

Letchworth's Economic Future

Second stakeholder workshop
January 2020



Letchworth
Garden City
Heritage Foundation

Hertfordshire
Local Enterprise Partnership
PERFECTLY PLACED FOR BUSINESS

Contents

Overview	
PART A: Economic narrative	
1. Introduction	1
2. History	2
3. Socio-economic characteristics of Letchworth Garden City	5
4. Planned growth	15
PART B: Business survey	
1. Introduction	1
2. Key findings.....	3

Overview

1. This document has been drafted to inform a second roundtable workshop with partners and local stakeholders in Letchworth Garden City. The workshop is scheduled to take place on 21st January 2020.
2. A first roundtable workshop was held in March 2019. It was convened in the context of Hertfordshire LEP's early work on its Local Industrial Strategy and it was supported by Letchworth Garden City Heritage Foundation (LGCHF). It was informed by the analysis which is presented as Part A¹ of this report, and also by the findings of an esurvey of businesses which was conducted in Spring 2019; some headline findings from the survey are presented in Part B.

Key themes from the early work and the first Workshop

3. The early analysis demonstrated – and the first roundtable workshop confirmed – that Letchworth Garden City has a very distinctive economic character and role. Currently this reflects the town's unique history and its location (its close proximity to Hitchin and Baldock; its links to Stevenage; and its wider location in relation to the Oxford-Cambridge Arc).
4. **The general conclusion was essentially that Letchworth needs positively to “do something different” – not because there is an immediate crisis (and actually, most of its employment sites are occupied, etc.) but because it needs to “future proof” itself. Although it has strengths, it also needs to evolve in a manner which is both consistent with its radical and progressive origins and ethos, and fit for the middle of the 21st Century.**
5. Within this context, respondents to the on-line business survey were asked “what one thing” they would change in relation to Letchworth Garden City to enable their business to thrive. A synopsis of their responses is provided in the graphic below.

¹ It should be noted that some of this is now out-of-date (and in particular, there is a further iteration of the emerging Local Plan for North Hertfordshire), but the “fundamentals” have not changed greatly

Table 1: “If you could change one thing about Letchworth in order to help your business thrive, what would it be?” Responses from business respondents to an on-line survey



6. Similar themes were echoed at the first Workshop discussion. This emphasised in particular:
- **the importance of small home-based businesses and the need to recognise and encourage them**
 - **the links between the town’s economic character and its housing stock, and the potential significance of new development in this context**
 - **the significance of the town’s cultural/creative offer and the need to ensure that it helps position Letchworth as a great place for people of all ages**
 - **the need for a more flexible approach to commercial property provision**
 - **the need to promote Letchworth better and to ‘agree what it wants to say’, including in relation to the Oxford-Cambridge Arc and to London.**

Subsequent progress

7. Subsequently, work has been progressing on a number of different fronts.
8. Hertfordshire LEP’s draft Local Industrial Strategy was published for consultation in September 2019. It included reference to Letchworth Garden City in the context of themes relating to “old New Towns, new New Towns” and, more generally, the importance of place, recognising that Letchworth is close to the points of intersection between a key north-south Science Corridor and one of Hertfordshire’s major east-west growth Corridors.
9. Within Letchworth itself, the Heritage Foundation has advanced various workstreams, some of them in partnership with the LEP. A synopsis of progress provided by the Heritage Foundation is summarised below.

Box 1: Delivering Letchworth's Future – Key activities during 2019: A summary from Letchworth Garden City Heritage Foundation

Co-working space – There is a range of co-working and serviced office spaces in Letchworth, the majority of which are in the industrial/business park area of the town. The Heritage Foundation is aware of demand for co-working space in the town, although no formal market research has been undertaken thus far. An initial search for town centre-based co-working space identified a small number of potential sites, essentially re-purposing existing older buildings that are vacant or underutilised. Initial feasibility testing however indicated that the spaces identified required significant capital investment to enhance facilities, in particular increasing and maximising the net internal area for letting to provide the scale and occupancy ratio required for an attractive and sustainable facility. However, the relatively low rent for office space in the town and the additional management cost of co-working space together present major challenges in terms of viability. Informal market testing confirms this is the case. Nevertheless, the provision of space is a development objective which the Heritage Foundation will continue to explore.

Nurturing a new generation of entrepreneurs – There has been some limited work thus far to identify support and mentoring opportunities for new retail entrepreneurs. This has identified a gap in formal support services for this sector and may therefore lend itself to piloting a peer mentoring scheme. The Heritage Foundation has also become aware of a small but growing number of social entrepreneurs in this start up space and has informally approached the School for Social Entrepreneurs to understand more about learning and development support for this sector. There was also a successful pilot which commissioned some consultancy support for new social enterprise in the town from Hertfordshire Community Foundation. This was instrumental in subsequently securing grant funding from the Heritage Foundation to support the initial set up phase. This is a model that the Heritage Foundation is keen to develop and test further in supporting the social enterprise sector locally.

Supporting new sector growth – The primary focus of activity here has been on creative industries, but the Heritage Foundation has also been alert to the potential for sector development around life sciences.

Building on existing research, the Heritage Foundation has undertaken a feasibility study into converting the Old Grammar School, which is presently vacant, into a Centre for Creative Industries. In partnership with a sector expert and a local group of sector partners, a detailed market analysis was undertaken alongside a feasibility study into the business model for the creative industries' use of the building. This work is still ongoing but like the co-working space, one of the key challenges that exists at the Old Grammar School is the relatively small proportion of the gross internal area of the building that can be utilised for working space. Without significant capital investment, it is impossible to significantly improve the net internal letting area. However, securing a rate of return on that investment, along with the significant management and coordination costs of this type of workspace, has thus far meant that the business model is not at break-even. The Heritage Foundation is continuing to explore this opportunity and review how this might be developed alongside other complementary activities that together may offer a more viable business model.

As a result of a growing partnership with Hertfordshire LEP, the Heritage Foundation is aware of the potential for Letchworth to complement the life sciences sector in Stevenage. Enquiries for premises thus far have been for relatively large sized accommodation/sites. These are difficult to secure in the short to medium term (because of high occupancy levels within the Heritage Foundation's industrial property portfolio). However, Hertfordshire LEP is examining issues relating to long term strategic sites development across Hertfordshire; over time, this will be important.

Housing growth as a wider economic opportunity – The Local Plan aims to see some 1,200 new homes provided in Letchworth over the next decade or so. Many of these will be developed on land owned by the Heritage Foundation and over the past 12 months, as the Local Plan adoption has been

delayed, the Heritage Foundation has set about developing a vision for this development (particularly for the largest development site located to the North of the town). A successful and very popular design competition, Re-imagining the Garden City, was held last year which invited architects and designers to reinterpret the original Garden City principles for the 21st Century. The competition winners were announced in June 2019; Eco Responsive Environments' winning entry is here: <https://www.letchworth.com/news/international-design-competition-winner-announced>

Over the past few months, ERE and the team at the Heritage Foundation have been working collaboratively to develop the winning entry into a realisable vision for the development. Currently, this is not sufficiently far advanced to determine how wider economic and social impacts will be achieved, but this will remain an objective as we continue the development of the vision and strategy through 2020.

Letchworth brand and identity – The Heritage Foundation has had some initial discussions with North Herts District Council and Letchworth BID on brand development as part of the Town Centre Strategy Group. This is a topic that it aims to take forward in 2020 as a joint project. The Heritage Foundation is keen to work with others involved in the wider marketing of the town to develop a future looking brand and narrative.

Letchworth Town Centre – The Heritage Foundation, jointly with North Herts District Council, Letchworth BID and Garden Square Shopping Centre, has now formally established Letchworth Town Centre Strategy Group. More recently, Hertfordshire LEP has also joined this group. The purpose of the group is to develop a joint town centre strategy as well as working collaboratively to improve town centre management and co-ordination and to enhance the 'sense of place'. A strong focus of the Group's work has been how to diversify use of retail and in particular support the development of a new Town Centre-based Health Hub as an integrated primary care service for the town. The Group coordinated an application to the Future High Streets Fund for the Health Hub which was not supported. Despite this and considerable other barriers, this project is making steady progress and it is hoped it will be confirmed shortly. The development period is significant, and the Health Hub is therefore unlikely to be open before 2022.

The Group is now turning its attention to wider opportunities regarding diversification as well as considering the Letchworth brand and identity. Hertfordshire LEP has offered to support the Group as one of a small number of towns where they will pilot a new Town Centre health check.

What happens next...

10. Over the last year or so, there has been a good deal of activity in seeking to position Letchworth for sustainable economic growth. Some elements have been more successful than others, but a great deal has been learned in the process. We need to sustain the progress that has been made and – in particular – we need to agree some early and quick wins in the light of what we now know. The roundtable workshop on Tuesday 21st January will be a key meeting of wider stakeholders in this context.

PART A: Economic narrative

Letchworth Garden City: Economic narrative

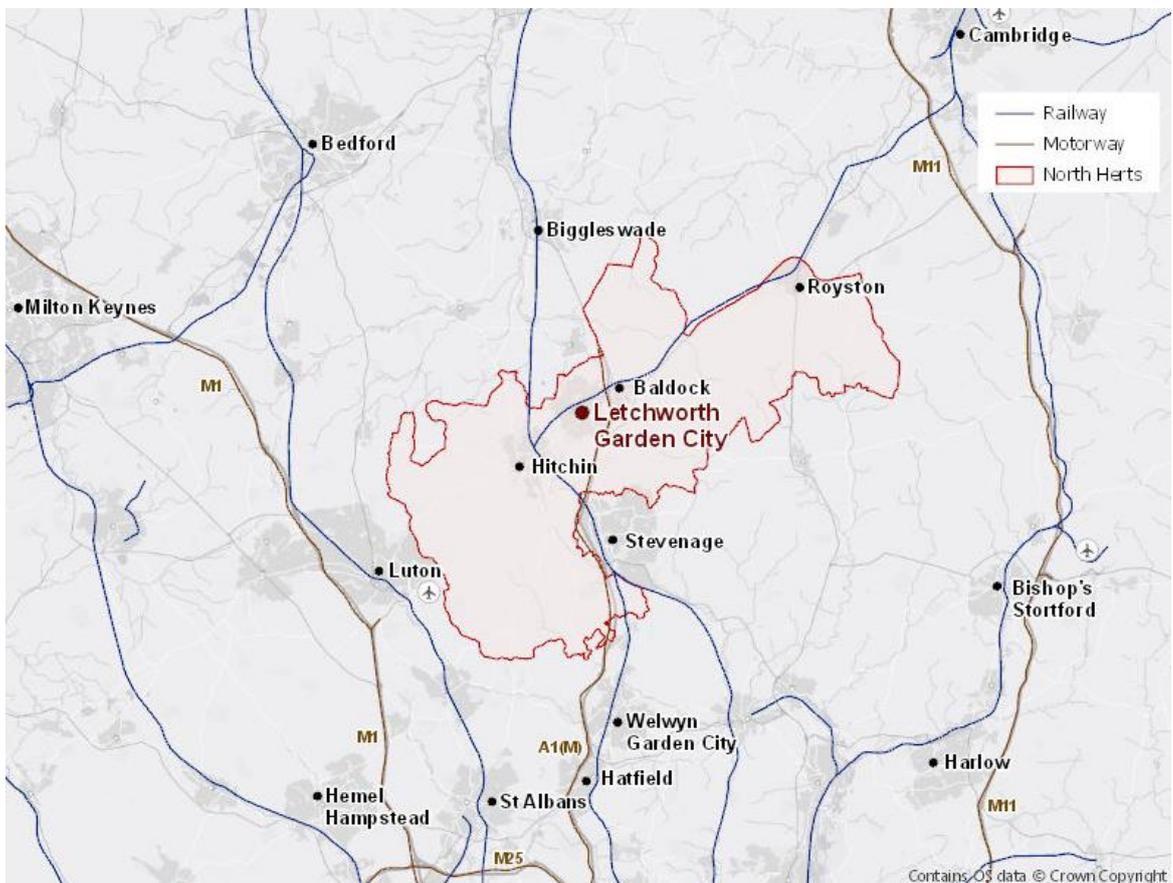
Report to Hertfordshire Local Enterprise Partnership
December 2018

SQW

1. Introduction

1.1 Letchworth Garden City is located in North Hertfordshire, less than 40 miles from central London. It covers 5,500 acres (7.7 sq. miles) and had an estimated population of 34,300 in 2016.² The town is surrounded by green belt, which ensures that Letchworth and the neighbouring towns of Hitchin and Baldock remain distinctive settlements. Letchworth has direct rail links to London and Cambridge. It has good access to the A1(m), providing road connections to other Hertfordshire towns (notably Stevenage, Welwyn Garden City and Hatfield), London and the Midlands and North.

Figure 1-1: Context map of Letchworth Garden City



Source: Produced by SQW 2018. Licence 100030994. Contains OS data © Crown copyright [and database right] (2018)

² ONS Mid-Year Population Estimates, 2016.

2. History

Planned Growth

Origins of Letchworth Garden City

- 2.1 Letchworth was founded in 1904 as the world's first Garden City. It was part of a movement pioneered by Ebenezer Howard in the early 20th century which aimed to create self-sustaining towns that offered the benefits of both urban and country living.³ It was based on a vision of towns *'designed for industry and healthy living; of a size that makes possible a full measure of social life, but not larger; surrounded by a permanent belt of rural land; the whole of the land being in public ownership or held in trust for the community.'*⁴ At their core, these ideals were rooted in creating a town that provided healthy surroundings, affordable homes and local jobs.⁵
- 2.2 In 1902, 4,000 acres of land was purchased by First Garden City Ltd for the new development. A masterplan was drawn up in 1904 by architects Barry Parker and Raymond Unwin. The masterplan incorporated three villages (Letchworth, Willian and Norton) and was intended to accommodate a population of 32,000.⁶ Letchworth was built according to Garden City planning principles, including a surrounding rural green belt, integrated green spaces, roads radiating out from the centre and zoning according to building type (i.e. industrial, commercial and residential). The 1904 masterplan placed industrial space to the north east of the town centre on sites along Icknield Way and Works Road. It dedicated 135 acres of land in the town centre to commercial development, along shopping streets such as Leys Avenue, Eastcheap and Station Road.⁷ Residential spaces were mostly located outside the town centre, with cheaper housing clustered around the industrial area.⁸
- 2.3 Through most of the 20th century, competitive pricing and the town's strategic location attracted manufacturing companies to the town. Notable early companies included: **Spirella**, a corset manufacturer; **Shelvoke and Drewery**, a vehicle manufacturer; **WH Smith Bookbinding**; and **International Computers Limited**, which manufactured computer hardware and software. However, Letchworth lost some major manufacturers in the 1980s and 1990s.⁹

From the 1990s...

- 2.4 In response, during the 1990s, North Hertfordshire District Council and Letchworth Garden City Heritage Foundation undertook various regeneration projects within Letchworth. Old Commerce Avenue was converted into Garden Square, providing new office space, a car park

³ Spatial Agency, Garden Cities. <http://www.spatialagency.net/database/why/political/garden.cities> [Accessed 07.11.18]

⁴ Creating Garden Cities and Suburbs Today – a guide for councils. TCPA, 2013.

⁵ English Garden Cities: an introduction. English Heritage and Letchworth Garden City Heritage Foundation, 2010.

⁶ Letchworth Employment Land Study Final Report. Written by Lichfields for the Letchworth Garden City Heritage Foundation, 2018.

⁷ Preserving and Maintaining the Concept of Letchworth Garden City.

http://www.gardencitiesinstitute.com/sites/default/files/documents/preserving_and_maintaining_the_concept_of_leitchworth_garden_city_-_john_lewis_0.pdf John Lewis (Letchworth Garden City Heritage Foundation Chief Executive), 2013. [Accessed 07.11.18]

⁸ English Garden Cities: an introduction. English Heritage and Letchworth Garden City Heritage Foundation, 2010.

⁹ English Garden Cities: an introduction. English Heritage and Letchworth Garden City Heritage Foundation, 2010.

and a public hall.¹⁰ The old Spirella factory (closed in 1989) was also converted into offices. In addition, regeneration projects in the town centre included the restoration of buildings and the redesign of the college site scheme. Provision was also made for a Morrisons supermarket (to address the loss of Sainsbury's in 1991).¹¹

Over the last decade...

- 2.5 The last decade has seen further investment in Letchworth Garden City. In 2009/10, the town centre further enhanced through a £8 million redesign of key shopping streets, including Eastcheap and Leys Avenue.¹² Moreover, as explored later in this report, Works Road power station underwent a 2015 regeneration project and was converted into two warehouses, currently occupied by Tyco and DPD.¹³

Governance

- 2.6 Letchworth is governed according to the original principles of the Garden City movement, which advocated that towns should be self-sustaining and publicly owned.
- 2.7 The original town site was purchased by **First Garden City Ltd**, a privately-owned company established in 1902 specifically for the creation of Letchworth Garden City. However, growing concerns that profits were not being adequately re-invested into the community prompted the 1962 Letchworth Garden City Act, which transferred all assets to a public body, the **Letchworth Garden City Corporation**.¹⁴
- 2.8 In 1995, Letchworth Garden City Corporation vested all assets to the **Letchworth Garden City Heritage Foundation**, a self-funded charity that today manages the estate. Its overarching objective is to benefit the Letchworth community by re-investing profits generated from the Letchworth Garden City Estate into the social, physical and economic infrastructure of the town. A group of 30 governors run the organization, 16 of whom have been democratically elected by Letchworth's residents. The Foundation has over £100 million of assets (comprised mostly of commercial and residential property) that generate an average annual income stream of £9 million.¹⁵ Of this, approximately £4 million is re-invested into projects covering: heritage and environment; education and learning; recreation and leisure; health and well-being; locally based charities; and charitable activities.¹⁶ This system has enabled the Foundation to fund various services including local transport, a health centre and cultural facilities. It also is responsible for managing the Garden City Estate, which includes rural pathways, industrial parks and the town centre. Moreover, the Foundation manages

¹⁰ English Garden Cities: an introduction. English Heritage and Letchworth Garden City Heritage Foundation, 2010.

¹¹ Letchworth Garden City Town Centre Strategy Supplementary Planning Document. North Hertfordshire District Council, 2007.

¹² English Garden Cities: an introduction. English Heritage and Letchworth Garden City Heritage Foundation, 2010.

¹³ Letchworth Employment Land Study Final Report. Written by Lichfields for the Letchworth Garden City Heritage Foundation, 2018.

¹⁴ Letchworth Garden City. <http://www.gardencitiesinstitute.com/resources/garden-cities/lethworth-garden-city> [Accessed 12.11.18]

¹⁵ Preserving and Maintaining the Concept of Letchworth Garden City.

http://www.gardencitiesinstitute.com/sites/default/files/documents/preserving_and_maintaining_the_concept_of_lethworth_garden_city_-_john_lewis_0.pdf John Lewis (Letchworth Garden City Heritage Foundation Chief Executive), 2013. [Accessed 07.11.18]

¹⁶ Letchworth Garden City Heritage Foundation. www.lethworth.com [Accessed 03.11.18]

Letchworth's Scheme of Management, granting it certain powers over properties whose freeholds have been purchased from the Foundation.¹⁷

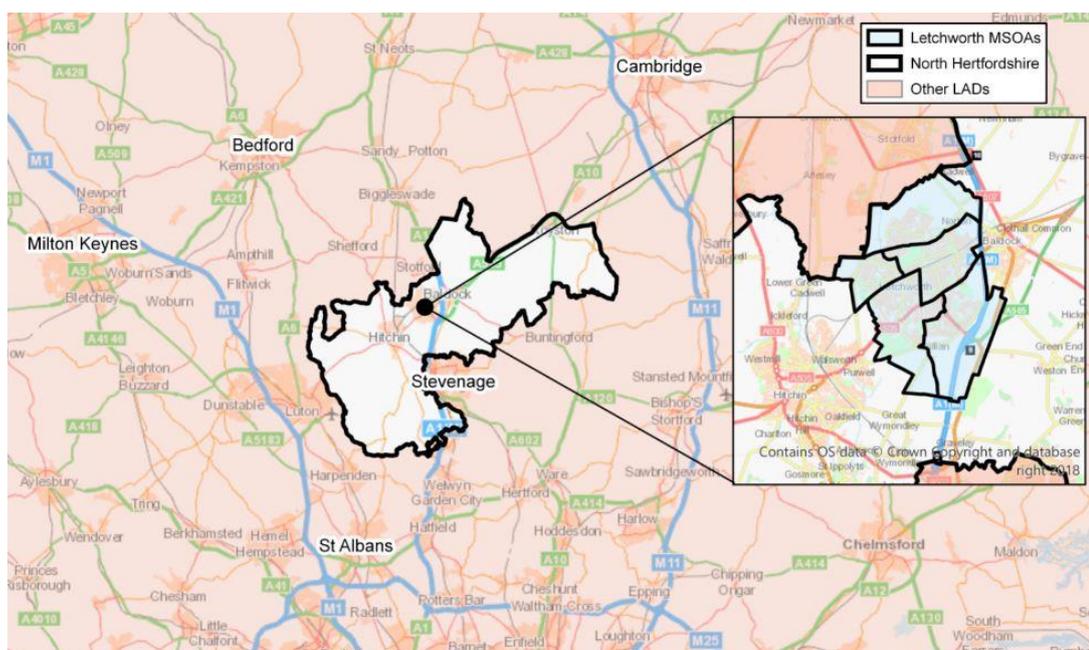
- 2.9 Alongside the role of the Foundation, Letchworth Garden City falls under the remit of the North Hertfordshire District Council, which has all usual responsibilities over the town.

¹⁷ Scheme of Management. Letchworth Garden City Heritage Foundation, 2017.

3. Socio-economic characteristics of Letchworth Garden City

- 3.1 The analysis which follows is based upon ONS Census data and ONS Business Register and Employment Survey (BRES) data for Letchworth at MSOA level.

Figure 3-1: MSOA level map of Letchworth (within North Hertfordshire)



Source: Produced by SQW 2018. Licence 100030994. Contains OS data © Crown copyright [and database right] (2018).

Population

- 3.2 The population of Letchworth in 2016 was estimated at 34,300, representing a modest increase from the 33,200 recorded during the 2011 Census. Letchworth's population size is larger than the 32,000 marker originally set as the intended size of a Garden City, a milestone which was passed at some point before 2001 (in 2001 Letchworth's population was 32,932).¹⁸
- 3.3 At the time of the 2011 census, 20% of the population aged was under 16; 71% was of working age (16-74); and 18% was over 65.¹⁹ **Today, Letchworth's population is somewhat older than across key comparators.** For example, as a share of the total, Letchworth's working age population is 2.6 percentage points (pp) smaller than England's and its 65+ population is 2.4 pp larger. A comparison with Hitchin yields similar results: Letchworth's working age population is 2.0 pp smaller and its 65+ population 2.8 pp larger. These data are confirmed by a study of demographic change undertaken by the Letchworth Garden City Heritage Foundation which also indicated an ageing population in Letchworth, with the number of young people over the last decade remaining stagnant.²⁰

¹⁸ ONS UK Census, 2011.

¹⁹ ONS UK Census, 2011.

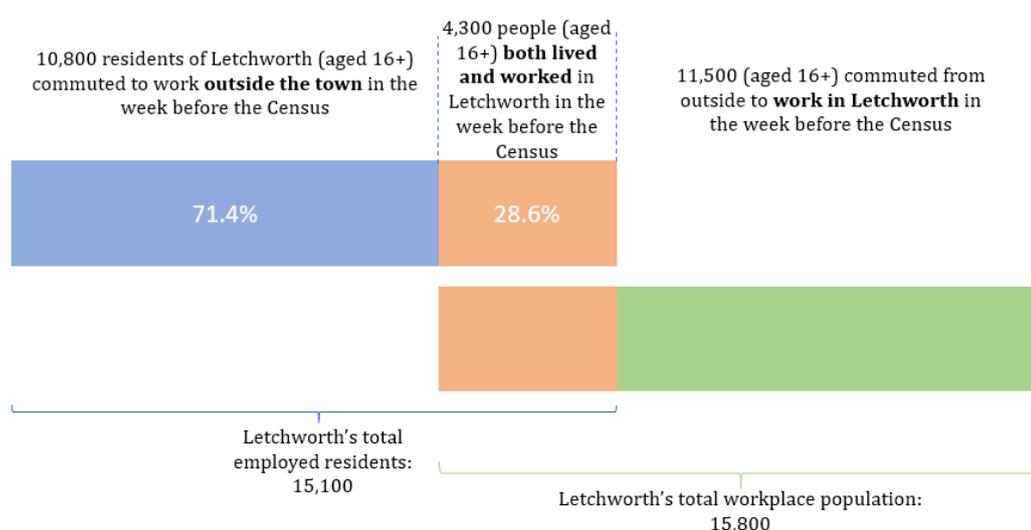
²⁰ A View of Life in Letchworth Today. Letchworth Garden City Heritage Foundation, 2018.

- 3.4 **In 2011, the working age population in Letchworth (i.e. residents aged 16-74) was 23,532.** Of these, 71.2% were economically active. Economic inactivity was primarily due to the number of retirees in Letchworth: 15% of Letchworth's population was retired, 2 pp higher than both the England and North Hertfordshire averages. Letchworth's unemployment rate was 4.3% at the time of the census, marginally lower than England's unemployment rate but 0.9% higher than across North Hertfordshire.²¹
- 3.5 **Letchworth's qualifications profile reflects national averages but is lower than the average for North Hertfordshire.** Some 21% of Letchworth's residents (aged 16+) have no qualifications, in line with the national average but 4% higher than in North Hertfordshire. In addition, 29% of Letchworth's over 16 residents are qualified to NVQ4+, notably lower than the 34% in North Hertfordshire.²² The population's comparatively low qualifications profile is consistent with Letchworth's main employment sectors – manufacturing, wholesale and retail. Nonetheless, Letchworth Garden City Heritage Foundation emphasises the need to increase the skills and qualifications of Letchworth's residents to enable access to a broader range of industries in the area.²³

Commuting flows

- 3.6 **At the time of the last Census, Letchworth had a small net inflow of workers.** In 2011, Letchworth's total workplace population was 15,800, with 4,300 (27.2%) living in Letchworth itself and 11,500 (72.8%) commuting into the town from elsewhere. Some 28.6% of Letchworth's employed residents both lived and worked in the town, whilst the majority commuted out for work.²⁴ This picture is, perhaps, incongruent with Howard's vision of a Garden City, which aimed to be self-contained with most residents both living and working in the town.

Figure 3-2: Commuting patterns in Letchworth, 2011



Source: ONS UK Census, 2011

²¹ ONS UK Census, 2011.

²² ONS UK Census, 2011.

²³ A View of Life in Letchworth Today. Letchworth Garden City Heritage Foundation, 2018.

²⁴ ONS UK Census, 2011

- 3.7 Some of Letchworth’s commuting residents work fairly locally: 14% work elsewhere in North Hertfordshire and 11% in Stevenage. Around 10% work in London.²⁵ Some 18% of in-commuters reside elsewhere in North Hertfordshire, 14% in Central Bedfordshire and 7% in Stevenage. It is also important to note that the close proximity of the North Hertfordshire towns of Letchworth, Hitchin and Baldock facilitates significant commuting between these settlements.²⁶

Table 3-1: Balance measure of main commuting flows in Letchworth

Location	Net commuting flow into Letchworth
Central Bedfordshire	1738
North Hertfordshire (exc. Letchworth)	700
Luton	37
St Albans	-23
Cambridge	-95
Stevenage	-503
Welwyn Hatfield	-518
London	-1185

Source: ONS UK Census, 2011

- 3.8 Letchworth’s resident population is more likely to be employed in jobs that require higher order occupations when compared with the workplace population (i.e. professional, scientific and technical activities; public administration; and health and social work). Correspondingly, Letchworth’s workplace population has a stronger focus on manufacturing; construction; wholesale; and retail. This implies that Letchworth has a net outflow of more highly qualified workers (even though the resident population has a lower qualifications profile than the average across North Hertfordshire) and that there may be a deficit of higher skilled jobs in the town.²⁷
- 3.9 It is also worth noting that Letchworth’s commuting flows are different from those of neighbouring Hitchin. Hitchin experiences a net outflow of workers (2,194 net loss). This may be indicative of Hitchin’s closer proximity and better connections to London, which have positioned it more as a commuter settlement.

Employment

- 3.10 An Employment Land Study report based on 2015 BRES data estimated there to be 16,800 jobs in Letchworth.²⁸ This accounts for approximately 35% of jobs in North Hertfordshire.²⁹ The number of jobs per resident in Letchworth is lower than county and national averages.³⁰

²⁵ ONS UK Census, 2011

²⁶ Local Plan 2011-2031 Proposed Submission Draft. <https://north-herts.jdi-consult.net/localplan/readdoc.php?docid=11&chapter=1> [Accessed 07.11.18]

²⁷ ONS UK Census, 2011

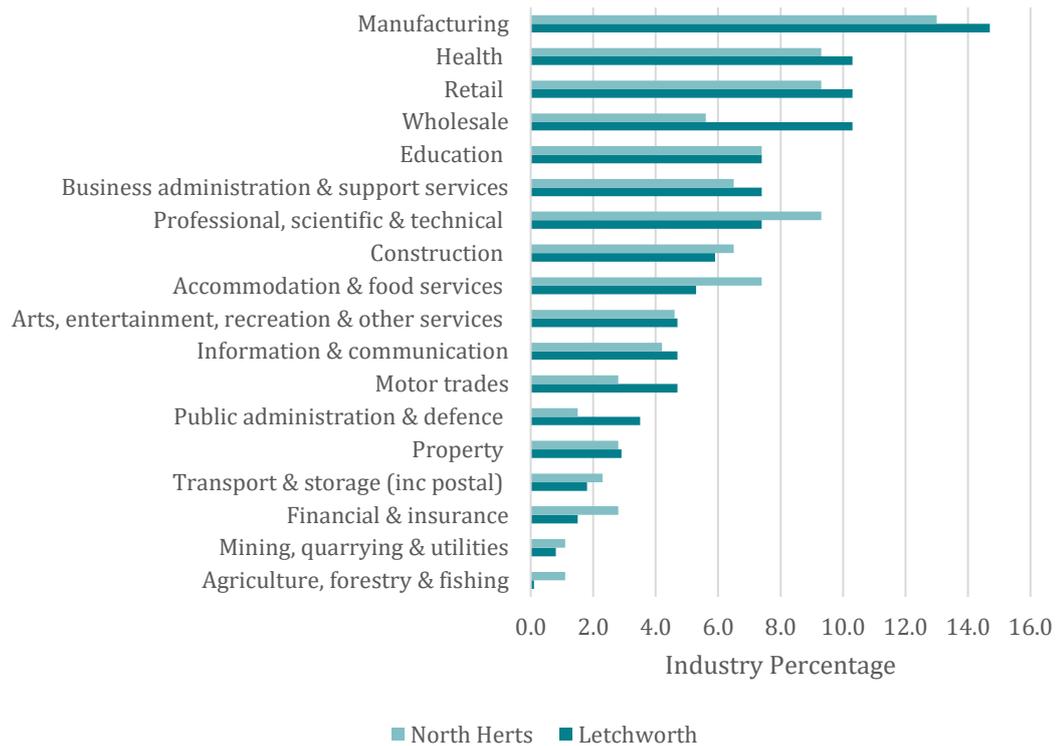
²⁸ Letchworth Employment Land Study Final Report. Written by Lichfields for the Letchworth Garden City Heritage Foundation, 2018.

²⁹ Local Plan 2011-2031 Proposed Submission Draft. <https://north-herts.jdi-consult.net/localplan/readdoc.php?docid=11&chapter=1> [Accessed 07.11.18]

³⁰ A View of Life in Letchworth Today. Letchworth Garden City Heritage Foundation, 2018.

3.11 In 2017, Letchworth's largest employment sectors were manufacturing (14.7%), wholesale (10.3%), retail (10.3%) and health (10.3%). These sectors were all over-represented when compared with North Hertfordshire data, especially the wholesale sector which was almost double the North Hertfordshire average (as a share of the total).³¹ Conversely, the professional, scientific and technical sector, construction sector and accommodation and food services sector were all under-represented in Letchworth when compared to North Hertfordshire.

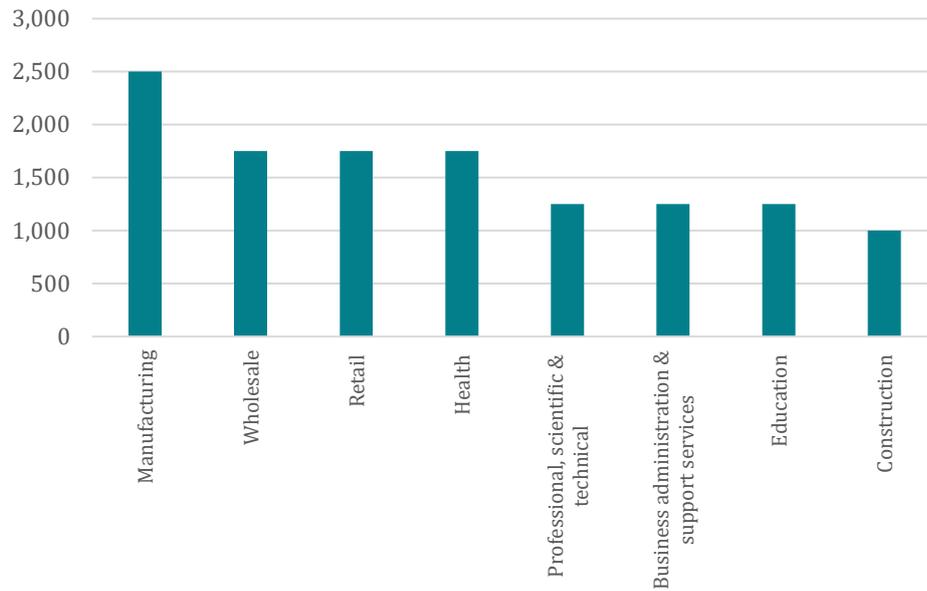
Figure 3-3: Letchworth's employment sectors compared with North Herts, 2017



Source: ONS BRES: open access, 2017.

³¹ Business Register and Employment Survey, 2017.

Figure 3-4: Letchworth’s sectors with 1000+ employee counts, 2017



Source: ONS BRES: open access, 2017

3.12 Regarding occupational structure, the largest occupational types amongst Letchworth’s resident population were professional (19.4%), associate professional and technical (13.4%), and administrative/secretarial (11.1%). Nonetheless, these occupations were under-represented amongst Letchworth’s resident population compared with North Hertfordshire. Letchworth had slightly higher instances of elementary occupations, machine operatives and customer service roles than in North Hertfordshire.³²

Employment sites

3.13 Letchworth plays a key role in relation to employment provision across North Hertfordshire. According to the property database CoStar, in November 2018, it accounted for 45% of employment floorspace in North Hertfordshire. This included 52.3% of industrial space³³, 32.8% of office space³⁴ and 21.4% of retail space.³⁵ In particular, warehouse space is significantly over-represented when compared with North Hertfordshire.

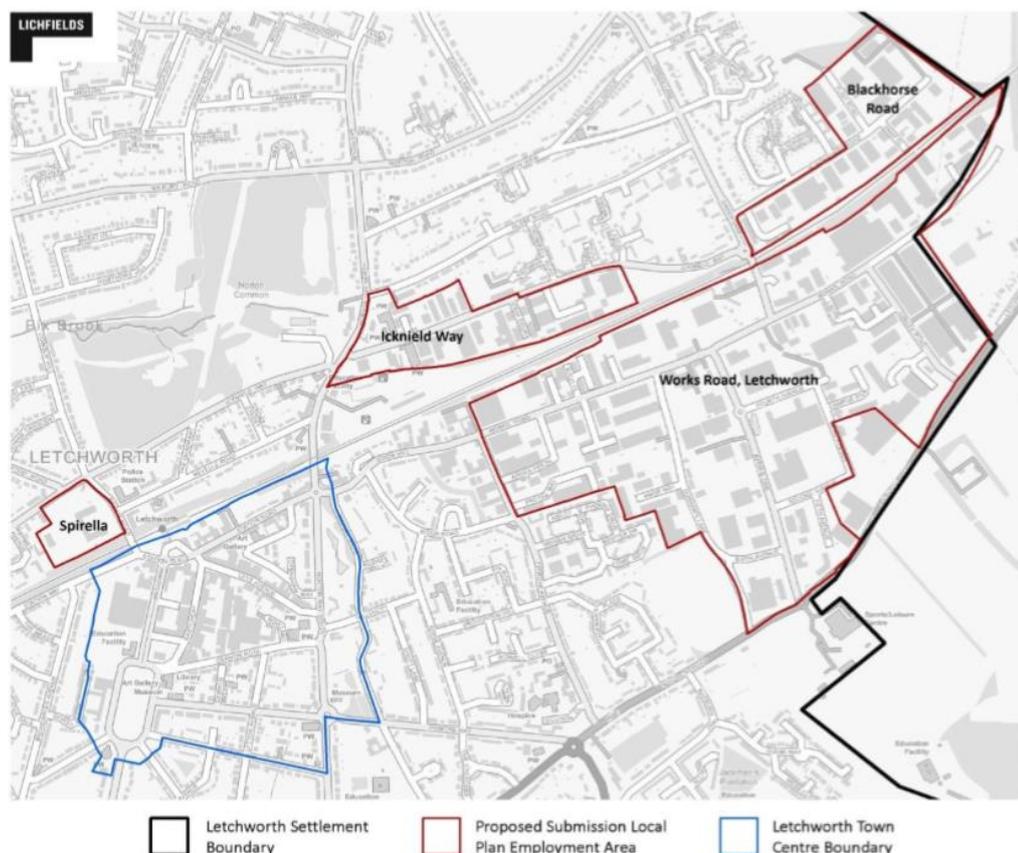
³² ONS UK Census, 2011

³³ North Hertfordshire Industrial submarket report. Costar data, 2018

³⁴ North Hertfordshire Office submarket report. Costar data, 2018

³⁵ North Hertfordshire Retail submarket report. Costar data, 2018

Figure 3-5: Map of Employment Land Sites in Letchworth



Source: Lichfields based on North Herts District Council, 2018.

3.14 An Employment Land Study completed by Lichfields identified five main employment areas within Letchworth:³⁶

1. The town centre

The town centre is 40.2 hectares and consists of retail, residential, education and employment land uses. It has the second highest number of town centre units in North Hertfordshire, with 281 units surveyed in 2014/15.³⁷ The core retail areas are Leys Avenue, Eastcheap and the Garden Square Shopping Centre. In 2016/17, the town centre had a vacancy rate of 15.5%, higher than neighbouring towns such as Hitchin (6.9%) and Baldock (5.8%).³⁸

2. The Spirella site

The Spirella site is a small employment site (2.8 ha). It is centred around the Spirella Building, an old factory built between 1912 and 1920 that was converted into offices during the 1990s. The site now consists of office space, a café, fitness centre, nursery and ballroom. The predominant employment sectors housed by this site include

³⁶ Letchworth Employment Land Study Final Report. Written by Lichfields for the Letchworth Garden City Heritage Foundation, 2018.

³⁷ Local Development Framework Town Centre and Retail Annual Monitoring Report 2014-15. North Hertfordshire District Council, 2015

³⁸ Annual Monitoring Report 2016-2017. Recording developments and other changes in North Hertfordshire and measuring the use of other planning policies. North Hertfordshire District Council, 2017.

health, consultancy and IT firms. The site is attractive due to its good environmental quality and location, near the town centre and train station.

3. Works Road

At 70.9 ha, Works Road employment site is the largest in Letchworth. It consists of a range of office, manufacturing and distribution spaces. Along Works Road itself, there is a mix of business parks, old industrial estates and car garages as well as the redeveloped power station which now hosts Tyco and DPD. Further south, the Jubilee Trade Centre contains mostly small-scale manufacturing and distribution businesses, Business Centre East and Business Centre West consist of low-rise industrial buildings, and the retail part holds chain-stores such as Lidl. Some 90% of the land is leased by the Letchworth Garden City Heritage Foundation.

4. Icknield Way

Icknield Way covers 10.4 ha and is located to the west of Blackhorse Road, adjacent to the railway line. It includes industrial buildings of varying age and quality with several car garages to the west of the site. Over 80% is leased by the Letchworth Garden City Heritage Foundation.

5. Blackhorse Road.³⁹

Blackhorse Road is a 11.8 ha employment site located north of Works Road and close to the railway. It contains a mix of industrial and office premises as well as a large warehouse building to the north of the site. In 2018, there were two vacant sites: a low rise industrial unit and a two-story office building.

3.15 The Employment Land Study observed that employment sites are generally occupied by small and medium-sized businesses, partly due to competition for larger enterprises from commercial centres such as Luton, Cambridge and Stevenage.⁴⁰

3.16 It also found that demand for industrial space in Letchworth is relatively strong and usually consists of smaller-scale enterprises. Industrial space is concentrated on Works Road, Blackhorse Road and Icknield Way.⁴¹ Letchworth's industrial space stands out within the North Hertfordshire industrial submarket. For example, 40% of the most active North Herts industrial buildings in 2018 were in Letchworth.⁴² Moreover, the Tyco warehouse on Works Road, built during the 2015 redevelopment of Works Road power station, is the only industrial unit larger than 50,000 sq. ft. to have been constructed in North Hertfordshire since 2008. **More broadly, the North Hertfordshire industrial submarket appears buoyant, with average industrial rents consistently growing since 2012 in contrast to an ebbing national market.**⁴³ North Hertfordshire experienced a 1.4% (96,900 sq. m.) increase in industrial floorspace between 2010 and 2015.⁴⁴

³⁹ Letchworth Employment Land Study Final Report. Written by Lichfields for the Letchworth Garden City Heritage Foundation, 2018.

⁴⁰ Letchworth Employment Land Study Final Report. Written by Lichfields for the Letchworth Garden City Heritage Foundation, 2018.

⁴¹ Letchworth Employment Land Study Final Report. Written by Lichfields for the Letchworth Garden City Heritage Foundation, 2018.

⁴² North Hertfordshire Industrial Submarket Report. CoStar data, 2018

⁴³ North Hertfordshire Industrial submarket report. CoStar data, 2018

⁴⁴ Letchworth Employment Land Study Final Report. Written by Lichfields for the Letchworth Garden City Heritage Foundation, 2018.

- 3.17 Letchworth's office market is relatively small and mostly consists of local demand from smaller occupiers. The majority of office stock is in the town centre, Spirella site and Works Road. **The rental value of Letchworth's office space, ranging from £5/sq. ft. to £15/sq. ft.⁴⁵, is substantially lower than that of North Hertfordshire, which averages £17/ sq. ft.⁴⁶** North Hertfordshire's office market is also fairly weak, with its office space rental value £6 / sq. ft. lower than Hertfordshire's.⁴⁷ It has experienced a 3% (43,100 sq. ft.) decrease in office floorspace between 2010 and 2015, contrary to an overall increase in office floorspace in Hertfordshire.⁴⁸
- 3.18 **CoStar data indicate that Letchworth accounts for a relatively high proportion of North Hertfordshire's vacant employment land.** In November 2018, Letchworth contained 35.5% of North Hertfordshire's total vacant employment floorspace.⁴⁹ It contained 52.3% of vacant industrial space⁵⁰, 32.8% of vacant office space⁵¹ and 21.4% of vacant retail space.⁵²
- 3.19 Within Letchworth⁵³:
- 55.8% of direct vacant space was industrial. Vacant industrial space was primarily concentrated on one site, Russel House on Icknield Way, with a small level of vacancy in Arden Press House and Business Centre West in Works Road employment area.⁵⁴
 - 28.6% of direct vacant space was retail. This was located in the town centre, spread across the Nexus Building, Leys Avenue and Eastcheap.
 - 15.6% of direct vacant space was office space. This was entirely located on the Spirella site.

⁴⁵ Letchworth Employment Land Study Final Report. Written by Lichfields for the Letchworth Garden City Heritage Foundation, 2018.

⁴⁶ North Hertfordshire Office Submarket Report. Costar data, 2018.

⁴⁷ North Hertfordshire Office Submarket Report. Costar data, 2018.

⁴⁸ Letchworth Employment Land Study Final Report. Written by Lichfields for the Letchworth Garden City Heritage Foundation, 2018.

⁴⁹ Letchworth Employment Sites. CoStar, 2018.

⁵⁰ North Hertfordshire Industrial Submarket Report. Costar data, 2018.

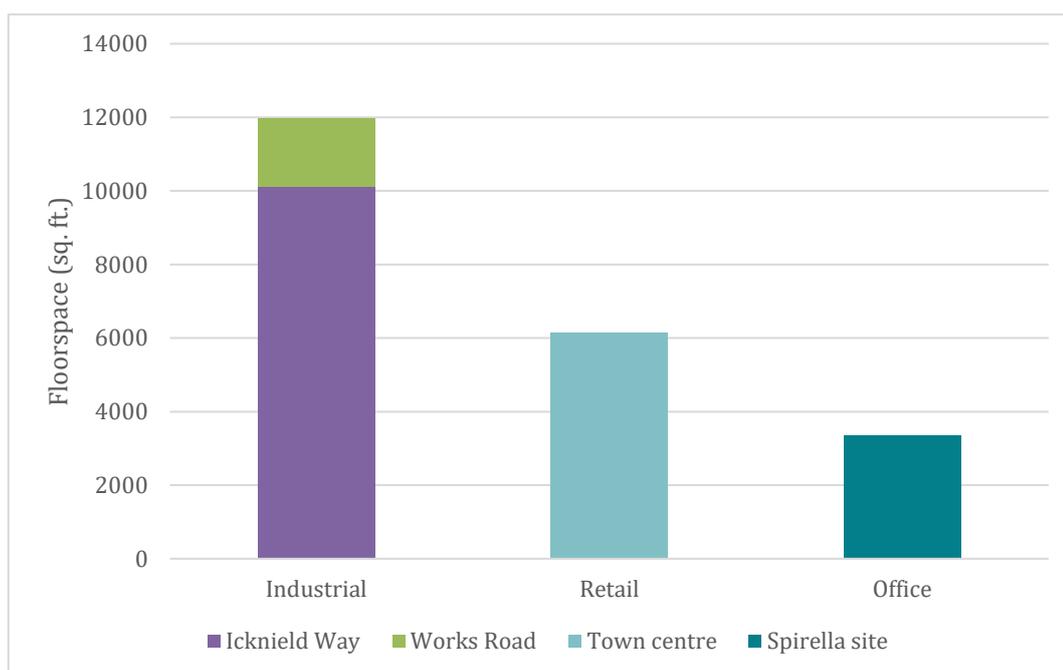
⁵¹ North Hertfordshire Office Submarket Report. Costar data, 2018.

⁵² North Hertfordshire Retail Submarket Report. Costar data, 2018.

⁵³ Letchworth Employment Sites. CoStar, 2018.

⁵⁴ Letchworth Employment Sites. CoStar, 2018.

Figure 3-6: Direct Vacant Space in Letchworth Garden City by Employment Site, November 2018



Source: CoStar, 2018.

Social Inclusion

- 3.20 Data from the 2015 Indices of Multiple Deprivation (IMD) provide insights both into the level of deprivation and – at a local level – inequality. Among 23 LSOAs in Letchworth, four were ranked in the 30% most deprived areas nationally and another two were ranked in the 40% most deprived areas.⁵⁵ Pockets of deprivation were clustered around the east and west of Letchworth⁵⁶, where income, employment, health and skills were notably lower than in other parts of town.⁵⁷ At the same time, Letchworth contains some of the least deprived areas nationally, with 6 LSOAs in Letchworth ranked in the top 20% least deprived areas. The least deprived regions were clustered in the south and south-west of the town.⁵⁸

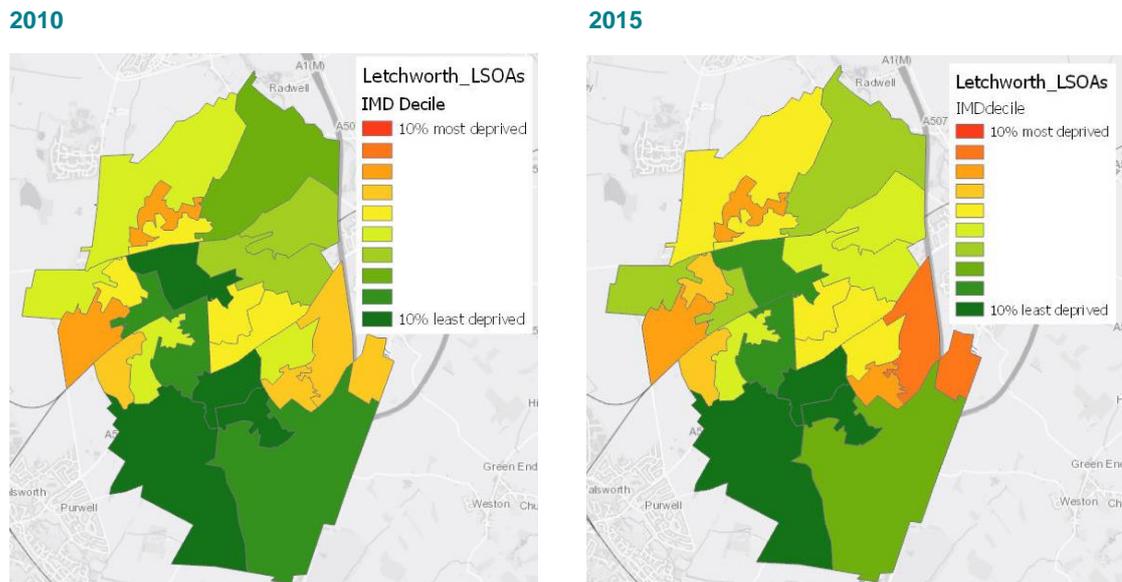
⁵⁵ Index of Multiple Deprivation (IMD). ONS, 2015.

⁵⁶ Skills, Education and Employment in Letchworth Garden City. Letchworth Garden City Heritage Foundation, 2018

⁵⁷ Health and Wellbeing in Letchworth Garden City. Letchworth Garden City Heritage Foundation, 2018

⁵⁸ Index of Multiple Deprivation (IMD). ONS, 2015.

Figure 3-7: Indices of Multiple Deprivation (IMD) at LSOA level for Letchworth



Source: Produced by SQW 2018. Licence 100030994. Contains OS data © Crown copyright [and database right] (2018).

- 3.21 **A comparison between 2010 and 2015 datasets indicates that Letchworth has become more deprived over time relative to the UK.** During this time, 47.8% of Letchworth LSOAs moved into a more deprived decile, 47.8% remained unchanged and only one LSOA (4.3%) moved into a less deprived decile. The LSOAs that experienced an increase in deprivation relative to the UK were clustered around the north, east and south-east of the town.

Conclusions

- 3.22 The evidence and analysis in this chapter points to the distinctiveness of Letchworth Garden City. It is different from the average for North Hertfordshire:
- Its population is notably older and less well qualified
 - Its sectoral make-up is dominated by local service activities; wholesale; and – particularly – a continuing prevalence of manufacturing (albeit at a reduced scale than previously)
 - It has a high incidence of sites for industrial uses – and is North Hertfordshire’s main focus for manufacturing (and related) activities which is considered in property market terms alongside Stevenage
 - Although there is vacant industrial space, rental values have increased recently – suggesting it has found a niche
 - Its town centre appears to be underperforming with high vacancy rates
 - There is substantial in- and out-commuting with net in-commuting overall
 - Levels of deprivation are variable but appear to be rising at a local level with increased polarisation.
- 3.23 On all fronts, its current make-up can be traced to its historic growth. As a forward trajectory, however, it does raise some issues.

4. Planned growth

Housing

- 4.1 The emerging North Hertfordshire Local Plan makes provision for 14,000 new homes across the district between 2011-2031.⁵⁹ Letchworth Garden City Heritage Foundation's Housing Strategy states that although Letchworth's population growth between 2001 and 2014 was low relative to North Hertfordshire as a whole, demand for housing in Letchworth led to a significant increase in house prices. In 2016, Letchworth's house prices were the second highest of all towns in North Hertfordshire.⁶⁰
- 4.2 The emerging Local Plan responds to these pressures. Letchworth has 2,167 allocated, completed and permitted new homes including site LG1, a 110-acre Strategic Housing Site north of the town intended for 900 homes, a primary school and 900 sq. meters of local community facilities and retail space.⁶¹ Some 40% of these 900 new properties will be affordable housing, in line with North Hertfordshire's target to deliver up to 40% affordable housing in the region. The Letchworth Garden City Heritage Foundation has promised at least 1,180 new homes on its land (which includes the 900 new properties north of Letchworth) in support of the 2011-2031 Local Plan.⁶²
- 4.3 Letchworth's planned growth is larger than Hitchin's, which has 1,647 allocated, completed and permitted new homes (520 less than Letchworth) and a Strategic Housing Site for 700 new homes. Conversely, Baldock's growth rate is significantly higher than Letchworth's, with 3290 allocated, completed and permitted new homes and a Strategic Housing Site catering for 2,800 homes (the largest planned housing development in North Hertfordshire).⁶³ The other Strategic Housing Sites in the Local Plan are located north of Stevenage, north-east of Great Ashby and east of Luton.

Employment

- 4.4 The 2011-2031 Local Plan outlines a small increase in employment land in Letchworth through a new development at Works Road.⁶⁴ The Works Road redevelopment was completed in 2015 – the old power station now hosts two new warehouses which are occupied by Tyco and DPD.⁶⁵ Most employment land developments in North Hertfordshire are occurring outside of Letchworth, with new designated land located predominantly in Baldock (19.6ha) and Royston (10.9ha).

⁵⁹ Local Plan 2011-2031 Proposed Submission Draft. <https://north-herts.jdi-consult.net/localplan/readdoc.php?docid=11&chapter=1> [Accessed 07.11.18]

⁶⁰ Letchworth Garden City Heritage Foundation Housing Strategy 2018-2021. Letchworth Garden City Heritage Foundation, 2018.

⁶¹ Local Plan 2011-2031 Proposed Submission Draft. <https://north-herts.jdi-consult.net/localplan/readdoc.php?docid=11&chapter=1> [Accessed 07.11.18]

⁶² Letchworth Garden City Heritage Foundation Housing Strategy 2018-2021. Letchworth Garden City Heritage Foundation, 2018.

⁶³ Local Plan 2011-2031 Proposed Submission Draft. <https://north-herts.jdi-consult.net/localplan/readdoc.php?docid=11&chapter=1> [Accessed 07.11.18]

⁶⁴ District Local Plan no.2 with alterations, April 1996. Saved Policies from September 2007. North Hertfordshire District Council, 2007.

⁶⁵ Letchworth Employment Land Study Final Report. Written by Lichfields for the Letchworth Garden City Heritage Foundation, 2018.

4.5 Letchworth's existing employment sites have limited capacity for future development. Lichfield's 2018 Employment Land Study highlights that Letchworth's five employment sites are '*generally fully developed and do not contain any significant sites that are immediately available for new B class development*'.⁶⁶ The report does not indicate a substantial need for more employment space in Letchworth between 2011-2031. Mapping out three potential scenarios for future demand in Letchworth, it concludes that only one scenario holds the potential to incur a net shortfall in B-class land (specifically office and distribution space).⁶⁷

⁶⁶ Letchworth Employment Land Study Final Report. Written by Lichfields for the Letchworth Garden City Heritage Foundation, 2018.

⁶⁷ Letchworth Employment Land Study Final Report. Written by Lichfields for the Letchworth Garden City Heritage Foundation, 2018.

PART B: Business survey

Letchworth Garden City: business survey

Report to Hertfordshire Local Enterprise Partnership
April 2019

SQW

1. Introduction

- 1.1 The following discussion is based on an online survey of businesses in Letchworth completed between the 25th February and 9th April 2019. The e-survey was sent out to members of the Biz4biz network, a network of business owners, entrepreneurs and senior managers of Hertfordshire-based businesses.⁶⁸

Profile of responding businesses

- 1.2 Some 19 businesses answered the online survey, all of which were located in Letchworth Garden City.
- 1.3 As displayed in Table 1-1, the surveyed businesses covered a wide range of industries. The most common business types were real estate (3), retail (3) and consultancy (3), but there was a broad spectrum of industries including health, services and ICT.

Table 1-1: Profile of e-survey respondents

	Number of Respondents
Real Estate	3
Retail	3
Consultancy	3
Health	2
Services (beauty)	2
Networking/social	2
Logistics	1
Services (accommodation)	1
Recruitment	1
ICT	1
Total	19

Source: Online survey of businesses in Letchworth Garden City, Feb-Apr, 2019

- 1.4 Respondents were asked how many people worked for their business at the time of the survey (Table 1-2). Results show a range of business sizes, from 0 to 249 employees. The majority of businesses who answered the survey were micro or medium sized enterprises: 42.1% of business had 0 – 4 employees and 31.6% had 10 – 49 employees. Some 15.8% of businesses had 5 – 9 employees and 10.5% of businesses had 50 – 249 employees. There were no businesses with over 250 employees.
- 1.5 When asked how their employee count was expected to change over the next three years, 47.4% expected it to increase, 42.1% to stay the same and 10.5% to decrease. This implies that the majority of businesses expected to remain stable or grow in the near future.

⁶⁸ <https://www.biz4biz.org>

Table 1-2: Number of employees in businesses

Employee count	Count	Percentage of e-survey respondents
0 - 4	8	42.1%
5 – 9	3	15.8%
10 – 49	6	31.6%
50 - 249	2	10.5%
250 +	0	0.0%
Total	19	100%

Source: Source: Online survey of businesses in Letchworth Garden City, Feb-Apr, 2019

- 1.6 Most businesses were established in Letchworth before 2015, with only one business established after this date. Table 1-3 shows that 44.4% of businesses were established between 2000 and 2009, 22.2% before 2000 and 27.8% between 2010 and 2015.

Table 1-3: Year business was established in Letchworth

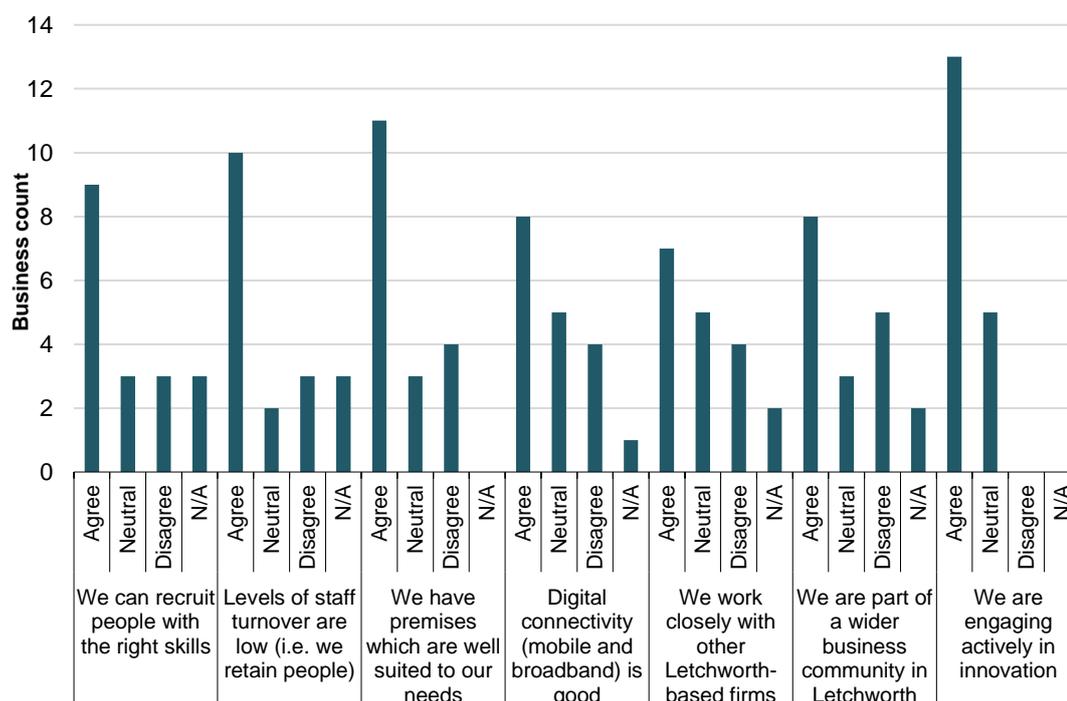
	Count	Percentage
Before 2000	4	22.2%
2000 – 2009	8	44.4%
2010 – 2015	5	27.8%
2015 - 2019	1	5.56%
Total	18	0.0%

Source: Source: Online survey of businesses in Letchworth Garden City, Feb-Apr, 2019 (Note that 18 firms responded to this question)

2. Key findings

2.1 The businesses were asked how far they agreed with a number of statements. As displayed in Figure 2-1, the majority of businesses were positive about Letchworth as a location for business. Most business strongly agreed that they could recruit people with the right skills, they could retain employees and that they were actively engaging in innovation. Whilst still positive, views were more mixed regarding the suitability of premises, the quality of digital connectivity and the business community/business collaboration in Letchworth.

Figure 2-1: Businesses agreement or disagreement with statements about Letchworth as a place for business

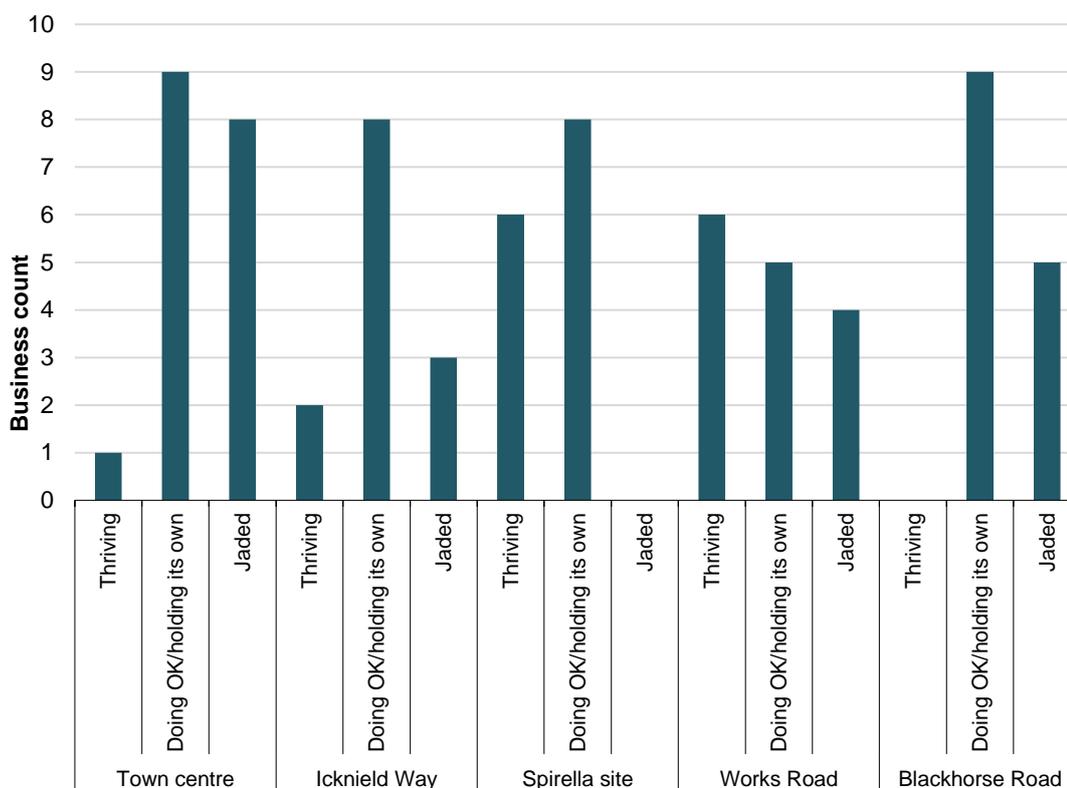


Source: Online survey of businesses in Letchworth Garden City, Feb-Apr, 2019 (Note that 18 firms answered this question)

Employment sites

2.2 The businesses had mixed views regarding the quality of Letchworth's principal employment sites. As seen in Figure 2-2, the Spirella Site had the largest number businesses that regarded it to as a high-quality site, with all businesses rating it as 'thriving' or 'doing OK/holding its own'. Conversely, Blackhorse Road was generally seen as a lower-quality site, with all businesses rating it as 'doing OK/holding its own' or 'jaded'. The town centre was also regarded relatively poorly, with 9 businesses rating it as 'doing OK/holding its own', 8 as 'jaded' and only one as 'thriving'. Both Icknield Way and Works Road had moderate ratings, with the majority of businesses rating Icknield Way as 'doing OK/holding its own' and Works Road receiving very mixed reviews.

Figure 2-2: Quality of Letchworth's principle employment sites



Source: Source: Online survey of businesses in Letchworth Garden City, Feb-Apr, 2019

Letchworth's relationship to other locations

Commuter flows

- 2.3 Businesses were asked to assess the importance of several locations in terms of their staff commuting patterns. The most important locations were local to Letchworth, namely Baldock, Hitchin and Stevenage, which were each rated 'very' or 'quite' important by over 10 businesses. A majority of respondents voted each of the other areas – Cambridge, London, Luton, Milton Keynes and elsewhere in the UK – as 'not important'. This all suggests that most businesses are locally-focused in terms of travel to work patterns.

Business relationships

- 2.4 The businesses were also asked to assess the importance of several locations in terms of their main business relationships (clients/customers, suppliers, collaborators or competitors). Again, the most important locations were local to Letchworth, namely Baldock, Hitchin and Stevenage, which were each rated 'very' or 'quite' important by over 13 businesses. Cambridge and London also emerged as important to businesses, receiving 13 and 15 'very/quite important' votes respectively. Some 11 businesses rated elsewhere in the UK as 'very' or 'quite' important. Although the majority of businesses rated Luton and Milton Keynes as 'not important', responses were mixed and some businesses did consider them as important sites for business. The vast majority of businesses rated both the EU and other

international locations as unimportant to business. This was reflected in the question ‘do you export?’, to which 15 out of 18 businesses responded no.

- 2.5 13 out of 18 respondents did not expect the importance of these locations to change over the next three years. Of those who believed there would be a change, most seemed to be setting their sights further afield – Cambridge, London, Milton Keynes, elsewhere in the UK, EU and internationally were predicted to become more important.

Letchworth as a place for business

Strengths and Weaknesses

- 2.6 Businesses were asked to comment on the strengths and weaknesses of Letchworth as a place for business.
- 2.7 The majority of respondents cited Letchworth’s transport links and accessibility to be the town’s **greatest assets**: thirteen highlighted Letchworth’s connectivity via road and rail and seven highlighted its strategic location. Of these seven, five mentioned London and two mentioned Cambridge as useful connections from Letchworth. Other strengths included the town’s strong history and heritage, the quality of environment, low rental costs and the types of industry in the town.

Table 2-1: Strengths of Letchworth as a place to “do business”

Strengths
“Its history in engineering and information technology alongside a creative industry”
“Independent businesses”
“Cheaper than Hitchin”
“Transport links”
“Good transport links via train and motorways”
“Close to major transport links. Pleasant environment”
“Geography”
“Layout of the town”
“Network and links to London and the surrounding areas. A lot of companies have been established for a significant amount of time”
“Road and rail links”
“Road and Rail access”
“Close enough to London. Near Cambridge. Near to the A1M”
“Geographical location: its proximity to London, Cambridge and other commercial / industrial centres”
“Great transport links, beautiful industrial buildings”
“Train station with fast links to London”

Source: Source: Online survey of businesses in Letchworth Garden City, Feb-Apr, 2019

2.8 Letchworth’s greatest weaknesses were centred around employment space, high rental costs and lack of parking, each of which were mentioned by four businesses. Regarding employment space, the principal issues were the poor quality and limited stock of retail, office and industrial space as well as a lack of grow-on space and flexible and incubator workspace. Three businesses highlighted the monopoly and poor management of the Letchworth Garden City Heritage Foundation as detrimental to business, arguing that it limited the availability of freehold employment sites and made Letchworth’s rental costs uncompetitive. Other factors included: the lack of a busy retail area; poor traffic infrastructure; an ageing and small population; and a lack of development opportunity.

Table 2-2: Weaknesses of Letchworth as a place to “do business”

Weaknesses
“Not enough good quality commercial space and further diminishing office space due to PDR and residential construction”
“Lack of busy retail area”
“Extremely high commercial rental prices within the town”
“High commercial rent costs, lack of parking”
“Rent can be high for some businesses”
-
“No overall plan for integrated development of business, employment and leisure with targets and stage completion dates”
“Ownership of much of retail and industrial space lies with LGCH but is outsourced (slow, inflexible, difficult)”
“Poor traffic infrastructure”
“LGCF”
“I have not noticed any that I can pinpoint”
“Rent and rates costs primarily. A lack of suitable flexible office space for incubation and growth”
“A mass market and ageing demography”
“Offices are not particularly modern. Parking is a problem”
“No distinctive, specific outstanding resource or characteristic”
“Parking for staff”

Source: Source: Online survey of businesses in Letchworth Garden City, Feb-Apr, 2019

2.9 When asked ‘why is your business in Letchworth’, eight cited Letchworth as their place of residence, two highlighted its good location and two its concentration of amenities and investment in infrastructure.

Future direction

2.10 Businesses were asked what they would change about Letchworth to help their business ‘thrive’. The largest number of responses (six) were focused on the quality, quantity and cost of employment space. Suggestions included more co-working space, larger employment sites, higher quality sites, lower rental costs and more freehold sites. Four respondents wanted to improve the innovation and start-up culture in Letchworth, suggesting cost incentives, business support and networking opportunities as potential ways to encourage new

enterprises and business growth. Three respondents wanted to reduce the number of restrictions imposed by the LGCF and, according to one, 'bring control of property back 'in house''. Other comments included increasing parking facilities and improving the town centre.

Table 2-3: What would you change about Letchworth?

If you could change one thing about Letchworth to help make it thrive, what would that be?

"Help with skills delivery and networking"

"Proper co-working hub where small businesses could share space but have their own offices - not a traditional serviced office"

"Opportunity to move to a bigger premises"

"Increase local residents' awareness of what businesses offer in the town"

"More free parking"

"Bring control of property back "in house""

"The built environment of the town centre – needs to truly reflect its position as the first Garden City"

"LGCF"

"Celebrating success of local business, promoting good business ethics and how that is shared among companies"

"Higher profile businesses moving here"

"An altered culture that attracts creative energy and start up entrepreneurship"

"Have decent office buildings in the town centre with parking rather than having to be in the industrial area"

"Local entrepreneurial talent and educated skilled individuals"

"Lower commercial rent costs, make more parking available"

"More availability of high quality office space"

Source: Source: Online survey of businesses in Letchworth Garden City, Feb-Apr, 2019