

**LUTON CITY GROWTH**

**ASSESSING THE EVIDENCE  
BASE**

**A Report**

**June 2005**

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## 1. Introduction and Summary Conclusions

1.1 This report provides a review of the existing and emerging evidence base upon which partners will be able to draw in order to inform the development of a strategy for City Growth in Luton. We have drawn upon discussions with a wide range of partners in order to identify the key research documents available. A key contact in this was Bedfordshire and Luton Economic Development Partnership, who have recently collated the existing research base via the Local Economic Research Forum. We have also sought to identify where studies are currently underway in order to fill gaps in the evidence base and where there are plans to commission useful work in future.

1.2 Our review is structured around 4 broad emerging themes identified by the City Growth Luton Board<sup>1</sup>. The geographical focus of research under these themes varies according to the nature of the issues addressed and the remit of those partners funding the work. The four broad themes are:

- **Labour and Skills** – evidence on the skills, attitudes and aptitudes of the potential workforce to both employment and learning, including the role of in-migrant workers, (including those from overseas); the skills requirements of employers and the extent to which these skills are available in the area.
- **Image** – evidence on perceptions of Luton and the City Growth Area as a place to live work, visit and invest (both amongst residents and those outside Luton).
- **Infrastructure** – evidence on the extent to which the infrastructure in and around the Luton City Growth (availability of housing; business premises and land; and local, national and global connectivity) provides a strong basis for economic development; extent of transport access to new developments and opportunities from the growth of the Airport. We also highlight key proposed developments and strategic plans which will help to shape the environment in which City Growth Luton will operate.
- **Enterprise and Business Development** – evidence on levels of enterprise and entrepreneurship, survival and growth, including the extent to which there is an adequate understanding of Luton's relatively low levels of business start-ups and the extent to which there is a body of evidence on what has worked and what has not worked in order to address this and other challenges.

1.3 For each of these themes this report provides:

- A listing of key research documents, setting out their date of publication, the issues addressed and the geographical focus of the analysis (Luton-specific, sub-regional or regional). In total we have reviewed over 50 documents as part of this work.
- A summary of the key messages and possible policy implications arising from the evidence base.

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<sup>1</sup> Note: we have excluded consideration of cross regional delivery as this area is not one on which there is a research base as such and any work needs to be informed by the future content of the City Growth strategy

- An assessment of the overall strength of the evidence base and identification of key research gaps.
  - Recommendations on how Luton City Growth should best deploy its resources in order to strengthen the evidence base on which Luton's City Growth strategy will be developed.
- 1.4 Whilst we have sought to identify the evidence base in full we are aware that a number of partners have not been able to respond within the study period. Although we have reviewed the key work identified by the Local Economic Forum there may be further useful documents still to emerge.

### Key Messages on Themes

- 1.5 The key messages are:
- **Labour and Skills.** The evidence base for this theme is quite wide ranging in its scope. It is clear that for Luton itself there has been some geographically specific work undertaken, whilst in other cases Luton is included within the wider geographical context of Luton and Bedfordshire. It is the view of Regeneris Consulting that this *thematic* research area has a strong evidence base and that there is no strong case for additional work apart potentially for work on and supply issues related to labour flexibility. However, we do identify a number of potential areas for further *cluster*-specific work (below).
  - **Image.** There is a reasonable evidence base on Luton's external image – which highlights a number of problems related to perceptions (and some realities). There is no rigorous benchmarking of Luton as a place to live (i.e. its "liveability" assessment) this is something other City Growth areas have looked into and the Board may wish to consider this.
  - **Infrastructure.** The evidence base under the Infrastructure theme does not tend to be Luton specific, often covering broader regional and sub-regional areas. There is a developing evidence base related to the implications of the Growth Areas, the implications of the expansion of the Airport and, we understand, on accessibility issues. There has been considerable amount of research into employment land and property issues, although there does not appear to have been a detailed assessment of current and future business property needs and comparison with supply.
  - **Business Development.** The evidence base for this theme is, in our view, surprisingly weak and much is driven at a regional level. There is an absence of detailed research into the reasons for low start up and survival rates and, we believe, a strong case for further research into the low business start-up rates overall in Luton CG area and by different groups (for instance different ethnic minority groups). (This would need to assess the relative importance of cultural, business structure, opportunity, educational and other factors as well as the role that the business support infrastructure could play).

## Summary Conclusions

- 1.6 **Thematic/Cross-Cluster Gaps.** From our review and by undertaking an assessment of the relative importance of all issues, the extent to which it is or is not covered by the existing evidence base and the extent to which the issues could be influenced by City Growth, we have identified a four research priorities these are:
- Labour supply and demand and **labour flexibility**. Understanding role of foreign / migrant labour and implications for skills and employability activities. Actions to help improve labour flexibility and access to jobs outside 9-5 hours. *Cross-cluster research.*
  - Factors behind **low business start-up rates** (rigorous quantitative analysis and attitudes survey). *Cross-cluster research.*
  - Detailed audit of **property demand** (and provision) in City Growth area
  - Understanding the 'relative' **liveability** / quality of life in Luton.
- 1.7 An additional issue which has been thrown up by our review, but not already identified by the City Growth Board is understanding how to encourage City Growth firms (mainly SMEs) to make improved use of ICT (in particular developing applications to maximise the impact of broadband connectivity).
- 1.8 **Clusters.** The Luton CG Board is progressing five clusters and four themes. We have looked at each cluster in the context of these themes. **Error! Reference source not found.** shows evidence based for each cluster. There are large gaps, which is hardly surprising as, to date, there has been no focus on these cluster at a Luton level. We have shaded the cells where there is a strong research gap. These are
- Labour and skills: aerospace, transport and logistics, ICT and food and drink
  - Business development issues: transport and logistics, ICT and food and drink
- 1.9 We do not highlight the gaps in infrastructure issues by cluster. Although these are not covered by cluster in details, they do not represent, in our view, a key gap. Also image issues are not covered by cluster, but are best seen as a generic issue for Luton across sectors/clusters.

**Luton City Growth: Assessing the Evidence Base**

Table 1-1: Luton CG Clusters – assessment of evidence base					
	Airport & Airport-related	Aerospace	Transport & Logistics	ICT	Food & Drink
<b>Labour &amp; Skills</b>	<b>Reasonably covered.</b> Future skills requirements from an expanded Luton airport have been identified within the evidence base (Bone Wells and Transport gateways, Halcrow study)	<b>Not covered.</b> Aside from the regional importance of the airport, local skills issues within the aerospace sector are not addressed (although they are covered in brief regionally in the Eastern Aerospace Alliance report).	<b>Covered in small part.</b> The Transport Gateways work was regionally based with reference to airports (Luton included) and skills issues. Within this document road haulage skill shortages are also highlighted. Overall there is little within the evidence base for this cluster.	<b>Not covered locally.</b> A regional ICT sector study has also been completed which maps out the ICT sector regionally. This is not specifically useful for Luton directly but does offer some context about ICT skills regionally.	<b>Not covered locally.</b> A regional food and drink sector report has also been compiled. However it is very brief and as regionally based does not offer specific Luton information / research.
<b>Image</b>	<b>Not specifically covered.</b> However, best seen a cross-cutting themes not cluster specific				
<b>Infrastructure</b>	<b>Reasonably covered.</b> There is a good overview of the expansion plans for London-Luton and of the estimated economic impacts. Surface access infrastructure is not fully addressed.	<b>Not covered.</b> The identified evidence base makes no reference to the infrastructural requirements of this sector, although they are unlikely to be different from other sectors	<b>Covered in part.</b> There is a good overview of planned improvements to the strategic road network in and around Luton, together with brief assessments of the property requirements of the sector.	<b>Not covered locally.</b> Not addressed in the identified evidence base. Infrastructure (broadband availability) is now strong in Luton.	<b>Reasonably covered.</b> The nature of property requirements for Food and Drink manufacturers are reviewed and the evidence base includes assessments of the local property markets.
<b>Business Development</b>	<b>Not covered.</b> Aside from citing the airport and related activity as a key asset, the evidence base does not make reference to the Business Development requirements of this sector.	<b>Not covered locally.</b> The evidence base does not make reference to the Business Development requirements of this cluster in Luton. However, there is a comprehensive regional study.	<b>Not covered.</b> The evidence base locally or regionally does not make reference to the Business Development requirements of this sector.	<b>Not covered.</b> A regional ICT sector study has also been completed. This is not specifically useful for Luton but does offer some context about business issues regionally.	<b>Not covered.</b> The evidence base does not make reference to the Business Development requirements of this sector locally. Some of its issues are covered in the regional sector strategy
<b>Note:</b> most significant gaps shaded					

## 2. Labour and Skills

- 2.1 This research theme was designed to draw together key factors in terms of Luton's labour market. The theme will address issues of the labour market in Luton and the wider area, the appropriateness of the skills base within the area, and how Luton addresses the issue of foreign labour market participation and ethnic minority participation within education, training and employment.

### Overall Assessment of the Evidence Base

- 2.2 The evidence base for this theme is quite wide ranging in its scope and we have been able to collect a significant number of documents and research materials from a variety of organisations within Luton and the wider sub-region and region. It is clear that for Luton itself there has been some geographically specific work undertaken, whilst in other cases Luton is included within the wider geographical context of Luton and Bedfordshire. It is the view of Regeneris Consulting that this thematic research area has a strong evidence base with much research commissioned by the LSC and other organisations. The following paragraphs provide an overview of some of the key research areas. These should illustrate to the extent of research coverage already available.
- 2.3 Regeneris have identified a number of important research documents which will be of interest to Luton City Growth. The Luton Forum commissioned research which was undertaken by Bone Wells Consultancy to address the future skills needs of Luton. Luton Futures sets out the existing situation with Luton for the economy, skills and training, whilst also assessing the potential implications for skills requirements, training and workforce development within the context of the growth area status that Luton has as part of the Milton Keynes South Midlands (MKSM) growth policy. Bone Wells have also complimented this work by delivering an action plan for the Luton and Bedfordshire area which sets out recommended actions for the areas partners to undertake to ensure that Luton's future skills needs are met.
- 2.4 The local Learning and Skills Council (LSC) have also undertaken significant research within the Luton and Bedfordshire area in recent years. The Individual Skills Audit is a useful assessment of employment within the area, current and future participation in learning, and presents an indication of the level of qualifications and basic skills amongst residents. The LSC also undertake an annual assessment of skills and learning within Luton and Bedfordshire. This baseline document sets out the skills issues amongst young people, adult learners and employers. It also provides a useful assessment of overall skills needs in the area and a progress report on the previous year to analyse the areas performance. Another strategic document which City Growth Luton should consider is the Strategic Area Review (STAR). This review aims to ensure that learner, employer, and community needs are met in the local area, whilst also improving the choice and quality of post 16 education and skills provision in Luton and Bedfordshire.
- 2.5 As mentioned above the LSC have focussed some of its research on Young People within Luton. The LSC have, in partnership with Connexions, developed a NEET strategy for Luton and Bedfordshire. The NEET group are young people (16-18) who are not in Education, Employment or Training. Addressing young people may be an important theme within a future City Growth strategy as they form the future labour market base for the area. Therefore the NEET strategy aims to reduce the number of young people classified as NEET and provide them with opportunities to participate.

- 2.6 A Review of Ethnic Minority Participation in education has also been undertaken within the Luton and Bedfordshire area by the LSC. This review will be of interest to Luton City Growth as it investigates the reasons why ethnic minority students drop out; it identifies the gaps in provision for ethnic minorities, and suggests recommendations to resolve this issue. This report plays an important role in identifying the reasons for these problems and puts forward recommendations for improvement. Another study on ethnic minority participation has also been undertaken within the area, but with a focus on targeting residents who use English as a second language. This report will help Luton City Growth to understand some of the main barriers for some sections of the community in Luton.

### **Labour & Skills and the City Growth Clusters**

- 2.7 In terms of the thematic evidence base that has been reviewed there is little evidence within these documents of cluster specific activity. The Bone Wells report on the Future Skills needs of Luton does make reference to three specific sectors (Health, construction and Airport related), although only one of these, Airport related, can be linked to City Growth's five chosen clusters. Due to the expansion at the airport this report identifies that skill gaps within the labour market will be in the lower level occupations. This view is also echoed within the Transport Gateways baseline study.
- 2.8 Although there is discussion of the Airport and its skills needs within the evidence base, there is little other evidence available which points towards previous research being undertaken on City Growth's five chosen clusters. However, Regeneris Consulting have also reviewed some ICT and Food and Drink mapping documents from the EEDA observatory. Unfortunately these documents are regionally based and offer little specific assistance to the research needs of the Luton City Growth.

### **Recommendations for Future Research**

- 2.9 Our assessment of the existing and emerging research for this theme suggests that there are no significant gaps which Luton City Growth will need to fill. It is our recommendation that there is no need for any further research within this theme.
- 2.10 However, it is clear from the research brief for this work that Luton City Growth were interested in trying to understand the impact that Migrant workers may have upon the labour market and economy of the Luton area (mapping of provision and comparator analysis). This work should link into research on labour market flexibility, benchmarking Luton against other areas.

### **Organisations Contacted**

- 2.11 The following organisations were contacted to assist with understanding the research and evidence base for this strategic theme:
- EEDA and EEDA Observatory
  - GO East
  - Connexions
  - Learning and Skills Council
  - Luton University
  - Bedfordshire and Luton Economic Development Partnership

- Luton Borough Council

## Evidence Base

2.12 Our discussions with partners suggest that the key documents are as listed in Table 2-1 below.

Table 2-1: Key Labour & Skills Documents				
Title	Date	Author	Geographical Focus	Scope
Luton Futures	2004	Bone Wells (for the Luton Forum)	Luton	The report reviews the existing situation for the economy, skills and training in the Luton area, and assesses the potential implications for skills requirements, training and workforce development.
Luton Futures – Action Plan	2004	Bone Wells (For the Luton Forum)	Luton & Bedfordshire	The Action Plan identifies actions to respond to major changes anticipated in the local economy as a result of planned growth and other significant changes. The Action Plan suggests practical responses.
LSC - Individual Skills Audit	2003	BMG Research (For the LSC)	Luton & Bedfordshire	A household survey was undertaken to gather information from residents. The main issues explored in the report are employment, current and future participation in learning, qualifications, and basic skills.
The Annual Position of Learning & Skills in Bedfordshire & Luton	2004	LSC	Luton & Bedfordshire	A baseline document which sets out the skills issues amongst young people, adult learners and employers. There is also an assessment of overall skills needs in the area and a progress report on the previous year.
Luton Forum - Post 16 Training and Learning	2003	SQW (For the Luton Forum)	Luton	This report provides a strategic overview of current plans and strategies for employment and skills provision in Luton; it maps to what extent these meet local needs; and makes observations and recommendations for enhancing provision.

Table 2-1: Key Labour & Skills Documents				
Title	Date	Author	Geographical Focus	Scope
Whose aspirations, What achievements?	2004	EEDA and UniEast	East of England (Luton is a case Study area)	A report which investigates the life and lifestyle aspirations of 16-19 year olds outside of the formal education system.
LSC - Mapping Skills for Life Provision in Bedfordshire & Luton	2004	Research First Services (For the LSC)	Luton & Bedfordshire	A baseline report on participation of skills for life provision (Basic Skills), participation in work based learning, and a review of provider and employee feedback.
LSC & Connexions NEET Strategy	2003	Connexions & LSC	Luton & Bedfordshire	The areas strategy document to address the issue of reducing the level of NEET within Luton and Bedfordshire.
LSC Strategic Area Review (STAR)	2004	LSC Bedfordshire & Luton	Luton & Bedfordshire	This review aims to ensure that learner, employer, and community needs are met in the local area. It also aims to improve the choice and quality of post 16 education and skills provision.
LSC Review of Ethnic Minority Participation	2004	LSC Bedfordshire & Luton	Luton & Bedfordshire	This review aims to investigate the reasons why ethnic minority students drop out, identifies the gaps in provision for ethnic minorities, and suggests recommendations to resolve this issue.
Investigating the attitudes, experiences, and participation in learning of those with English as a second Language (ESL)	2004	Ethnic Focus	Luton & Bedfordshire	The aim of the report was to identify key issues that individuals from the ESL (English as a second language) group face, in relation to their participation in learning and it recommends actions to increase their participation.

Table 2-1: Key Labour & Skills Documents				
Title	Date	Author	Geographical Focus	Scope
Employment and housing implications of extended or replacement runway at Luton Airport (for EEDA and EERA).	2004	Halcrow and PACEC	Luton and the wider sub-region	The fundamental purpose of the study is to provide an 'expert view' on the impacts in the East of England of an extended or replacement runway at Luton, which will lead to greater passenger capacity of the airport. The report explores the impacts on air related employment (with some reference to skills needs), the implications for labour supply, housing, and the wider economic development and regeneration impacts.
EEDA Transport Gateways Baseline Study	2004	Anglia Polytechnic	Regional	A report which covers transport gateways, but which makes reference to airports in the region and skills issues.

**Luton Futures Report & Luton Futures Action Plan**

- 2.13 This report reviews the existing situation for the economy, skills and training in the Luton area, and assesses the potential implications for skills requirements, training and workforce development. The report also provides a useful overview of the main strategic plans and strategies which will have varying levels of impact upon Luton in the wider context of the region and sub-region. One key policy which will impact on Luton however is the Milton Keynes South Midlands (MKSM) Growth Area. There has been a drive to create a further 20,600 dwellings in this growth area by 2021. This growth in housing and consequently population will also facilitate the growth of a broad range of economic activities in the area.
- 2.14 This report stresses that the additional construction of housing and associated urban development will require expansion of construction manpower and training capacity. Therefore the priority from this report is to make employers, the community and education and training providers aware of the implications of these general changes for jobs in the economy (Growth/Decline in key sectors), and to help to align demand for education/training with the requirements of strategic change due to MKSM. The Action plan for Luton was the next step after the Luton Futures report. It pulls together a programme of actions which it is believed will help prepare the Luton area for the changes in the demography and economy that it will face over the coming years.

### **LSC Individual Skills Audit**

- 2.15 A household survey was undertaken to gather information from residents. The main issues explored in the report are employment, current and future participation in learning, qualifications, and basic skills. It was found that approximately sixty percent of residents have undertaken learning in the last three years, which equates to 341,900 people living in Bedfordshire and Luton. The report finds that whilst the proportion of active participants in learning has increased over the last three years in Luton & Bedfordshire, there are still two in five residents who are non learners. The report suggests that reasons for non participation can be attributed to a fundamental lack of understanding of the importance of personal development amongst residents.
- 2.16 The skills Audit also finds that where learning is undertaken, much of this continues to be focussed on and supported by employers. Within Luton & Bedfordshire therefore this is seen as a major barrier to those who are not in work. In terms of Basic Skills within the area the audit finds that the vast majority of residents in Bedfordshire and Luton have little or no problem with basic skills in using either English or mathematics.

### **The Annual Position of Learning & Skills in Bedfordshire & Luton**

- 2.17 This report is a baseline document which sets out the skills issues amongst young people, adult learners and employers. There is also an assessment of overall skills needs in the area and a progress report on the previous year. In terms of young people the report identifies that this population groups is one which is increasing (+4% in 2005) and one which is ethnically diverse (67% white, 33% BME). The report found that in 2004 77% of students (16-18) in Bedfordshire and Luton were settled in full-time education, and 11.8% of Year 11 leavers went into employment or training, an increase of 10.4% since the previous year. However, the report identifies that Luton and Bedfordshire has a real issue with young people in BME groups 'dropping out' and not participating in future academic or work based learning programmes.
- 2.18 The report finds that for adults within the area approximately half of all economically active adults have not participated in learning activity in the last two years, and 7% have not participated since leaving full-time education. It identifies that there is a need to publicise the benefits of adult learning, especially amongst BME groups in Luton & Bedfordshire. Key statistics on adult learning are that 14% of the local labour force have no qualifications; 43% of residents have moderate ICT skills; and 47% of adults are qualified to NVQ Level 3 and 66% are qualified to NVQ Level 2. For employers the report found that there was a need to focus skills on the areas expanding sectors (Financial & Business Services, Transport & Communications and Distribution along with Hotels & Catering). However in the area only 36% of employers had a training plan that specified in advance the level and type of training employees will need, whilst there was a view that local FE colleges do well in terms of provision but there is a lack of customer focus when colleges dealt with businesses.

### **Luton Forum - Post 16 Training and Learning**

- 2.19 This report provides a strategic overview of current plans and strategies for employment and skills provision in Luton; it maps to what extent these meet local needs; and makes observations and recommendations for enhancing provision. The report identifies that Luton suffers from a low skilled population base, pockets of severe deprivation, increasing levels of economic inactivity, and high levels of economic inactivity.

- 2.20 The report recommends that Luton needs to focus on developing services which prepare people to re-enter the labour market (intermediate focussed) and address the main barriers encountered. The report also indicates that greater emphasis is required on ensuring that residents of areas of need within the locality can be linked to emerging employment opportunities within the locality and sub-region.

**Whose aspirations, What achievements?**

- 2.21 This is a report undertaken by EEDA and UniEast which investigates the life and lifestyle aspirations of 16-19 year olds outside of the formal education system, and to investigate the assumption that low aspirations and achievements act as barriers to the government's widening participation agenda. Although this report is regionally focussed, Luton is used a case study area for the research. The report identifies that young people resent the fact that it is assumed that they have lower aspirations in life due to not entering higher education. The report finds that young people's aspirations are well developed and that they find that vocational qualifications (NVO's and modern apprenticeships) have facilitated the achievement of such aspirations.
- 2.22 The report does highlight the economic, academic and social issues which can influence young people's perceptions of the value that higher education might have. This includes a worry amongst the study group regarding fees, with little evidence that young people were aware of schemes set up to help with the costs of education or the potential for higher earnings in the future. It was identified that young people value a vocational element within higher education rather than just pure 'academic' courses. Few young people were aware of Foundation degrees or NVQ level 4+ vocational degrees. The report also raised awareness that young people trust information from valued sources or personal contacts, with the outcome of widening participation.

**LSC - Mapping Skills for Life Provision in Bedfordshire & Luton**

- 2.23 This is a baseline style report which focuses on participation of skills for life provision (Basic Skills), participation in work based learning, and also provides a review of provider and employee feedback on Skills for Life. The report identifies that within Luton and Bedfordshire over 14,000 basic skills qualifications were undertaken in 2002/03 with almost all basic skills provision taking place within Luton and Bedford, with insufficient provision outside of these centres. The area has a relatively higher level of retention amongst people who enrol on basic skills courses, with withdrawal levels at just 14%.
- 2.24 In terms of skills providers the report highlights that organisations are finding it difficult to recruit sufficient suitably qualified staff to meet demand within the locality. It was found that it was more difficult to recruit basic skill Literacy & Numeracy tutors than English as a Second Language tutors. Students in the locality who have undertaken the basic skills qualifications indicate that on the whole they are very pleased with the provision in Luton, mainly due to good location, free cost of courses, and the small sizes of classes.

**LSC & Connexions NEET Strategy**

- 2.25 This strategy document from Connexions and the local LSC aims to address the issue of reducing the level of NEET (young people 16-18 who are not in education, employment or training) within Luton and Bedfordshire. The report highlights how both the LSC and Connexions will work together to meet their targets of reducing the levels of NEET within the local area. The report provides baseline research data on NEET within the local area and suggests some key recommendations to facilitate how both organisations can:

- Engage people in learning who have not been involved since leaving school;
- Develop new ways of learning to encourage participation by disadvantaged learners;
- Encourage partners to be more visionary, flexible and innovative in developing learning provision for hard-to-reach groups; and
- Support all suitable NEET learners in preparation for entry to level 2 learning or employment.

#### **LSC Strategic Area Review (STAR)**

2.26 This review aims to ensure that learner, employer, and community needs are met in the local area. It also aims to improve the choice and quality of post 16 education and skills provision. This review is now in its implementation stage after being developed and taken through a local consultation process. STAR has four broad objectives which the LSC believes will help Luton and Bedfordshire reach their 2010 vision and in meeting the Governments education and training priorities:

- To ensure that there is a mix of provision that meets the current needs and future priorities of all learners, whilst also improving quality and choice;
- To create a more responsive infrastructure that engages employers and meets current and future sectoral skill needs and priorities;
- To achieve improved 16-19 provision with greater vocational opportunities; and
- To strengthen the links with high education providers,

#### **LSC Review of Ethnic Minority Participation**

2.27 This review was undertaken by the local LSC as part of the STAR review process. The aim of the work was to specifically focus upon and investigate the reasons why ethnic minority students drop out of LSC funded provision. The review also identifies the gaps in provision for ethnic minorities and puts forward recommendations to resolve this issue. Regeneris has been unable (as yet) to source the final full document, although the original research specification has been forwarded to us.

2.28 From this specification it is clear that the LSC wish to target Luton and Bedfordshire's main ethnic minority groups (Pakistani, Bangladeshi, and Black African and Caribbean) who have left provision early. Within these groups the research endeavoured to explore early leavers personal experiences of education and training, their reasons for dropping out, and their views and ideas of what could be improved to engage them again in provision. This will be a very important document for City Growth to review as young ethnic minority participation in education and training is important to the long term future prospects of such groups, but more importantly the wider Luton economy.

#### **Investigating the attitudes, experiences, and participation in learning of those with English as a second Language (ESL)**

2.29 The aim of this report was to identify key issues that individuals from the ESL (English as a second language) group face, in relation to their participation in learning. The scope of the report also ensures that recommendations and actions are made in order to increase this groups participation. One key finding of this report was that for the majority of respondents in the study group, although they all understood the benefits of speaking English, learning English was a secondary consideration for them. This skill was not seen as an absolute

priority even though it was considered important for their day to day living and for the lives of their children.

- 2.30 Some of the main barriers to the process of learning English amongst the study group were split by gender. For women the report identified that family and childcare responsibilities were of paramount importance as with the need to consult with family members before commencing a course. For men the main barriers to learning were long and unsociable hours. However, the overriding point from the report is that it has revealed that there is potential and latent demand that exists for relevant ESOL courses within Luton and Bedfordshire.

**Employment and housing implications of extended or replacement runway at Luton Airport (for EEDA and EERA).**

- 2.31 The fundamental purpose of this study commissioned by EEDA and EERA was to provide an 'expert view' on the impacts in the East of England of an extended or replacement runway at Luton, which will lead to greater passenger capacity of the airport. The report explores the impacts on air related employment (with some reference to skills needs), the implications for labour supply, housing, and the wider economic development and regeneration impacts.
- 2.32 The report outlines that the profile of skills associated with airport-related employment indicates that a broad range of skills are needed to support the growth of Luton. It identifies that the airport will need employees with lower levels of skills. Consequently it finds that there will be significant skills gaps within the local labour markets, particularly within the lower level occupations, whilst there is an oversupply amongst the higher level managerial professional occupations. The report also makes the connection of the airports expansion making links with residents who are inactive and with lower order skills, as there are benefits to be seen by retraining and upskilling these local residents prior to sourcing labour from further a field.

**Transport Gateways Baseline Study**

- 2.33 This study makes reference to a wide array of transport gateways within the region, with Airports being an important element within this report. Although Luton Airport is not mentioned specifically, skills issues for employment at the regions airports are highlighted in the report. Retention of employees is sighted as a key problem as much time and money is invested in training. The report outlines the common perception of this type of work as unfavourable i.e. poor working hours and conditions.

### 3. Image

- 3.1 Image as a research theme needs to address the strengths of Luton and identify areas to improve and develop. The theme needs to address image, investor perceptions and perceptions about Luton as a place to live and work. The theme needs to fully understand the negative and positive aspects of image and perception so as to challenge and change the internal and external view of the City.

#### Overall Assessment of the Evidence Base

- 3.2 The MORI study emphasised that in the regional context, the profile of Luton is weak. For example there is useful information from the regional MORI report (people and business perspectives), this paints a bleak picture for Luton's image in an East of England perspective.
- 3.3 In terms of Tourism, there is potential in conference centre development and the Carnival, but it is clear that existing documents stress the relatively strong offer and potential available elsewhere in the region.
- 3.4 There is no comprehensive assessment of Luton's "liveability" that we have found (Luton BC not aware of any) covering housing, culture, environment etc.). However there is a reasonable amount of information on the quality and nature of the area's business premises and an assessment of its "offer". This includes qualitative / anecdotal information on investor perceptions.

#### Image and the City Growth Clusters

- 3.5 It is clear that Luton Airport is perceived to be a key regional strength, and by association the area will be seen to be strong in terms of aviation and aerospace. This represents a strength on which Luton CG can build.
- 3.6 The good communications links in terms of airport, rail and motorways is also highlighted as a key strength of the town. However the evidence base does not specifically address in terms of image the ICT or the Food and Drink clusters.

#### Recommendations for Future Research

- 3.7 Our assessment of the existing and emerging research for this theme suggests that there is a need for two research gaps to be filled:
- **There is a strong case for a definitive research into liveability and quality of life in Luton and the key gaps, benchmarked against other areas,** although this should be seen as a medium term priority.

#### Organisations Contacted

- EEDA
- Bedfordshire County Council
- Luton Borough Council
- East of England Tourist Board

**Evidence Base**

3.8 Our discussions with partners suggest that the key documents are as listed in Table 2-1 below.

Table 3-1: Key Image Documents				
Title	Date	Author	Geographical Focus	Scope
Accommodation Development Research project	2004	BMR Hospitality International	Bedfordshire and Luton	Analysis of current demand and leakage to adjacent areas
Perceptions of the East of England	2003	MORI for EEDA	East of England Region	Regional scope on perceptions

**Accommodation Development Research**

3.9 This study found that there was a concentration of accommodation development around Luton due to Luton Airport, the M1 corridor and the provision of offices attracting major companies. Luton and its surrounding area is one of four areas of concentration of economic development activity (others being Dunstable/Leighton Buzzard, Bedford Town and hinterland, east and south of Milton Keynes).

3.10 The report suggests that it is in Luton where demand for accommodation is strongest (most likely due to airport related overnight stays). Clearly the growth of the airport to 12 mppa (million passengers per annum) in the medium term will increase demand and provision of accommodation, as well as conference and exhibition space.

3.11 Other key points include reference to plans for hotel development at Luton Hoos (4/5 star), and accommodation refurbishment activity in the town centre

**Perceptions of the East of England**

3.12 The report details research undertaken by MORI comprising of a programme of research to measure perceptions around the image and identity of the East of England region. It draws on the views of local residents, businesses and key opinion leaders in the region, as well as those externally. Key findings that are specific to Luton are as follows:

- The town is consistently cited as having a negative perception. Reasons for citing Luton as a regional weakness in terms of perception from businesses focussed on the general appearance of the town, with reference also being made to the town's transport links and social problems
- Nevertheless the report cites Luton University, Luton Airport and the town as a good business location as regional strengths

## 4. Infrastructure

- 4.1 The broad Infrastructure theme draws together those key factors which act to shape the wider economic and social environment in which City Growth Luton will operate. Inevitably, the focus of this body of research and strategic planning is on sub-regional, rather than a Luton-specific, scale.
- 4.2 Luton is part of the Luton/ Dunstable Growth Area, one of 6 Growth Areas identified in the Milton Keynes – South Midlands Area under the Government’s Sustainable Communities initiative. It is therefore useful to include strategic planning documents in addition to true research in this report, since these plans will help to guide major policy decisions and determine the direction of major public and private sector investment. Considered under the infrastructure heading therefore are:
- Strategic Planning – proposals for the Luton/Dunstable Growth Area will guide major investment in housing, commercial and industrial premises and other forms of infrastructure.
  - Housing – the availability of a sufficient volume and range of attractive housing is key to retaining residents and to attracting in-migrants, particularly if Luton is to develop a more highly skilled workforce.
  - Business premises and land – the availability of a range of appropriate property ‘products’ (e.g. access to commercial and industrial premises in good locations on appropriate terms) and access to employment land (e.g. to allow companies to create bespoke ‘Design & Build’ accommodation) is vital to securing and retaining investment from the private sector.
  - Transport – good local, national and global connectivity is vital to ensuring that businesses in Luton have ready access to pools of suitable labour and to customers and markets in the sub-region, region and beyond.

### Overall Assessment of the Evidence Base

- 4.3 As stated above, the evidence base under the broad Infrastructure theme does not tend to be Luton specific, often covering broader regional and sub-regional areas. However, we have identified a number of useful pieces of research and strategic visioning/ planning that provide a more Luton-specific assessment of issues.
- 4.4 There are a number of important **strategic visioning or planning documents**. They set out the strategic context against which City Growth will operate and provide useful summaries of plans and proposals for the development of the Luton area. The LDHR Growth Area study sets out the proposals for the Growth Area, highlighting the housing, employment land and transport infrastructure requirements and the need to achieve both urban expansion (with major greenbelt land releases post 2016) and urban renaissance simultaneously. This work provides very limited detail on the sources of employment that will support the Growth Area. We believe that further work to consider the sources of this employment growth, and in particular to sharpen thinking on how the Luton City Growth area can play a full part in this (vital to the goal of achieving an Urban Renaissance in Luton), is required.
- 4.5 The Economic Visioning work presents a vision for the future of the LDHR economy based upon strong connectivity with regional, national and international markets. The airport is central to this, whilst the Vision also has the area operating as a base for the implementation

of new product and service ideas and applications developed in the wider region. In some instances the City Growth area will need to carve out its own niche roles within this overarching strategic context in order to contribute towards urban renaissance.

4.6 The availability of **commercial and industrial employment sites and premises** has been well researched in recent years, with a number of studies assessing the operation of property markets. We believe that this research represents a valuable resource for Luton City Growth and that there are limited benefits in attempting to enhance it further. There are a number of clear messages about site and premises requirements in the Luton area, the dynamism and drivers of property markets and the suitability of existing supply. These include:

- A clear split between in-town and out-of-town office markets, with the in-town stock being older, more inflexible and less suited to modern needs.
- An industrial market that includes a significant volume of low cost, aging stock and which does not help to attract investment of more than local significance.
- Demand for office and industrial premises that is dominated by smaller requirements, with, on the office side, some evidence of unmet demand for serviced office accommodation.

4.7 City Growth may wish to consider commissioning targeted research which more fully considers the property requirements of target sectors and the extent to which these are or can be met by the existing accommodation. In particular, there may be opportunities for the creation of new forms of workspace and new branded/ themed work environments by converting vacant office stock (for example creating easy-in easy-out live-work spaces targeted at creative industries entrepreneurs).

4.8 The strategic planning documents provide a useful summary of the main **transport infrastructure** investments that are to be made in the Luton area and which will affect the economic environment in which Luton City Growth firms will operate. There is a clear desire to enhance the area's already relatively strong connectivity, with key issues being:

- Major expansion of the passenger and freight traffic at the airport and the development of commercial and industrial premises in the area close to the airport.
- Development of the east and north Luton bypasses and Dunstable North bypass, reducing congestion in the urban areas and enhancing east-west links.
- Upgrading the M1 up to Junction 13 (widening to four lanes).
- Major public transport improvements, most notably the Translink network which will reduce travel times to key urban centres, the airport and key employment sites.

4.9 We have not been able to identify any work which focuses on the role that transport infrastructure plays in the determining the competitive environment in the Luton City Growth area. This is not surprising and to a very large extent the issues will be the same as in the surrounding area. One issue which may be of greater relevance to City Growth area firms is the issue of congestion – it is hoped that the improvement of east-west links (via bypasses) across the LDHR area will reduce this problem. We do not believe that funding research into

the transport infrastructure of the City Growth area and its connections to markets outside it will add a great deal to the existing evidence base nor represent best use of City Growth's research budget. However, there is scope to better understand the role that transport plays (alongside other potential barriers such as skills and aptitudes) in shaping the travel horizons and access to employment of Luton City Growth residents, in particular their propensity to access employment in growth spots such as Milton Keynes.

- 4.10 London Luton Airport have recently commissioned a number of pieces of research associated with Project 2030, the long-term expansion of passenger and freight traffic at the airport. This includes a Socio-Economic Impact Assessment which considers the scale and nature of impact arising from the construction and operational phases, and the 'catalytic' impacts that airport expansion is likely to have (attracting business services, manufacturing and distribution users). We are advised that this work will also include an assessment of the skills needs that will arise as a result of this expansion and will therefore be of great interest to City Growth.
- 4.11 There appears to be very little evidence on the extent to which Luton provides an attractive place to live and work i.e. the extent to which its **housing** and other factors combine to influence quality of life and **'liveability'**. Clearly, a major expansion of housing in outlying areas is planned under the LDHR Growth Area. An assessment of this liveability in the City Growth area will be useful, helping partners to better understand what it is about the area that makes people want to or not want to live and work in the area, and to inform thinking about appropriate responses. This knowledge will be particularly important to help and attract and retain skilled residents and to avoid loss of these residents when new-build projects proceed elsewhere.

### Infrastructure and the City Growth Clusters

- 4.12 There is relatively little that is cluster specific in the evidence base identified for Infrastructure. There is a good overview of planned improvements in the road network and other elements of the transport infrastructure of Luton and the surrounding area. Clearly, whilst all businesses are likely to benefit from the resulting improvements in journey times and reliability, these investments (M1 widening and bypasses to improve east-west links) are likely to be of particular benefit to those in the Transport and Logistics cluster. There appears to be a growing body of work associated with the expansion of Luton airport. A report (Halcrow 2004, for EEDA and EERA) on the likely employment and wider impacts of an extended or replacement runway. It provides an assessment of the implications for the infrastructure (surface access, housing and employment land) associated with maximising economic impacts.
- 4.13 As stated above, the evidence base on commercial and industrial property is relatively strong. There are a number of assessments of recent trends in these property markets, assessments of both the quality and quantity of supply and overviews of the pattern of demand. Whilst not all of this is cluster or sector specific it does provide a useful indication of the extent to which the area can meet the needs of particular occupiers. The Jones Lang Lasalle report for Luton City Growth provides an assessment of the broad property requirements of firms in a range of sectors and assesses the extent to which these could be met in the area.

## Key Messages

- There will be rapid growth in the Milton Keynes / South Midlands area, and specifically around Luton / Dunstable / Houghton Regis. There is scope for the City Growth Area to benefit from this in terms of housing and employment. Negative impacts of this expansion include increased competition and strains on skills
- A two tier property market exists around Luton (i.e. the town centre and the area around the airport).
- London Luton Airport is to undergo major expansion. A socio-economic impact assessment of this expansion is currently underway. This report will include an assessment of the skills requirements of employers at the airport and in the surrounding commercial and industrial areas.

## Recommendations for Future Research

4.14 As a result of our assessment of the existing and emerging research for this theme we would suggest that there are a number of issues around which the evidence base for the City Growth Area could be enhanced:

- Research to understand the role of transport and other factors in labour mobility – barriers linking City Growth residents to wider employment opportunities
- Maximising the business opportunities from major developments in the sub region (such as growth plans, airport expansion etc)
- Undertake a detailed audit of property (and provision) in the City Growth area.

## Organisations Contacted

4.15 In order to identify the key research documents in this broad area the following organisations were contacted:

- East of England Development Agency (EEDA)
- Government Office for the East of England (GOEE)
- East of England Regional Assembly (EERA)
- Bedfordshire & Luton Economic Development Partnership (BLEDP)
- Luton Borough Council
- Bedfordshire County Council
- London - Luton Airport

## Evidence Base

4.16 Our discussions with partners suggest that the key documents are as listed in Table 4-1 below.

Table 4-1: Key Infrastructure Documents				
Title	Date	Author	Geographical Focus	Scope
Luton/ Dunstable/ Houghton Regis Growth Area Study	2003	Roger Tym & Partners	Luton, Dunstable and Houghton Regis	Considers the economic growth and infrastructure investments required in the Growth Area.
Luton, Dunstable Houghton Regis Economic Vision Study	2004	GHK (for Bedfordshire & Luton Economic Development Partnership)	Luton, Dunstable and Houghton Regis	Presents the economic vision for the LDHR area
Luton City Growth Commercial and Industrial Property Study	2004	Jones Lang Lasalle (for Small Business Service)	Luton City Growth area	Provides a review of commercial and industrial property in the City Growth Area
South Bedfordshire & Luton Demand & Need Study	2003	Chesterton (for East of England Development Agency)	South Bedfordshire & Luton	Provides a review of commercial and industrial property requirements in the South Bedfordshire and Luton areas
Employment Land Study for Luton, Dunstable and Houghton Regis	2003	Bedfordshire County Council (for East of England Regional Assembly)	Luton, Dunstable and Houghton Regis	Provides review of employment land requirements in the LDHR area
Bedfordshire & Luton Commercial Land and Property Study	2003	CB Richard Ellis	Bedfordshire & Luton	Assesses the future demand for and supply of employment land and premises.

Table 4-1: Key Infrastructure Documents				
Title	Date	Author	Geographical Focus	Scope
Employment and Housing Implications of an Extended or Replacement Runway at Luton Airport (2004)	2004	Halcrow	Luton and surrounding areas (the 'Luton Catchment')	Assesses the employment impact and implications of growth at Luton airport

4.17 Here we provide a review of these key documents. The strategic planning/ visioning documents below set out the broad context against which Luton City Growth will operate and we have therefore provide a more detailed review of these documents.

**Luton/ Dunstable/ Houghton Regis Growth Area Study (2003)**

4.18 Luton/ Dunstable/ Houghton Regis was identified as a Growth Area in the Milton Keynes South Midlands (MKSM) report in 2002. The preferred spatial strategy adopted through that earlier study identified the potential for an additional 31,000 dwellings in Luton up to 2031. The total estimated public sector cost of the investment required to support the Growth Area expansion is £1.3bn. This study was triggered by that previous work and considers the economic growth and infrastructure investments required to support this, looking forwards to 2021. It seeks to promote a comprehensive Urban Renaissance through a three pronged strategy for the area:

- Regeneration of the existing built-up area (including recycling of land in the towns)
- Provision of new infrastructure
- Significant land releases in the green belt

4.19 Historically the LDHR area has experienced relatively strong housing demand but relatively poor actual and projected levels of economic growth. This study sets targets of 20,500 additional dwellings and 11,500 additional jobs by 2021. This reflects the aspirations of local stakeholders, assessments of the availability of housing and employment land (and supporting infrastructure) and is predicated on a significant uplift in economic growth.

4.20 The authors estimate that 15,800 of the 20,500 dwellings required to 2021 will need to be built on 'new' sites (i.e. sites not currently allocated), with a significant proportion on previously undeveloped sites adjacent to LDHR. The affordable housing requirement, based on a 40% target equates to some 8,200 dwellings, of which 5,100 would be Social Rent of Low Cost Home Ownership dwellings.

4.21 The study identifies a over supply of employment land in quantitative terms and therefore makes no recommendations for an increase in the total quantity of employment land. There may be potential to recycle some of this land for other uses (e.g. housing) and these opportunities will need to be fully explored ahead of green belt releases.

4.22 A number of major transport infrastructure investments are required in order to accommodate this growth, combat congestion and unlock the potential of both key locations and the Growth Area as a place in which to live, work and invest. These include:

- The Translink Core network – this guided bus system (with vehicles also able to run on public roads) will (if it proceeds) link Luton, Dunstable, Houghton Regis and a number of outlying residential and economic areas. It will also provide rapid access to London Luton Airport (reducing travel time from Luton town centre to 10 minutes). The study also identifies a number of opportunities to extend the system, to sites in the north of the area and west of West Dunstable towards Leighton Buzzard.
- Development of the east and north Luton bypasses and Dunstable North bypass (extending from the A505 east of Luton via a new M1 junction and west to A5 north of Dunstable) in order to divert traffic from central areas and to relieve congestion in Luton and Dunstable town centres.
- Other major investments include widening of the M1 up to junction 13 and provision of a new station at North Luton Parkway.

4.23 The Growth Area Study fleshes out the Growth Area concept as it will be applied in LDHR. It sets out a preferred strategy for achieving the potentially contradictory or competing aims of achieving substantial economic growth via new land releases whilst also securing Urban Renaissance in the core areas. Success is dependent on a sustained uplift in economic performance and a repositioning of the LDHR areas as places to live and work, in order to ensure that Luton and the surrounding area enjoys the success achieved elsewhere in the region. It sets out a framework of recycling of land in the urban core (including Luton) coupled with controlled (but very significant) release of green belt land to the north of LDHR conurbation (post 2016). Whilst the LDHR enjoys many advantages (including an accessible location and proximity to London), the report does not fully explore the nature of the required increase in employment in the area.

#### **Luton, Dunstable Houghton Regis Economic Vision Study**

- 4.24 This report by GHK Consulting was published in draft in June 2004, commissioned by BLEDP, presents the vision and strategy for the LDHR area (distinct from the LDHR Growth Area work). It highlights the need to respond to new and emerging economic challenges and drivers and sets out a number of scenarios for the future of the LDHR economy. A Vision for the area, based upon an identified preferred scenario for LDHR in 2016 is also presented.
- 4.25 The preferred scenario on which the Vision is based was Flying Beyond Turbulence. It places the airport at the centre of economic growth in the area, with significant knowledge-based development further driving economic growth and change. Under this scenario the LDHR will build upon its connectivity (airport, M1, proximity to London and the Oxford-Cambridge arc) to provide excellent access to markets, ideas and investment. The theme of connectivity – building upon and enhancing links (physical, virtual, intellectual) within the area, to the region and globally – underpins this scenario.
- 4.26 This preferred scenario reflects where local partners realistically aspire to be in 2016. The Vision, referred to as “The Connected Conurbation” is used to demonstrate the type of economy this will require. This Vision, which is expected to guide the economic strategy for the LDHR for the next decade and beyond, is based upon:
- Enhanced connectivity – building upon locational and infrastructural assets to integrate the area into the wider regional, national and global economies. The role of the airport is particularly important, both as a transportation node

and through generating catalytic impacts by attracting additional investment to the area).

- Recognition of the LDHR area as one of the UK's most important "hot-housing" economies, carving out a role as a key place for testing, developing and taking to market products and services, often based on ideas from Oxford-Cambridge Arc and London-based companies and knowledge bases ('acting as the engine room for the Arc economy').
- The local knowledge base (Luton University and Barnfield College) will act as the 'gear-box' for LDHR economy, connecting the economic drivers with residents.

### **Luton City Growth Commercial and Industrial Property Study, 2003**

- 4.27 This report, by Jones Lang Lasalle and funded by the Small Business Service, was one of a series of commercial and industrial property studies commissioned for each of the 10 City Growth Phase Two Areas. It sets out to provide an assessment of the strength and vibrancy of markets for commercial and industrial property in the City Growth area, reviewing both supply (quality and quantity of land and property, including its suitability to the needs of modern occupiers, location etc.) and demand-side factors (assessing the level, source and nature of demand for land and property). It also considers the property requirements of target cluster occupiers.
- 4.28 The report found that Manufacturing was the key driver of take-up of accommodation in the 5 years to 1998. Whilst the Luton City Growth area continues to be an attractive location for new investment in Manufacturing, these figures also suggest that the area has been able to attract office-based investment (Business Services and Public Sector).
- 4.29 Total office stock is comparatively aged (only 10% having been completed since 1999 compared to 15% nationally), indicating relatively weak demand and developer interest. The bulk of this new stock added since the late 1980s has been out-of-town rather than in the town centre, and the out-of town market dominates take-up. The reports notes evidence suggesting there is at least an element of unmet demand for serviced office accommodation in the area.
- 4.30 Total industrial stock in Luton has declined significantly in recent years. Within this overall reduction the composition of this space has, as elsewhere, altered with a reduction in factory space and an increase in distribution space (Luton's location and road, rail and air link offer advantages as a distribution location). A large volume of industrial property remains vacant, suggesting that a significant proportion of total stock is not well-suited to the needs of modern occupiers. The authors report that Luton appears to be unable to compete with surrounding locations because of a shortage of suitable accommodation in the 30,000 ft<sup>2</sup>-plus bracket, and that the Luton offer is perceived as only of sub-regional importance, offering poor quality product and a weaker environment/ amenities. Clearly, this must restrict opportunities to draw in investment and Luton faces strong competition for occupier demand from elsewhere in the surrounding area, notably Milton Keynes.
- 4.31 Finally, the report highlights a number of new or previously developed sites that will provide opportunities for the future. These are:
- Power Court – to the north-eastern side of the town centre, expected to be a retail-led mixed-use development.

- Butterfield Green – a 41 ha site to the east of the town centre, viewed as the preferred choice for Science/ knowledge-based development. A masterplan, comprising a University Campus, Innovation Centre and a ‘technology village’ for SMEs. Development on this site is now underway.
- Central Area – a masterplan for the major redevelopment of the town centre has been drawn up, focusing on St Georges Square, St Georges Street, the Hat Factory District and the Northern Gateway into the town centre.
- Former Vauxhall Site - the 55 acre site has been purchased by developers and is likely to be subject to proposals for a major mixed use scheme.

**South Bedfordshire & Luton Demand & Need Study, 2003**

- 4.32 EEDA commissioned Chesterton to undertake a review of commercial and industrial property requirements in the South Bedfordshire and Luton areas in 2003. It is intended to provide an assessment of the extent to which the Trico site will help to meet local property requirements. We have been provided with an incomplete draft of this study, minus Conclusions and Recommendations.
- 4.33 This draft highlights the differences between the in-town and out-of-town office markets in Luton, commenting that much of the available stock in the older town centre locations does not generate strong interest but that demand in-town is constrained by this lack of new attractive accommodation. Capability Green has been a relatively strongly performing location, attracting extensive development in recent years, most notably the BAe investment in R&D premises. The authors report that Capability Green is regarded as an ‘M1 destination’ rather than seen as part of the Luton market.

**Employment Land Study for Luton, Dunstable and Houghton Regis, (2003)**

- 4.34 This study was undertaken by Bedfordshire County Council on behalf of the East of England Regional Assembly. It provides an assessment of the extent to which there is scope to release land allocated to employment uses for housing and other uses within the LDHR area.
- 4.35 Whereas the earlier Growth Area Study (Roger Tym & Partners) see above suggested that there was in the region of 100 ha of surplus employment land in the LDHR conurbation (based on a statistical extrapolation of take-up rates) this report suggests that the scope to release employment land is much lower – 7 ha in Dunstable and Houghton Regis and less than 5ha in Luton.
- 4.36 The report provides an overview of earlier studies (including a Review of Strategic and Sub-Regional Sites (Chesterton, 2001). This found that the origin of most enquiries for employment land was local in origin rather than of regional or national significance but that, in the office market, whilst Capability Green was attracting strong interest, end-user demand elsewhere in Luton was constrained by the lack of modern premises.

**Bedfordshire & Luton Commercial Land and Property Study (2003)**

- 4.37 In December 2002, the local authorities of Bedfordshire and Luton, together with BLEDP, commissioned CB Hillier Parker to undertake a Commercial Land and Property Study. The broad aim was to assess in qualitative and quantitative terms the future demand for employment land and premises and the supply of employment land and premises.
- 4.38 The study echoes many of the findings of other studies, finding that the Luton office market is strongly divided between out-of-town and in-town office locations, with in-town stock being poorer quality (older and more inflexible) but in reasonable supply, whilst out-of-town is

limited in supply and sells and lets far more quickly. Vacant stock is heavily concentrated in-town and across the 'M1 Corridor' market take up is dominated by out-of-town sites. Rents (in 2003) ranged from £10-£12 per ft<sup>2</sup> in-town centres to £18.50 per ft<sup>2</sup> at Capability Green (reflecting the higher quality of new development and its proximity to the M1 and London Luton Airport). Demand is strongly concentrated on requirements for smaller (less than 2,000 ft<sup>2</sup>) units.

4.39 The industrial market in Luton has been strengthened by industrial and distribution cluster centred on London Luton airport (much of which is allied to the aviation sector). The airport and access to the M1 give the area strong locational advantages for industrial and distribution end-users. The future expansion of London Luton airport and the associated site development surrounding it will clearly further boost opportunities. However, the current stock of industrial property in Luton is characterised by a substantial amount of less modern industrial stock (much of which is available at discounted rents). Again this echoes clear findings of other property studies which found that much of the stock in Luton is tired. Like offices, demand for industrial space is dominated by smaller requirements.

4.40 The report makes a number of important conclusions and recommendations for Luton including:

- Transport infrastructure improvements (airport expansion, improvement of east-west links and M1 and A1 upgrades) will help to stimulate demand from business.
- Luton Borough Council (LVC) should strongly resist loss of employment land, particularly in the south of the district and in proximity to the Airport and M1 (an area of strong demand).
- LBC should seek to ensure that allocated and potential employment sites in the south of the borough (close to the Airport) are brought forward for development/ redevelopment as soon as possible.
- LBC should seek to develop partnerships through which to rationalise and refurbish existing town centre office stock. Long term vacant property should be considered for conversion to residential uses.
- Sites in the north of Luton should be safeguarded until proposals for Luton's urban extension and the Northern Bypass are more fully detailed.
- Where new employment land development is proposed, LBC should seek to ensure that a proportion of smaller office and light industrial premises are provided.
- The stock of inner urban employment land should be maintained to meet local and faster indigenous growth.

4.41 In addition to these points the authors make a number of important recommendations about marketing and promotion, stressing the importance of strengthen the branded image of whole area in order to improve occupier perception and image, targeted marketing to business sectors (particularly in 'hot spots'), promotion stronger links between business and education and research establishments, improved advertising and signposting of employment sites and better use of theming/ branding for employment sites.

**Employment and Housing Implications of an Extended or Replacement Runway at Luton Airport (2004)**

- 4.42 This report by Halcrow (of which we have been provided with a draft) was commissioned jointly by EEDA and EERA in order to inform the development of the Regional Spatial Strategy. The authors estimate that in the period up to 2021, up to 4,600 jobs could be created in or adjacent to the airport with the existing runway. This could increase by a further 5,100 with a longer runway. Under the scenario considered most likely, the airport could support a total of 30,200 jobs in the region. Clearly, this volume of employment could have an enormous impact on the regeneration of the LDHR area.
- 4.43 The authors identify the implications of this growth under a number of headings – some of these e.g. skills are covered in Section 2 above. In order to maximise economic development as a result of this expansion, the area will need to maximise the *catalytic impacts* (those arising from new businesses being attracted to the area as a result). Catalytic employment is most likely to arise in those sectors that make greatest use of air services, including:
- International businesses
  - High technology and value added sectors such as R&D and financial sectors
  - High value and just-in-time manufacturing.
- 4.44 Good surface access to the airport is vital, as is the provision of appropriate employment land. A proactive policy on employment land would need to provide for:
- Land in immediate proximity to the airport for direct business use
  - Good airport accessibility of additional employment land
  - High quality sites to help build potential clusters of activity
  - Larger and more strategic employment land allocations to create capacity and allow clustering.

## 5. Business Development

- 5.1 This theme has a focus on the low start up and survival rates of businesses in the City Growth area. The theme needs to understand the reasons for these low rates, and whether they are across the board or whether there are significant variations by sector or by demography.
- 5.2 Alongside the issue of low start up and survival rates, this theme needs to better understand the scope, scale and relevance of support for businesses in the City Growth area in terms of delivery mechanisms and funding availability.

### Overall Assessment of the Evidence Base

- 5.3 The evidence base for this theme is surprisingly weak. There is an absence of research into low start up and survival rates, and although a regional start up strategy has been developed it is not clear what this means in terms of Luton specific delivery. The analysis on enterprise in disadvantaged areas of Luton and Bedfordshire is insightful, but lacks rigorous analysis.
- 5.4 In terms of the interface between business and community there is good coverage. The existence of a Business Broker pilot project will improve the input of business into community and regeneration thinking.
- 5.5 There is a wide range of social enterprise support available, and good understanding of the sector. However there are concerns about the sector's growth potential and concerns about avenues of help, especially in terms of accessing business support advice.

### Business Development and the City Growth Clusters

- 5.6 Aside from citing the airport as a key asset, the evidence base does not make reference to the Business Development requirements of either aviation or aerospace. In terms of ICT the key issue for business development will be the extent to which businesses can be helped to exploit the opportunities provided by broadband and e-commerce / e-procurement.

### Recommendations for Future Research

- 5.7 Our assessment of the existing and emerging research for this theme suggests that there are a number of important gaps:
- There is a strong case for further research into the **low business start-up rates** overall in Luton CG area and by different groups (for instance different ethnic minority groups). This would need to assess the relative importance of cultural, business structure, opportunity, educational and other factors as well as the role that the business support infrastructure could play.
  - We have not found any evidence of review of business support arrangements at either a regional or sub regional level. Other regions have undertaken such work following the transfer of the Business Link Contracts from SBS to RDAs. However, we understand that partners have had considerable discussions on this issue, although we have not seen any formal papers.

### Organisations Contacted

- EEDA
- Local FE Colleges

- Chamber Business
- Business Link
- Bedfordshire and Luton Economic Development Partnership
- Bedfordshire County Council
- Luton Borough Council.

### Evidence Base

5.8 Our discussions with partners suggest that the key documents are as listed in Table 5-1 below:

Table 5-1: Key Business Development				
Title	Date	Author	Geographical Focus	Scope
Direct Effects of the Job Losses in Vauxhall upon the Luton and South Bedfordshire Labour Market	2003	Centre for Entrepreneurial studies, Luton University	Luton and surrounding area	Assesses the labour market impact of the Vauxhall closure
Business in Economically Challenged Areas	2003	Global Consulting UK Ltd	15 wards, including 7 Luton wards (Leagrave, Lewsey, Saints, Biscot, Dallow, Farley, Hightown)	Research amongst businesses in disadvantaged areas of Bedfordshire and Luton
Bedfordshire and Luton Employment Study	2005	Bone Wells Associates	Bedfordshire & Luton	This recently completed report comprises a comparative study of employment growth in the sub region, using Hertfordshire, Cambridgeshire, Buckinghamshire, Milton Keynes and Northamptonshire as comparators. It sets out hypotheses to attempt to explain low rates of employment growth relative to these comparator areas.

Table 5-1: Key Business Development				
Title	Date	Author	Geographical Focus	Scope
Business Broker Pilot Programme Evaluation: Interim Report	2004	Educe Ltd & CEA	Evaluation of a national pilot programme	Luton is 1 of 10 pilots, all of which are LSP areas in receipt of Neighbourhood Renewal Funding.
Economic Impact of Tourism in Luton	2002	East of England Tourism Board	Commissioned by Luton Borough Council, report covers LAD area	Uses Cambridge Economic Impact model to calculate volume and value of tourism (and its impact) to the Luton local economy
East of England Business Start up Strategy	2003	Kinghurst Consulting for EEDA	East of England Region	
Social Enterprise in Bedfordshire	2004	Guild Consultants for the Social Economy	Bedfordshire	Sub Regional study of the Social Economy sector
East of England Sustainable Tourism Strategy	2004	Locum Destination Consulting	East of England Region	Tourism strategy for the region

**Direct Effects of the Job Losses in Vauxhall upon the Luton and South Bedfordshire Labour Market**

- 5.9 The study found that there was a large percentage of the workforce engaged in industries that experienced decline (in terms of employment) between 1995 and 1999. The high growth/high impact industries in the area are linked to a considerable degree with the airport. This raises significant developmental concerns, as it may lead to the replacement of one dominant industry with another, preventing a much needed diversification. Moreover, there is a lower incidence of sectors associated with the ‘new economy’ among high growth/high impact industries in the area than the region and Cambridge and South Cambridgeshire.
- 5.10 The report suggests that appropriate intervention aiming to support increased self-employment option may be desirable. A major problem to intervening here is the lack of knowledge as to what is the underlying cause of the lower incidence of entrepreneurship in Luton and South Bedfordshire. Success in diverting the energies of at least some of the Vauxhall employees to entrepreneurship may contribute significantly to addressing the long-term, direct effects of the Vauxhall down scale
- 5.11 The study suggested that the sector that offered the greater employment prospects for those Vauxhall employees who worked directly in the production line was the construction industry.

**Business in Economically Challenged Areas**

- 5.12 The report highlights concerns about the ability of business support activities to fully access the economically challenged areas in the Bedfordshire sub region. Many of the businesses in

these challenged areas are in declining sectors, and the report suggests that Business Link and other providers of support have low penetration rates.

- 5.13 The report recommends a niche marketing strategy should be developed by the Bedfordshire and Luton Economic Development Partnership to communicate services available to economically challenged areas.
- 5.14 The consultations undertaken for this study highlighted consistent concerns about delivery duplication, to which consensus was emerging around the introduction of specialism into the agencies involved.
- 5.15 Other key points specific to Luton include:
- A key need to understand the diverse nature of individual ethnic groups to enable the delivery of effective and tailored business support.
  - Concerns about Business Link commitment to equal opportunities regarding their use of contractors

### **Bedfordshire and Luton Employment Study**

- 5.16 This recently completed report comprises a comparative study of employment growth in the sub region, using Hertfordshire, Cambridgeshire, Buckinghamshire, Milton Keynes and Northamptonshire as comparators. It sets out hypotheses to attempt to explain low rates of employment growth relative to these comparator areas, and is strong on analysis of skills and business start ups.
- 5.17 The study argues that the industrial legacy and structure of the area is biased towards sectors that have declined nationally, with the restructuring in automotive and related manufacturing being most significant. Despite this, the study points towards a number of key factors that have contributed to both declining and growing sectors performing poorly in relation to comparator areas:
- Weaker attraction of inward investment, which has lagged behind comparator areas
  - Lower numbers of start ups and survival rates of new businesses.
- 5.18 The study refers to supply side constraints (such as land & premises and labour supply) being a factor in lower employment growth, but also to the relative over performance of the comparator areas. Reference is made to the underperformance of Luton as retail and service location, and suggests that in the context of city regions in economic development policy-making more research is needed on the role of Luton.

### **Business Broker Pilot Programme Evaluation: Interim Report**

- 5.19 Luton Forum is one of ten LSP's in receipt of Neighbourhood Renewal Funding involved in the three year pilot Business Brokers Programme. The programme is designed to "to support and encourage businesses to work with local partners to tackle deprivation and boost local economies". The role of Business Brokers is to promote to local businesses the benefits of supporting neighbourhood renewal.
- 5.20 The report is a first stage of a two stage evaluation of the programme. With specific regard to Luton, the report noted there was little tradition of business involvement in regeneration and community with the exception of Vauxhall prior to its designation as a Business Broker Pilot.

**Economic Impact of Tourism – Luton 2002**

- 5.21 Using a well understood economic impact model, this report details the value, volume and economic impact of tourism in Luton.
- Estimated that 2,657 FTE jobs are support by tourism, which equates to 4.4% of employment.
  - Total income from tourism was £47,900,000

**East of England Business Start up Strategy**

- 5.22 Following on from the East of England Start up Survey, this strategy aims to make the East of England the best region in England to start and grow an Enterprise. This will be addressed by tackling four key issues:
- Develop an enterprise culture
  - Improve the customer experience of services supporting start ups
  - Remove barriers to enterprise in targeted communities
  - Improve the support available to high growth start ups

- 5.23 It notes that the region as a whole has the second lowest number of ‘would be’ entrepreneurs, and that Luton has the second lowest rate of VAT registrations per 10,000 population.

**Social Enterprise in Bedfordshire and Luton**

- 5.24 The report found that most of the sector was comprised of smaller organisations, of whom most were too heavily grant dependent to be viable. There was little evidence of growth aspirations among enterprises
- 5.25 The report also cites evidence that many enterprises were not engaging with providers of external business support – only half had received such support, and much of this concerned legal advice and advice on constitutions, as opposed to support in business growth.
- 5.26 Business Support to Social Enterprises in Bedfordshire and Luton is provided by more than 25 organisations, comprising of a range of voluntary and business based agencies. There is a clear need to look at how this support is provided, and how it links with mainstream business support.

**Sustainable Tourism for the East of England**

- 5.27 This strategy estimates that tourism is worth more than £5bn to the region, creating 1 in 4 of all new jobs and employing a total of 185,000 people. It cites Luton as having a strong multicultural offer and outstanding transport connectivity. The Luton Carnival is viewed as having the potential to become a flagship event for the region.
- 5.28 The report notes that there are few major conference venues in the region, with the success of the airport and the availability of land (at the Vauxhall site) making Luton a potential area for investment.



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