing costs affect the recruitment and retention of their staff. The key findings of this survey showed that:

<sup>11</sup> As an example, Waverley came second in the 2017 Halifax Rural Areas Quality of Life Survey.





- More than 80% of companies based in Waverley surveyed viewed a lack of housing that people can afford in the local area as having had a great deal of impact on the local economy.
- 88% of respondents viewed a lack of affordable housing in the local area as having 'some or a great deal of impact' on their ability to recruit or retain staff.
- 68% of respondents reported that employees commute into work because they cannot afford to live in the area, with 32% of respondents believing this factor has had the greatest impact on their organisation's efficiency.
- 42% of respondents reported that employees have relocated away from the local area, as the cost of buying a home in the local area is too high.
- 83% of respondents reported some or great difficulties in recruiting new staff, with a lower number (58%) of respondents reporting some or great difficulties in retaining staff.
- Responses from public and private sector employers based in Waverley were similar suggesting that income levels for workers across sectors are commonly below the level required to access housing on the open market.

### 3.5 Relatively high occupancy rates on the high street

The retail sector is of importance to Waverley as it plays a major role in the vitality and attractiveness of the borough's town and village centres, and where retail and wholesale is one of the key sectors for employment and business turnover (1.11).

The borough's main town and village centres are healthy, vital and viable; and the indications from the latest data and consultation are that vitality remains high. They offer a relatively good mix of shops; services; and bars and restaurants, with many small, independent shops but also strong representation from national retailers and charity shops.

The high streets' health and vitality is reflected in the low average high street vacancy rates of 2-5% (Source: *Waverley Borough Council, 2018*) compared to a UK high street average of 8.9% (Source: *British Retail Consortium, 2018*).

Table 5: Vacancy rates across Waverley centres

Town	No. of retail premises 2018	Vacancy rate spring 2018	Vacancy rate 2017	Vacancy rate 2016	Vacancy rate 2015	Vacancy rate 2014
<b>Farnham</b>	244	2%	9%	7%	8%	7%
<b>Milford</b>	25	4%	5%	5%	-	-
<b>Farncombe</b>	40	3%	8%	5%	-	-
<b>Godalming</b>	201	5%	5%	4%	4%	5%
<b>Haslemere</b>	119	3%	5%	3%	3%	-
<b>Bramley</b>	30	3%	10%	3%	-	-
<b>Weyhill</b>	76	4%	4%	4%	-	-
<b>Cranleigh</b>	109	5%	5%	3%	2%	6%

Source: *Waverley Borough Council. Retail on main high street area only.*

Waverley is therefore performing very well comparatively, whilst recognising that these rates can fluctuate over the year. Currently, the four town centres show a share of 3-7% of charity shops as part of the high street mix. This may have increased partially due to their discounted rate relief.

### 3.6 Waverley as a destination

Waverley is conveniently located between London and the coast with great airport access points.

Waverley benefits from a range of visitor attractions that attract visitors from London, the south east and overseas as well as residents and those visiting friends and family including:



- 1) National Trust beauty spots such as at Frensham Great and Little Ponds in Frensham, and Hindhead Common and the Devil's Punch Bowl, Winkworth Arboretum in Godalming, and Oakhurst Cottage in Godalming Hambledon and Witley and Milford Commons.
- 2) Part of the Surrey Hills Area of Outstanding Beauty
- 3) Gateways to the North Downs Way in Farnham, the South Downs Way from Haslemere and the South Downs link in Cranleigh
- 4) A wealth of history with Farnham Castle, home to the Bishops of Winchester and a range of self-guided town, nature and heritage trails
- 5) Links of historical interest such as Conan Doyle, Edwin Lutyens, Gertrude Jekyll and Alfred Lord Tennyson
- 6) Arts venues including the Farnham Maltings, which attracts over 400,000 visitors per year. Cranleigh Arts Centre, the Sculpture Park, Farnham Pottery and a plethora of arts galleries. Farnham enjoys the title of "England's craft town"
- 7) Family attractions like the Rural Life Centre in Farnham with their activity Thursdays.
- 8) Traditional market town shopping experiences in Cranleigh, Farnham, Haslemere and Godalming
- 9) The River Wey and Farncombe Boathouse in Godalming
- 10) Local museums - The Museum of Farnham, Godalming Museum of Local History and Art and the family friendly award winning Haslemere Educational Museum
- 11) Managed open spaces such as Alice Holt Forest and Farnham Park
- 12) Large free events such as the Farnham and Haslemere walking festivals, food festivals
- 13) Conference and meeting venues such as at Barnett Hill Hotel, Waverley Abbey House, Farnham Castle and Charterhouse School. Plus, numerous halls to hire for events including the Borough and Memorial Halls
- 14) A wide range of places to eat and drink from high street chains to country pubs. The Crown Inn in Chiddingfold is a five-star inn offering accommodation too
- 15) Wedding venues including Millbridge Court, Ramster Hall and Farnham Castle bring visitors to the local area, often to stay overnight
- 16) Quality spa facilities at the Lythe Hill Hotel and Spa, The Georgian Hotel and Frensham Pond Country House Hotel & Spa attract the short breaks market to the area
- 17) Golf courses across the borough at Bramley, Broadwater Park, West Surrey (Milford), Hurtmore (Godalming), Chiddingfold, Hindhead, Farnham, Hankley Common. These offer recreation, meeting and dining facilities and attract visitors.
- 18) Dunsfold Aerodrome within the Dunsfold Park site is the host of 'Wings and Wheels' every summer and draws tens of thousands of visitors to the area, from within and outside Waverley.

Waverley also has a good local event programme, with craft events such as the Sugar Craft and Unravel festivals held at the Farnham Maltings that attract over 5,000 visitors to the town annually, many of whom are international. Other large events in the borough such as Weyfest, Jalsa Salana and EVRA (European Veterans Rugby Associations) bring visitors to the area and generate business for local accommodation providers. Further, Waverley is positioned to take advantage of major events for the South East like the Farnborough Air Show and Goodwood.

Waverley's accommodation sector (including 16 hotels) had over 215,000 overnight trips in 2012 (Tourism South East). These included business visitors, VFR (visiting friends and family i.e. UCA graduation visitors), groups and leisure visitors. The following table sets out the accommodation offerings at present.



Table 6: Accommodation offerings in Waverley

Hotel	Location	Rooms	Standard
Mercure Farnham Bush	Farnham	94	3 Star
Farnham House	Farnham	25	3 Star
Bishop's Table	Farnham	18	3 Star
Premier Inn	Farnham	61	Budget
Farnham's Hog's Back Hotel	Farnham	96	3 Star
The Princess Royal (Young's)	Runfold	21	
Frensham Pond Country House Hotel & Spa	Frensham	51	4 Star
Bel & The Dragon	Churt	16	Boutique Inn
Innkeeper's Lodge	Godalming	16	Budget
Kings Arms & Royal (Relaxinnz)	Godalming	19	
The Godalming Hotel	Godalming	18	
Premier Inn Godalming	Godalming	16	Budget
Lythe Hill Hotel and Spa	Haslemere	41	4 Star
The Georgian Hotel	Haslemere	43	3 Star
Devil's Punchbowl	Hindhead	32	3 Star
The Richard Onslow	Cranleigh	10	Boutique Inn
Barnett Hill Hotel	Blackheath	54	4 star

There would be opportunities with the development of some of the larger hotels to expand their offerings, and for a 4-star hotel to move toward a 5-star rating. However, there is also an identified need for more budget accommodation options such as B&B's and low cost hostels.

### 3.7 Pressure on Employment Land

There is considerable pressure on the supply of employment land, as many landowners can achieve much higher financial returns through the development of that land for market housing. With recent changes in national planning legislation, it is now also much easier to convert office and light industrial premises into housing through permitted development rights introduced by the Government.

In response to local concerns raised by the town councils and chambers of commerce about the transfer of commercial to residential use, the council is actively researching an Article 4 Direction. This would require a planning application for a change of use development that would otherwise have been permitted development.

Waverley has a range of employment premises - there are 146 employment sites listed in the Employment Land Review (April 2016), including over 40 business parks and industrial estates, which provide flexible and secure accommodation for both start-up firms and more established, smaller businesses. Waverley Borough Council also owns and leases out a number of retail, office and light industrial spaces to local businesses.

According to Valuation Office Agency data, Waverley has approximately 615,000 square metres of employment floor space including office, industrial, and warehousing and distribution floor space. Reflecting the borough's business base, most of the demand for business premises originates from smaller businesses and consists mainly of demand for small to medium sized units.

While the borough is constrained due to housing need in its ability to provide significant levels of new employment land, the 2016 Employment Land Review identified a number of potential sources that could bring forward new employment floor space including currently vacant floor space of approximately 30,000 square metres; short to medium term undeveloped opportunity land totalling approximately 6 hectares; and land with scope for intensification over the medium to long-term totalling approximately one hectare. The low level of floor space vacancy provides some lack of flexibility for market churn, though there is some opportunity with the land availability, for example the large site at Dunsfold Park is a key opportunity site.



The development of this Economic Strategy has considered the outcomes of the Employment Land Review, as well as considering how the use of employment land can support Waverley's objectives and help meet the targets set out in this strategy.

## Local and sub-regional policy context

### 4.1 The adopted Waverley Borough Local Plan (2013-32)

The new Local Plan has been developed within the context of the National Planning Policy Framework (NPPF). Part 1 of the Local Plan has been adopted, the strategic policies and sites. Part 2 is being prepared (2018+) which will be the Site Allocation and Development Management policies. This will include detailed policies for employment and town and local centres.

The objective of the Local Plan is to contribute to the achievement of sustainable development. This includes directing overall development towards the four main centres, with new development within and about the villages for local facilities and rural business growth; supporting the development of suitable brownfield land including the Dunsfold Aerodrome site; supporting sustainable transport; and protecting the countryside, as an area of beauty and recreational asset, and the Green Belt. The Local Plan seeks to help maintain and improve the quality of life in Waverley, providing for homes, jobs, infrastructure and services without undermining the borough's environmental quality.

In terms of homes, the Local Plan has set a target for provision/delivery of at least 11,210 additional homes in Waverley for 2013–2032 (an average of 590 a year). This will include an increase in the provision of affordable housing to meet local needs and housing types to accommodate specific groups of the population such as first time buyers and older people, as identified in the SHMA.

#### Local Plan Policy TCS1 – Town Centres

The Local Plan seeks to maintain and enhance the role of the four town centres as the focus of shopping, commercial and social life in the borough, and as the location to which most new development should be directed to support the delivery of sustainable communities. The Local Plan recognises that all four of Waverley's town centres are historic, though differ in character and local role, and are relatively small in scale, with scope to accommodate only limited development. It thus emphasises the importance of safeguarding the character and quality of each town centre and identifies retail, leisure and commercial as the most appropriate uses for town centre locations. The recreational and cultural needs of the community will also need to be met. The Local Plan part 2 will further define primary and secondary shopping areas.

#### Local Plan Policy TCS2: Local Centres

The retail role and function of the local centres of Farncombe, Bramley and Milford will be safeguarded and consolidated. Where planning permission is required, proposals that would harm or undermine the retail function of the centre by reducing its ability to meet its daily needs and/ or detract from its vitality and viability will not be permitted. Proposals for the provision of new small scale facilities will be supported, if they would support the vitality and viability of these centres and are appropriate to the role and function of the centre in the hierarchy.

#### Local Plan Policy TCS3: Neighbourhood and Village Shops

The Council will support the provision of small-scale local facilities to meet local needs. Where planning permission or prior approval is required, the Council will resist the loss of shops and services, that are deemed important to the community. Proposals for the loss of shops will need to demonstrate that continuing in this use is unviable. The Council will respond positively to proposals for alterations to or the extension of shops which are designed to improve their viability but do not result in their loss or change of use

#### Local Plan: Employment policies

In terms of industry and commerce, the Plan aims to ensure that new economic development takes place in a manner which complements and enhances the environment. The Plan seeks to safeguard existing employment accommodation and support the delivery of new and improved commercial premises both in the main settlements and in rural areas. Provision will be required to meet the needs of a range of businesses in Waverley, including the specific needs of small to medium enterprises, and to meet the projected growth in B1a/b (Offices/Research and Development) uses.

#### Employment and the Economy - Local Plan Policy EE1: New Economic Development



The provision of development for economic growth to meet the needs of the economy, including at least 16,000 sq. m of new Use Classes B1a/b (Offices/Research and Development) floor space, will be delivered through:

a) The allocation of sites for additional employment floor space:

- On Land off Water Lane, Farnham in accordance with Policy SS9 of this Local Plan.
- On Land at Dunsfold Aerodrome in accordance with Policy SS7 and SS7A of this Plan.
- In accordance with relevant saved policies of the Waverley Borough Local Plan 2002 and in Local Plan Part 2: Site Allocations and Development Management Policies.

b) Permitting new employment development within defined settlements that meets the criteria set out in relevant saved policies of the Waverley Borough Local Plan 2002 or set out in Local Plan Part 2: Site Allocations and Development Management Policies.

c) Permitting the sustainable redevelopment, intensification and/or expansion of sites presently used for employment uses that meets the criteria set out in relevant saved policies of the Waverley Borough Local Plan 2002 or set out in Local Plan Part 2: Site Allocations and Development Management Policies.

d) Promoting a strong rural economy through the re-use and conversion of existing buildings and well-designed buildings for economic development and promoting the development and diversification of agricultural and other land based rural businesses.

e) Making provision for accommodation for visitors to the Borough, both in terms of business trips and tourism related visits.

#### **Local Plan Policy EE2: Protecting Existing Employment Sites**

The Council will permit the change of use of existing employment sites to residential and other alternative uses where it can be clearly demonstrated that there is no reasonable prospect of the site being used for employment use. Existing employment sites include sites specifically identified by saved Waverley Borough Local Plan 2002 Policies IC2 and IC3, sites identified in Local Plan Part 2: Site Allocations and Development Management Policies, as well as other existing employment sites within the B Use Classes. Where there is an identified need for new homes, the Council will normally approve applications for a change to residential use and any associated development from employment use subject to there being no strong economic reasons why such a development would be

inappropriate. In considering proposals that are not consistent with this policy, the Council will consider the extent to which the proposed new use will contribute to the economy or meet other specific economic needs and the provisions of Policy WD2 of the Surrey Waste Plan 2008 or equivalent adopted policies in a New Surrey Waste Plan 2018-2033.

#### **4.2 Enterprise M3**

The Enterprise M3 Local Enterprise Partnership (LEP) is a public/private partnership set up to support and sustain economic growth at a local level.

Waverley is part of the Enterprise M3 Local Enterprise Partnership (LEP) which comprises 14 district authorities across mid and north Hampshire and Surrey. Enterprise M3's vision is to *'be one of the premier locations in the country for enterprise and economic growth, with an excellent environment and quality of life'*. Waverley contributes to the priorities of the Local Enterprise Partnership (LEP) by protecting and improving existing employment sites, providing a high quality environment for businesses, and promoting opportunities for new businesses.

#### **Enterprise M3's Local Industrial Strategy (2018-2030)**

The new Local Industrial Strategy is a long-term strategic approach aligning with the government's national Industrial Strategy. This will include a strong digital focus and reflect the need for sustainability and low carbon agenda.

77 Key targets include:



- Adding £39.4 billion GVA by 2030
- Reducing the Business Skills Gap to below the national average of 8% (from 14% in 2015)
- Growing the local digital economy by 3.5% per annum creating 40,000 new high value jobs
- Treble resources for promoting internationalisation and trade
- Ultrafast broadband in all commercial sites and high growth areas
- Delivering 10,000 new homes per year to 2030, an increase of 7%

Enterprise M3 works closely with the Local Authorities and a host of partners including Invest in Surrey, the EM3 Growth Hub, the University of Surrey and Innovation South. EM3 and its partners' engagement and activities cover the fostering of investment, business support and expertise, and sector innovation and development. Sharing learning i.e. on central government policy and related opportunities and cross marketing and events planning are also key activities.

The key funding streams for Enterprise M3 are:

- 1) The Local Growth Fund, through which Enterprise M3 was awarded £71.1m as a third allocation in January 2017. Transport is the area with greatest projection of spend, whilst to date skills have seen a similar funding level to transport, of around £15m
- 2) The Growing Enterprise Fund, which awards funding to capital projects, focusing on those which kick-start infrastructure and help create jobs and housing for local people, such as the Brightwells Regeneration in Farnham. The fund is open for expressions of interest until the end of 2018, at which point it expects to have over £10million available for allocation. Funding is based on a revolving loan fund (repayments come back from the project) for projects that accord with the Local Enterprise Partnership's Strategic Economic Plan

### 4.3 Business rates

There have been several changes to the UK business rates system over the last few years, with more change to come. In October 2015, the government committed that, by the end of the Parliament, local government should retain all taxes raised locally, including 100% of locally collected business rates. This amounts to a significant reform of the local government finance system. It will be important for the Council to ensure it retains, and expands where possible, its business base in coming years.

In Surrey a business rate retention scheme will be taking place in 2018/19, it will be interesting to see how much of the retained rates filter down to borough level and how this can in turn be used to support the business base locally.

There had been a revaluation of business rates carried out by the Valuation Office Agency (VOA) which adjusts the rateable value of business properties to reflect changes in the property market. The most recent revaluation came into effect in England and Wales on 1 April 2017, based on rateable values from 1 April 2015. It has been seven years since the last revaluation and the government has recently announced various measures to ensure support for those businesses negatively affected by the changes. Working with the chambers, the Council has recently introduced a scheme to distribute relief to those affected businesses in Waverley.

### 4.4 Government Industrial Strategy

The UK Government, through the Department of Business, Energy and Industrial Strategy, published its Industrial Strategy green paper in January 2017. The Government intends to take forward an industrial strategy that builds on the UK's commercial strengths to increase productivity and drive growth across the whole country. In particular, it seeks to address the significant gaps in economic prosperity that exist across the UK, and to increase the proportion of high value jobs in the economy. The industrial strategy also seeks to achieve growth in "industries where Britain has the potential to

7 lead the world".

This includes:



- 3) Hi-tech research including robotics & artificial intelligence (AI)
- 4) 5G and other mobile network technologies
- 5) Life sciences (including research and innovation)
- 6) Low-carbon-economy including low emission vehicles
- 7) Industrial digitalisation
- 8) Nuclear power

The Industrial Strategy also recognises the importance of having the right foundations and support in place, including the need to upgrade digital, energy, transport, water and flood defence infrastructure

The Enterprise M3 LEP and Surrey County Council issued their responses during the consultation period. As sub-regional groups that encompass Waverley, their responses reflected Waverley's position. The responses set out a clear narrative for the importance of the sub-regional economy as a national economic asset and the importance of the existing work being undertaken to support it, as well as further support for the leading industries in the region - including sector deals for aerospace and digital technologies.

The response also requested support for the key challenges of transport infrastructure, digital infrastructure, affordable housing and the 'right' skills provision to meet the needs of local businesses.

#### **4.5 Inclusive Growth**

The Inclusive Growth Commission established by the Royal Society for the encouragement of Arts, Manufacture and Commerce (RSA) produced their findings in March 2017. Their focus is on the key role of economic development in Place Shaping – in seeing economic prosperity as an important part of achieving attractive, successful and vibrant places. In particular, how greater economic dynamism could be delivered in a way that benefits all communities.

The Joseph Rowntree Foundation, in collaboration with the University of Manchester, present an annual Inclusive Growth Monitor. The 2017 monitor demonstrated LEP progress on the inclusion and prosperity dimensions and found that areas that progressed in inclusion were more likely to have had progress in prosperity since 2010.

The Inclusive Growth Commission argues that economic prosperity needs to be:

- 1) An explicit goal of local leadership
- 2) Form part of strategic Place Shaping
- 3) Require new collaborative ways of working across the whole system

For a local area such as Waverley, this means inspiring local public, private and third sector organisations and local communities to all contribute to delivering a vision of Place and economic prosperity that benefits everyone who lives and works here.

Ensuring that prosperity and new local development engages those who have been in long-term unemployment or are target groups for employment and training support is key to drive inclusive outcomes.

Waverley Borough Council can also use their procurement contracts as levers to retaining economic value in the local area, with support for businesses to be aware of opportunities and to have the capacity to meet requirements.







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