

CHAPTER 10 LOCAL ECONOMIC DEVELOPMENT

Introduction

Reading is a thriving town with a sizeable population. Its population has changed little in recent years – a level of 147,840 at mid 1998 contrasts with some 136,200 at 1991 (Source: ONS Mid Year Estimates). However, the population of the Greater Reading area is now approaching a quarter of a million people. This forms the basis of a sizeable local market and large workforce. Further information on population is included in Chapter 14 – The Social Environment.

Reading has a balanced population structure. Figures for 1991 show that 65% of the population falls within the economically active age range of 16-65 years, representing a large pool of economically active people. 30% of the population is aged between 16-34. In addition, Reading has a higher than average level of professional, managerial, supervisory and skilled employees, with 41% in these categories compared to 17% nationally (source: ONS).

A recent research project by Reading University found that the town had consistently outperformed many others in this country and across Europe during the 1980s. Reading's economic growth measured as a percentage change in Gross Domestic Product over this time was 79.9%.

A 1994 survey which took into account national figures for both quality of life and economic prosperity identified Reading as the most desirable town in the UK. The survey found that Reading's early transition from a traditional manufacturing base to a major centre for service and high technology industries had placed it at the forefront of the high technology revolution. Reading's economy was dominated by service industries considerably earlier than the rest of the country.

However, the study also found that a proportion of the town's workforce had skills no longer needed by the new industries, and had thereby been "left behind". In certain parts of Reading, particularly where there was a high proportion of people living in council/housing association homes or from an Afro-Caribbean or Asian background, unemployment levels were disproportionately high.

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Legislation and Guidance

National Guidance

- **Planning Policy Guidance Note 4: Industrial and Commercial Development and Small Firms**

This note provides guidance on issues relating to industrial and commercial development and small firms. It provides a national overview of the subject, stressing the importance of the planning system in reconciling economic growth and a high quality environment. The note deals with topics including locational factors, mixed use development, conservation, environmental assessment and a number of other areas where the planning system can influence economic development.

Regional Guidance

- **Regional Planning Guidance Note 9**

This note sets out government planning policy for South East England, and is designed to help shape the region's environment and guide its development. A key objective is to provide a framework for economic growth to maintain and develop the South East's competitive position. However the note states that for the western sector (including Berkshire), a reducing rate of economic and housing development is appropriate.

- **A Sustainable Development Strategy for the South East**

This document was prepared by Serplan, the conference of all south east planning authorities, for submission to government. It will lead to a review of the existing Regional Planning Guidance Note 9. A public examination into the strategy has recently been held. The Government Office for the South East is currently considering the Panel's report and is expected to produce Draft Regional Planning Guidance for public consultation in January 1999, with the final revised guidance made available later in 1999.

- **A Sustainable Development Strategy for the South East - Panel Report**

Following the public examination, the examination panel recommended that economic opportunities should be increased and distributed, and rejected the idea that the area to the west of London should be defined as an Area of Economic Pressure. Instead, it recommended that smaller areas should be identified where congestion and labour shortages could be tackled positively. It is unclear as yet whether the panel's conclusions will be reflected in the next version of the DETR's Regional Planning Guidance for the South East.

Local Policies and Initiatives

- **Berkshire Structure Plan**

This plan was adopted in November 1995 and sets the context for development in Berkshire. It seeks to maintain a broad-based local economy in which local firms have opportunities to grow and prosper and local people have access to a wide range of job opportunities. Development is encouraged where it would provide demonstrable local benefits. The Structure Plan is currently under review.

- **Reading Borough Local Plan**

This plan was adopted in October 1998 and deals with development within Reading. It aims to provide opportunities for continued economic growth within the constraints of the area, and to maintain and enhance the variety of economic activities and jobs in Reading.

- **Reading Borough Economic Development Strategy**

The Economic Development Strategy outlines the council's strategic economic development objectives for Reading, and links several topics related to economic development. It firstly promotes partnerships, which are increasingly necessary for effective planning and funding of services. Linked to this, it promotes the concept of Best Value in council services, drawing on Reading's position as a pilot authority for this project. It reiterates the need to involve a number of groups in economic development, and recognises that almost everything the council does impacts on the development of the local economy. Other important concepts addressed are sustainability and quality of life. The council's long term corporate objectives for Reading are also included, as outlined in the Reading – City 2020 document.

The council aims to develop a strong and competitive local economy which is socially cohesive, equitable and environmentally sustainable. The Economic Development Strategy seeks to achieve this through four key themes:

- providing the right infrastructure;
- supporting business and enterprise;
- creating employment and training opportunities; and
- leading regeneration and community enterprise.

Geographical Location

Reading and the businesses within it are situated in an excellent geographical location for easy access and communication with the rest of the UK and Europe. Just over 60 km west of London, the town is served by the M4 motorway. In addition, the M25, M40 and M3 give easy access to the Midlands, the north and the south coast ports.

The town is a major rail centre, having the most important station in the South East outside London. There are rapid and frequent services to most parts of the country, including two routes to London (Paddington station is less than half an hour away by high speed train).

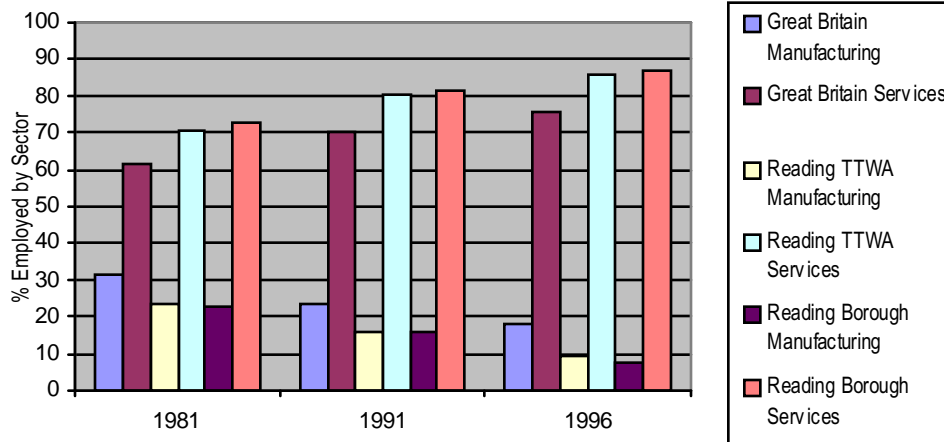
Greater Reading and the surrounding area are served by a comprehensive network of bus services, including frequent express coach services to London. Heathrow Airport is served by a dedicated Rail-Air coach link departing regularly from Reading station. Gatwick Airport is linked to Reading by a frequent rail service. Direct trains are also available to Birmingham and Southampton airports.

The issue of location is also dealt with in Chapter 6 – Transport.

Industrial Structure

For a number of years, Reading has been reliant on a service-based economy. With the arrival of high-tech industries and other services in the 1980s and 1990s this reliance has increased still further, helping the town to develop an advanced economy. The service sector saw a growth of 9,301 jobs between 1981-1991. Manufacturing jobs declined by 7,279 in the Travel To Work Area (TTWA) in this period, of which 5,985 jobs lost were from the Borough itself (53% of its manufacturing employment). These trends are illustrated in Figure 10.1.

Reading Travel To Work Area is a wider area including parts of the Districts of West Berkshire, Wokingham and South Oxfordshire



Source: ONS

Figure 10.1: Proportions of Jobs in Manufacturing and Services in Great Britain, Reading TTWA and Reading Borough, 1981-1996

The proportion of Reading's economically active residents in employment has remained constant in recent years:

Employed: 1981: 60,952 (92% of economically active)
 1991: 62,843 (92% of economically active)

Source: 1981 and 1991 Census, ONS

Reading is home to many well known major employers. Growth by existing companies is generally a much more significant source of job creation than inward investment. Attractions for companies moving to Reading are likely to include the availability and quality of space, and the competitive rents. The largest employers in Reading include:

- | | |
|------------------------|---------------------------------|
| British Gas | Microsoft |
| British Telecom | Prudential Assurance |
| Courage | Racal |
| Digital | Reading Borough Council |
| Environment Agency | Thames Trains |
| Foster Wheeler | Thames Water |
| Gillette | University of Reading |
| ICL | West Berkshire Health Authority |
| John Lewis Partnership | |

Based on *Doing Business in the Thames Valley*, Thames Valley Economic Partnership

In addition to being a large employer, Reading University has over 11,000 students. Its business library and expertise in European matters make it a useful resource for local businesses. The research undertaken by the University also has a national and often international reputation for quality and innovation.

Vat Registered Businesses

The number of VAT registrations and de-registrations gives a useful guide to the dynamism of the local economy and the health of businesses. Between 1981-1991 there were 7,390 VAT registrations in Reading and 6,730 de-registrations. In total there were 3,350 VAT registered businesses in Reading at 1981, and this increased to 4,000 by 1991: an increase of 19%.

Between 1991-1993 there were 1,040 registrations and 1,290 de-registrations. The total number of VAT registered businesses in Reading at 1993 was 3,590: a reduction of 6.5%. Between 1994-1996 there were 1,385 registrations and the same number of de-registrations: no net change.

Self Employment

Nationally, self employment rose during the 1980s and then declined during the recession of the early 1990s. It is projected to substantially rise again by the year 2000. 6,710 residents were in self employment in Reading in 1991. This compares to 4,740 in 1981, showing an increase of 1,970. Self employed people thus make up 9.5% of Reading's workforce, compared with 8.5% in Slough, 13% in West Berkshire and 10% in Bracknell Forest (Source: 1991 Census, ONS).

Home Working

There has been little change in the number of people working from home in recent years: 2% in 1981 and 3% in 1991 (Source: 1981 and 1991 Census, ONS).

Commuting Patterns

Reading attracts a significant number of its workers from areas outside its boundaries. This is partly because the administrative boundaries exclude many of the large residential areas of the urban area of Reading. Similarly a large number of Reading residents work in other districts. However, a higher proportion of residents both live and work in Reading compared to the situation in other parts of Berkshire.

At 1991 there was a net daily inflow of 21,900 workers commuting into Reading (Source: 1991 Census, ONS). Cross border commuting has increased in the last two decades. The majority of the inflow comes from other Berkshire districts, principally West Berkshire and Wokingham. In terms of the wider Reading area there is no discernable pattern to the distribution of commuting flows, with all directions seeing significant movement.

Female Employment

Continuing changes in the labour market will make increasing demands on the labour force in terms of higher skills and greater flexibility. There is also a trend away from full time towards part time employment, and these part time opportunities have tended to be taken up by women.

The proportion of women in the Reading workforce increased between 1981-1991 to 44% of all those in employment, as shown below.

	Women	Men
1981	40%	60%
1991	44% (27,306)	56% (35,537)

Table 10.2: Proportion of Men and Women in the Borough Workforce, 1981-1991

Source: 1981 and 1991 Census, ONS

Part Time Working

It is expected that part time working will increase. National projections suggest that by 2001 part time jobs will comprise 24% of all employment. As part time jobs tend to be taken by women, the number of female employees is expected to rise still further as the number of male workers continues to decline.

At September 1996, 21,067 people in Reading worked part time. 78.2% (16,476) of these part time workers were women. 40.3% of working women had part time jobs compared with only 11.0% of working men (Source: ONS).

Unemployment

Reading suffered from a rise in unemployment during the recession of the early 1990s, in line with national trends. However, unemployment has fallen consistently in more recent years and is now amongst the lowest in the South East. As unemployment has fallen there has been an increase in the number of job vacancies.

In September 1999, 2.2% of the workforce was unemployed in Reading, which equates to 2,027 people. There are marked differences in the unemployment figures for men and women. The Reading total is made up of 1,559 men and just 468 women.

Although the Reading economy is generally buoyant, there are pockets of unemployment and relative poverty. Within the Reading TTWA the largest concentrations of employment are to be found in Reading itself. Department of Employment statistics indicate that at May 1994 there were at least 250 people unemployed in each of the Wards within Reading. Unemployment figures differ notably across Reading, with the figures in Abbey and Whitley Wards being three times higher than those for Thames and Peppard. These are shown in the table below.

Wards with highest unemployment	Abbey	9.4%
	Whitley	9.0%
	Church	8.0%
Wards with lowest unemployment	Tilehurst	3.9%
	Peppard	3.3%
	Thames	3.0%

Table 10.3: Unemployment by Ward, 1991
Source: 1991 Census, ONS

Figure 10.2: Male and Female Unemployment Rates in Reading Travel to Work Area, 1989-1999

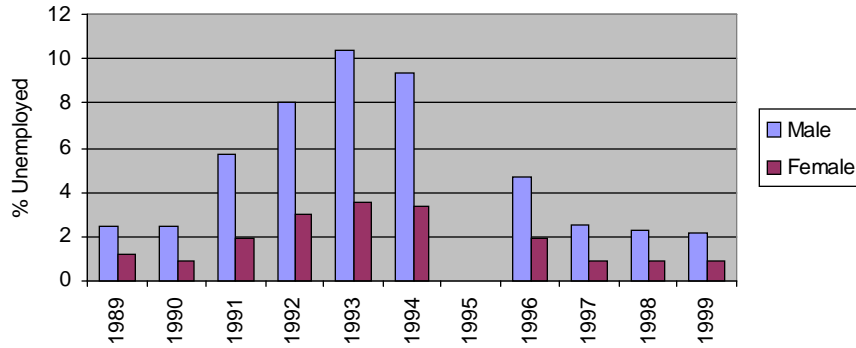


Figure 10.4: Male and Female Unemployment Rates in Reading Travel to Work Area, 1989-1999
Source: ONS

The level of unemployment for ethnic groups in Reading Borough has been comparatively high in recent years. The latest information available is for 1991, although it is likely that the rates shown in the following table will have substantially fallen in line with the general trend in the Borough.

The –1984-94 month of survey is unknown. 1995 data are not available. 1996-98 month of survey is October. 1999 month of survey is September. (This is the most up to date available).

Ethnic Groups	Number	Unemployment Rate %
Black (of which Caribbean)	471 (366)	13.8 (13.1)
Indian	158	7.8
Pakistani/Bangladeshi	273	24.0
Chinese and other Non-White	142	7.5
White (of which Irish Born)	9,188 (301)	5.2 (7.2)
Total	10,232	5.5

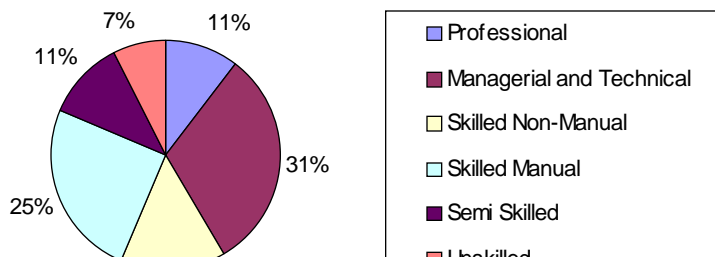
Table 10.5: Unemployment by Ethnic Origin, Reading TTWA, 1991
Source: ONS

In the early 1990s the proportion of those unemployed in the Berkshire area for more than one year increased significantly, but has dropped in more recent years. At October 1994 almost 34% of Berkshire residents who were unemployed had been out of work for more than one year, but by July 1998 this figure had dropped to 19.7%, representing 409 people (Source: ONS).

Skills Structure

The skills structure from the 1991 Census is shown on the next page. It is expected that most growth will be in higher skilled jobs, with the demand for lower skilled manual occupations continuing to fall.

The Greater Reading area has a large, skilled workforce. The employment structure has however changed in recent years with the decline of traditional manufacturing industries and the accompanying expansion of the service sector. Services, in particular distribution, insurance, finance and health, now underpin Reading’s economy. Around 80% of the jobs in Reading are in the service sector.



In recent years more young people have been staying on in education after the age of 16. Almost two thirds now do so, with over half staying on for two years. This increase has inevitably led to greater participation rates in higher education. In 1988/89, 15% of young people entered full time higher education. By 1993/94 this figure had risen to over 30%. In 1993 some 160,000 home students graduated, and this had risen to 200,000 by 1995. Indications are that the introduction of student loans and tuition fees has affected the demand for university places but has had little effect on the actual numbers of students.

The trend towards greater participation in education should help to produce a higher skilled workforce in future. In addition, more employees are benefiting from training for shorter periods of time (Source: Labour Force Survey). This may have future implications for the quality of the skills being obtained.

Commercial and Industrial Floorspace

A wide range of office and industrial property is available in Reading. Green Park, a major business park development, is under construction in south Reading. There are also several major employment sites outside Reading but within the Reading urban area. Further information on employment generating development that is under construction and the amount of property on the market is contained in Chapter 9 – Development.

Business Information

Several organisations provide advice and support to local businesses and are listed below.

Business Information Centre, Reading Central Library, Kings Road, Reading, RG1 3BQ. Tel. 0118 901 5955 Contact: Edwin Deady	Reading Borough Council, Civic Centre, Reading, RG1 7TD. Tel. 0118 939 0970 Contact: Andrea McCallum - Economic Development Officer
Thames Valley Enterprise (TVE), Pacific House, Imperial Way, Reading, RG2 0TF. Tel. 0345 512288 Contact: Helpdesk	Business Link Thames Valley, Pacific House, Imperial Way, Reading, RG2 0TF. Tel. 0345 512288 Contact: Helpdesk
Enterprise Agency, 7-11, Station Road, Reading, RG1 1LG. Tel. 0118 958 5715 Contact: David Evans	Joint Strategic Planning Unit, St. Mary's House, c/o Town Hall, St. Ives Road, Maidenhead, SL6 1RF. Tel. 01628 796749 Contact: Stuart Hylton
Thames Valley Euro Info Centre, Commerce House, 2-6, Bath Road, Slough, SL1 3SB. Tel. 01753 577877 Contact: Ann White	Thames Valley Economic Partnership, Commerce House, 2-6, Bath Road, Slough, SL1 3SB. Tel. 01753 572728 Contact: Heather Laws

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Main Issues

- Reading has a very strong, service-based economy.
- Reading has a large daily inflow of commuters via its good transport links.
- Unemployment is amongst the lowest in the South East, although there are certain areas and groups that have higher figures.

Key Contact(s)

Andrea McCallum, Economic Development Officer, Reading Borough Council, 0118 939 0970.

Reference Documents

Berkshire County Council (1995): Berkshire Structure Plan 1991-2006

Department of Employment (1994): Labour Market and Skill Trends 1995/96

Department of the Environment (1992): Planning Policy Guidance Note 4: Industrial and Commercial Development and Small Firms

Department of the Environment (1994): Regional Planning Guidance for the South East

Reading Borough Council (1998): Reading Borough Local Plan

Reading Borough Council (1998): Reading – City 2020

Reading Borough Council (1998): Economic Development Strategy 1999/2000

Reading Borough Council (1994): Reading in Profile, a Survey of Key Economic Issues for the Greater Reading Area in the 1990s

Reading Borough Council (1995): Reading Trends

Serplan (1998): A Sustainable Development Strategy for the South East

Thames Valley Economic Partnership (1996): Doing Business in the Thames Valley