

ISLE OF WIGHT ECONOMIC STRATEGY 2008-2020

July 2008

PREFACE

Welcome to the Island's Economic Strategy 2008-2020. The Island is situated within the South East Region, which is one of the world's most advanced regional economies, bringing both benefits and challenges. The purpose of this Strategy is to set the course for the Island's economy that will address our challenges and secure benefits for the Island's communities. The South East Region has a strong regional economic strategy and framework. Our local strategy and policy framework will need to compliment this.

The Isle of Wight is renowned for its beauty and quality of its natural environment, but to be a truly sustainable Island this needs to be matched by a high quality economy, together with a built environment and infrastructure that improves the quality of life for its residents.

We want to create prosperous communities where people feel proud to live and want to contribute to their continued success. This will only be achieved by local people, private sector business the Council and other partners working together, focussed on delivering agreed priorities. We need leadership to set our course and ensure that everyone is working towards the same objectives.

Our Vision is ***to be a world renowned Eco-Island with a thriving economy and a real sense of pride, where residents and visitors enjoy healthy lives, feel safe and are treated with respect.*** The Economic Strategy is focussed on delivering this vision.

The Council and the Island Strategic Partnership (ISP) have developed an ambitious new sustainable communities strategy to take the Island forward until 2020. The Island has made great strides in economic growth, but the global economy is changing rapidly and we have to be clear about what is needed to ensure that it can continue to prosper and that the wealth created can be shared by everyone. The Strategy will be backed up by a clear Action Plan with targets and responsibilities to ensure we keep on track and can monitor our performance.

This document sets out a number of objectives around skills, business support, nurturing specialist technologies, infrastructure and sustainable prosperity but in simple terms there are four main priorities:

1. Smart Growth – this means better wages and greater prosperity via sectors such as the creative and knowledge based economy. To meet this challenge we need to equip people of all ages on the Island with the necessary skills and aspirations.
2. A more mixed economy – this means a broad range of jobs with less reliance on the public sector and a diverse economic base that means we can adapt to the inevitable changes that will take place. To meet this challenge we will need to provide for business support and the workforce needs of a wide range of employment sectors.

3. Increasing inward investment – to encourage new businesses and entrepreneurs in the high value sectors to invest in the Island and help create wealth. To meet this challenge we will need to develop an investment prospectus which clearly sets out the opportunities that the Island can offer for business.
4. Sustainable prosperity – ensuring that development and wealth creation is sustainable in the long term, that development is delivered with the infrastructure to support it. To meet this challenge we need to ensure that the Island is at the forefront on new opportunities such as renewable energy, environmental technologies and other similar sectors which sit comfortably with the Island's distinct character and Eco-Island aspirations.

Our goal is *a sustainability economy, we want people to have better access to qualifications and skills and higher aspirations*. We need to encourage private sector business and enterprise and provide a climate for innovation and growth so that the wealth created on the Island can be reinvested back into our communities.

This strategy will only succeed if it is owned by everyone who has a stake in the Island's success and our partners will play a key role with us in implementing this Strategy.

Our key challenge is to provide a framework within which we can invest in success and do so in a sustainable way – both in social and environmental terms. Finally, much can be achieved in five years – just look at the changes we have experienced in the last five. Let us rise to the challenge.

Signed:

During the course of developing the Economic Strategy many people have contributed to our understanding of local economic issues and to the debate about our strategic priorities and we would like to thank everyone who took the time to contribute:

IW Council (all departments); IW Economic Partnership; Job Centre Plus; Environment Forum (representing a range of agencies and groups); Rural Community Council, South East England Development Agency; Hampshire & IW Constabulary; IW Chamber of Commerce; IW College;; IW NHS Trust; Government Office for the South East; Tourism South East; Learning & Skills Council; Business Link and LSPA.

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1. INTRODUCTION

- 1.1 The Vision for the Island *is to be a world renowned Eco-Island, with a thriving economy and a real sense of pride, where residents and visitors enjoy healthy lives, feel safe and are treated with respect.*
- 1.2 This Vision sits within the overall context of the Regional Economic Strategy and the draft South East Plan and the locally developed and emerging Island Plan, which sets the Island's spatial strategy. As part of the South East Region, the Island is part of one of the world's most advanced regional economies.
- 1.3 The Isle of Wight Economic Strategy builds on the South East Regional Economic Strategy 2006 – 2016, takes the regional vision, values, targets and actions within that plan and sets them into a local context. It also needs to reflect a variety of other local strategies (see page 12).

THE CHALLENGES

- 1.4 Along with other areas in the South East we face the key challenges of being part of one of Europe's most successful regions. These regional challenges are in turn influenced by local factors such as the perceptions associated with being an Island; limited local markets and low GVA¹. Other characteristics which are particular to the Island include: lower than average prosperity; a mix of service industries; and a large retired population. These local factors heighten the challenges faced by the Island as they are, on the whole, not shared with other areas of the South East. Our key challenges are:
- **The Global Challenge.** Globalisation has changed the world economy and has a significant influence on the Island's economy. We are part of a region which must maintain its competitiveness in the face of intensifying international competition. We face international competition from countries with much lower wage levels. Businesses on the Island therefore need to be more innovative, faster and customer focussed to compete against low wage countries. With relatively inexpensive air travel the tourism industry also faces international competition. We can build upon our existing success by becoming more enterprising, innovative and skilled. We must invest in success if it is to be maintained.

¹ See glossary of terms for full definition.

- **Smart Growth.** The recession of the 1990's was a major cause of the economy's relatively poor performance against the South East Region. It means that the Island currently has lower productivity, lower skill levels and less high value employment compared to the South East. Achieving higher levels of prosperity for the Island without increasing the Island's carbon footprint can only be delivered through higher productivity and by bringing more of the Island's resident population into economic activity. We can achieve this by focussing on smart growth. We will need to tackle the barriers to workforce engagement, support social enterprise and ensure there are strong links between new employment opportunities and disadvantaged areas.
- **Sustainable Prosperity.** Whilst the recent period of economic growth on the Island has been impressive there is still a large earnings gap between the Island and the South East and economic forecasts predict that the productivity gap between the Island and the rest of the South East will increase in the future. We can only secure long term economic prosperity through the principles of sustainable development. This means recognising that pursuing growth within environmental limits can create opportunities for the Island, through innovation and creativeness. We must invest in our quality of life that is a key resource for the Island.

WHAT IS OUR GOAL?

- 1.5 Our goal is *a sustainable economy where people have better access to skills and qualifications, well paid jobs and higher aspirations*. This means taking a longer term view of the impact of growth, so that we create long-term opportunities for people to have access to well paid jobs. We need to encourage enterprise and provide a climate for innovation and growth so that we can encourage well paid jobs and ensure that the wealth created on the Island can be reinvested back into our communities.

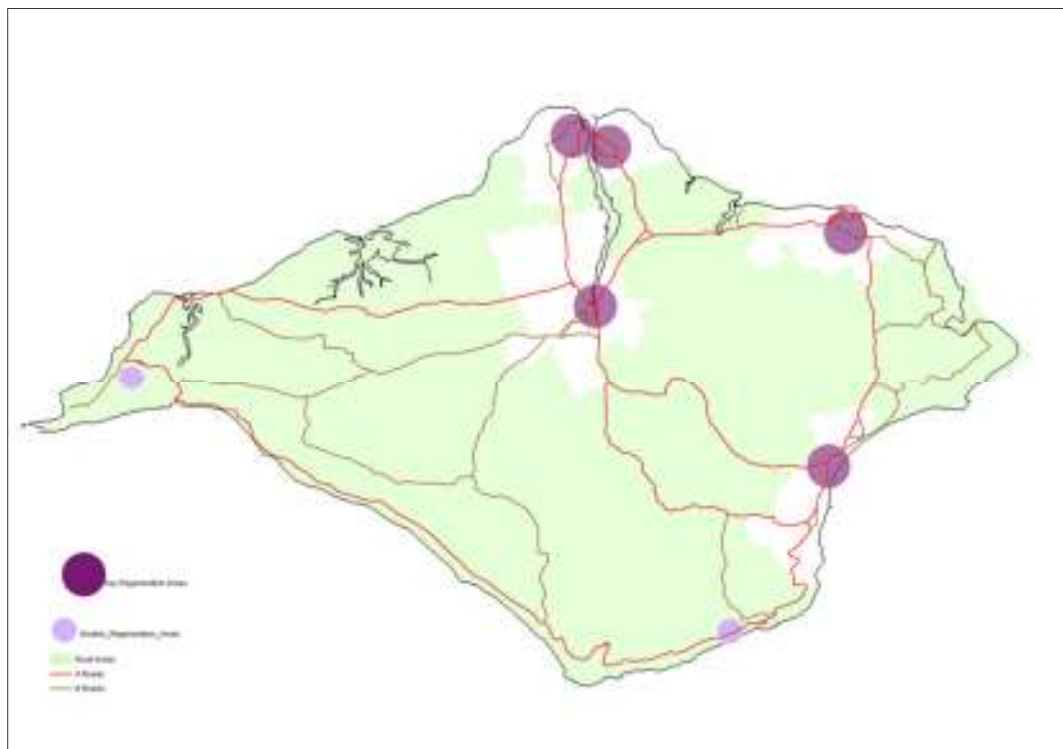
HOW WILL WE ACHIEVE THIS?

- 1.6 Our strategy is *to Invest in success to produce a more mixed economy, creating opportunities for increased inward investment and sustainable prosperity by prioritising quality of life*.

THE ISLAND'S APPROACH

- 1.7 On the Island we have **Key Regeneration Areas** within which we want to build a strong relationship with business, create economic vitality and deliver much of our economic growth. The challenge here is to make the most of our strengths within these areas and secure future prosperity through appropriate infrastructure investment and addressing the pockets of deprivation that sit within these areas. Each key regeneration area faces a different challenge, scale and vision but share the need to enhance productivity and create sustainable growth. Whilst these areas will be expected to account for a significant share of the growth projected for the Island, there are other focal points for accommodating sustainable growth.

Figure 1 – An Island approach to the strategy



- 1.8 Our **Coastal Towns** which are characterised by strong environmental assets yet they are areas which suffer from deprivation and even in some places continued economic and social decline. The challenges faced in these areas will require us to work closely with our partners to invest in the potential of these areas to create a range of opportunities, such as building skills, innovation and creativity, tourism, culture and leisure based growth. These areas need help to foster a new spirit of confidence and vitality.

- 1.9 The **Rural Area** accounts for 84% of the Island's land mass 34.9% of its business base and approximately 36.2% of its population. Whilst agricultural businesses are diversifying and there is increasing interest in local products and markets, and although businesses may be attracted to the Island by quality of life, a move away from decline is not yet secured. We need to identify ways in which to manage and maintain our landscape assets in a sustainable manner and this will need to include investment in physical and community infrastructure to ensure that rural communities remain places where people want to live and work. We need to address the issues of deprivation within rural areas, and plan to take advantage of the possibilities offered by rural tourism and ICT solutions to promote business and working in rural areas.
- 1.10 Sustainable development, which reduces impact upon the environment, yet creates long term quality of life for people and communities lies at the heart of the Economic Strategy and runs through it and other Island plans and strategies as a unifying thread. This is because:
- Achieving sustainability is a key challenge for the Island.
 - Safeguarding quality of life provides competitive advantage.
 - It is fundamental to achieving growth
 - It underpins rural issues
 - It is an objective in its own right, focussing on what the Island can do to reduce its ecological footprint and tackling issues such as water usage, energy supply and resource and waste management, and critically, the effects of climate change. Work on defining what sustainable development means for the Island is being undertaken by the Design Champion, and will feed into both the Eco-Island vision and the Island Plan.
- 1.11 It is not the role of this document to detail the current state of the economy, but the strategy has been developed using evidence of the state of the economy.

HOW WILL WE DELIVER OUR VISION?

- 1.12 This Economic Strategy is a strategy for the whole Island and will only be achieved by all relevant partners working together. The focus of implementation will be towards action that is required to enhance the existing mainstream activities which organisations already

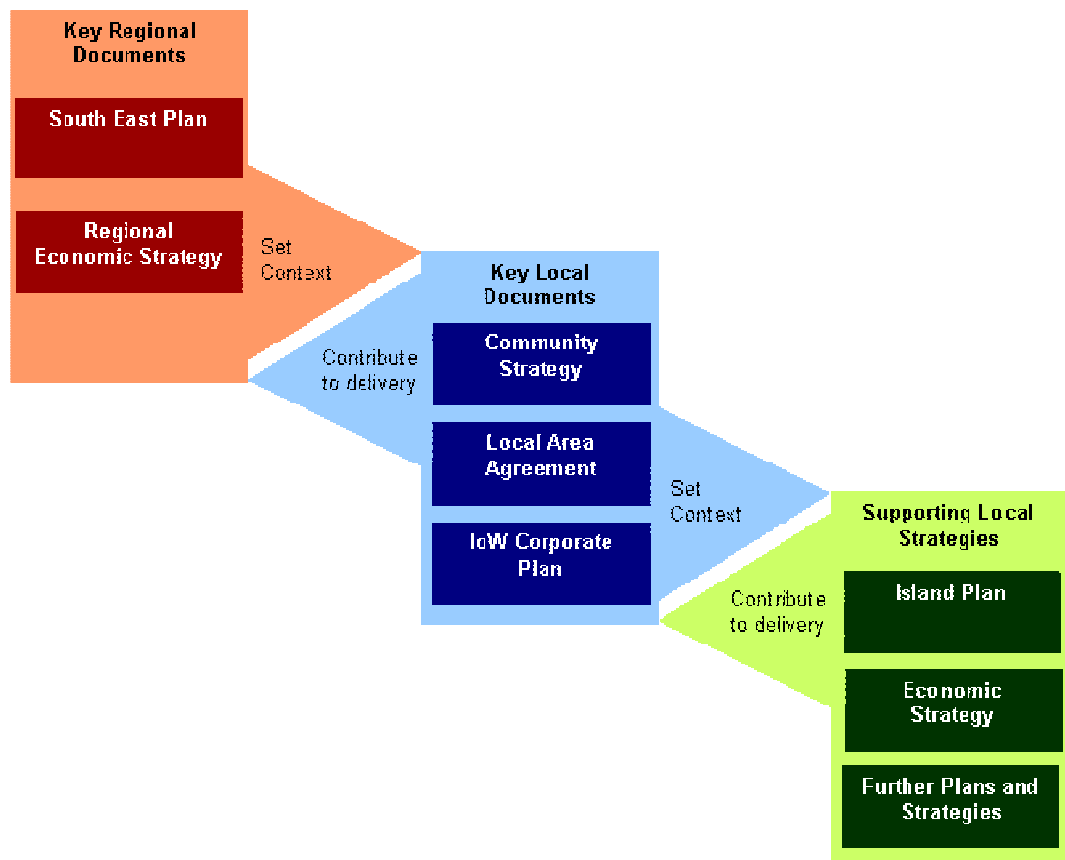
undertake. Transforming the way in which we all work together to add value will be essential to ensure that our objectives and targets are met.

- 1.13 The Island Strategic Partnership (ISP) is clear that developing a strong, diverse and stable economy is an Eco-Island priority. This Economic Strategy will support sustainable economic growth and prosperity that is in balance with the natural environment. The Economic and Environment Key Delivery Partnership (KDP) is the management framework of networks, organisations and agencies that will combine to deliver the economic and environmental objectives of Eco-Island. The KDP will co-ordinate activity, and in doing so, can simplify the way we operate for users, select best practices and reduce duplication.
- 1.14 More information and detail on the role of the KDP, together with its terms of reference and governance arrangements can be found at www.eco-island.org.uk
- 1.15 The Delivery Plan will be the working document of the KDP. The KEP will be responsible for its development, delivery and monitoring to ensure the wider objectives of the strategy will be met.

POLICY CONTEXT

- 1.16 There are regional policy documents which set the context for this Economic Strategy. These are the South East Plan and the Regional Economic Strategy. The Island has a series of local documents, including Eco Island (the Sustainable Community Strategy), One Island (the Council's Corporate Plan) and the Local Area Agreement, which contribute to the delivery of the regional strategies and set the context for more locally developed strategies, such as the Economic Strategy.

Figure 2 – Key Regional and Local Documents



THE SOUTH EAST PLAN

1.17 The South East Plan is the Spatial Strategy for the South East of England, produced by the South East England Regional Assembly (SEERA). It is currently in draft form and it is expected that the final Plan will be approved by Government in 2008. It promotes a long term annual growth rate in GVA for the Region of 3.2%. The main economic objectives of the Plan are to:

- support regionally important sectors and clusters
- assess the employment and land needs of the local economy and workforce
- support human resource development
- promote ICT and change working practices
- address intra-regional economic disparities
- provide housing to meet regional needs

1.18 The Plan gives the Isle of Wight Sub regional status and provides specific objectives for the Island:

- To enable economic regeneration through development, education and tourism strategies
- To develop strategic transport links
- To develop the infrastructure of the Island
- To develop the rural areas
- To develop the correct scale and type of housing to meet growth (annual target of 520 dwellings per annum).

It is a key aim of the Island plan to achieve the above in a way that is allied to the principles of sustainable development.

1.19 The Regional Economic Strategy (RES) sets the context for this strategy and includes the following economic objectives:

- To increase global competitiveness by assisting business
- To ensure smart growth by increasing skills levels and improving infrastructure
- To ensure sustainable prosperity through energy saving practices and policies

1.20 The RES strategy deals with the Coastal South East separately and sets out specific approaches for this area, which are to:

- Ensure skills-led growth
- Ensure innovation and creativity-driven growth
- Make economic upgrading the basis for growth
- Make connectivity the basis for growth
- Encourage culture and leisure-based growth

1.21 The RES furthermore includes a section on the Rural South East referring to the natural and historic environmental management, land based industries and issues relating to economic and social issues of the rural economy and communities. The RES identifies the following priorities for the Rural South East:

- Invest in the economic viability of villages and market towns across the Rural South East
- Exploit the potential of the knowledge economy for new business creation and development, and stimulate the take-up and effective use of Broadband

- Assist the food and farming sectors to adapt to new regulations, enabling them to develop new skills and to capitalise on opportunities for new products and processes resulting from CAP reform and new technology, whilst enhancing the natural resources on which they rely
- Support the development of premium local products by investing in the land-based products supply chain, adopting high quality standards
- Invest in and promote the area's cultural, heritage and landscape assets, and develop the visitor economy linked to the conservation of a high quality environment.

FURTHER RELEVANT STRATEGIES

1.22 There are a wide range of further relevant Island strategies and plans which are interrelated and together support the delivery of the Island's main objectives. These strategies and plans include:

- Eco Island (the Sustainable Community Strategy)
- One Island (the Isle of Wight Council Corporate Plan)
- Island Plan – the Island's planning framework
- Local Transport Plan (statutory 5 year plan 2006-2011)
- Tourism Development Plan (2005)
- Area of Outstanding Natural Beauty Management Plan
- Education, Leisure and Cultural Strategy
- Housing Strategy
- Joint Strategic Needs Assessment
- Biodiversity Action Plan
- Design Champion vision for the Island

2. CHALLENGES AND OPPORTUNITIES

2.1 In growing its economy the Isle of Wight can build on a range of strengths but also needs to address its weaknesses. There are a series of opportunities arising that the Island's economy can take advantage of but it also faces some threats it needs to address. The

Strengths Weaknesses Opportunities Threats (SWOT) analysis identifies the framework in which economic development in the Isle of Wight will take place in the future.

STRENGTHS

- The Island has a very attractive landscape and natural environment
- The Island has recently been growing faster in both employment and GVA terms than the South East and the United Kingdom
- The Island has an Outstanding Further Education College which has recently been awarded Beacon status and has 4 CoVEs (Centres of Vocational Excellence) in priority sectors such as marine/composites and hospitality
- The Island has a large tourism industry which is valuable to the economy
- Quality of life is high on the Island making it a good place to live and an attractive place for businesses to invest
- Unemployment levels are falling and wages are rising
- Chemicals, the largest manufacturing sub-sector on the Island, is the sector with the highest productivity in the South East
- There is an emerging technology hub focusing on composite materials
- There is a strong entrepreneurial culture on the Island reflected in the high number of sole traders and smaller businesses
- Cowes Week and the Island Festival, amongst many events, give the Isle of Wight international recognition
- The Isle of Wight is one of the world centres for yachting with Cowes Week and being the base of Dame Ellen MacArthur
- The Island is well connected to the mainland and to the capital and its international airports (half hourly public transport connections to London with journey times of less than 2.5 hours)
- The Index of Multiple Deprivation figures for the Island show that there are no areas with high deprivation
- Widespread broadband coverage
- Culture of innovation and inventiveness as shown by high number of patent applications

WEAKNESSES

- Productivity is significantly lower in the Isle of Wight compared to the South East and the UK and a majority of employees are working in sectors with relatively low productivity (Public Administration, Hotel & Restaurants and Retailing).
- Attainment levels of GCSE (A* - C grades), A levels and high level (NVQ4) skills are low on the Island compared to the South East and the UK.
- Whilst we may not have extremes of deprivation as measured by the Index of Multiple Deprivation, we do have substantial areas of deprivation when compared to other parts of the South East.
- The proportion of working age people who are economically active is relatively low compared to the South East
- There is a relatively high level of part time working on the Island, associated in particular with the Tourism sector
- High level of those on incapacity benefit
- The nationally and internationally growing Financial & Business Services sector is poorly represented on the Island
- Business leaders perceive workers and school pupils suffer from relatively low levels of aspiration
- The accessibility of the Island is perceived as being an issue, mainly due to the cost of crossings
- Parts of the road infrastructure on the Island is in poor condition
- There is a lack of suitable accommodation for business and certain types of leisure visitors to the Island
- Housing market characteristics are not conducive to economic growth
- The tourism sector has low productivity, is particularly weak during the autumn and winter months and has low skills and wage levels

OPPORTUNITIES

- The Isle of Wight is strategically well placed in the South East, the highest growth area in the UK so it can take advantage of this and be part of its continuing development

- To develop an Higher Education (HE) centre on the Island as part of the College's New Build Programme, working through the Lifelong Learning Network (LLLN) and our existing HE partners. This will facilitate significant growth of the existing HE provision, particularly in priority areas for the local economy
- There is potential for growth in the forestry, farming and horticultural sector, taking advantage of harnessing the Island's resources and making best use of local produce, for example, investigating the potential for an Island abattoir
- The potential for the Island to be a base for Research and Development in renewable energy technologies facilitated through links with the LLLN and its partner HE institutions
- To develop initiatives through renewable energy technologies, efficient use of energy and water and reduction in greenhouse gases to help combat the challenge of climate change.
- The emerging technology hub in chemicals and composites has the potential to be developed into a recognised national and international location
- Cowes Week, an internationally well known event, provides opportunities to promote and communicate the Island's emerging hub in composites materials, which are used in modern yacht building, together with additional opportunities for developing a marine training academy
- The Tourism Development Plan indicates that the tourism industry has the potential to grow and change further
- The Financial and Business Service sector is currently poorly represented on the Island providing scope to develop this regionally growing sector
- The East Cowes Development could be seen as a landmark regeneration scheme
- To improve and enhance the skills of Island workers to become a first class workforce
- Joined up thinking in the public sector, e.g. employment brokerage schemes
- The higher proportion of older people and the general trend toward increasing productive working age, especially given that our population enjoys above average health.
- Improvements in broadband infrastructure

THREATS

- Continuing industrial decline might have a negative impact on the Island's economy as Manufacturing is one of the key sectors in the Isle of Wight, especially given that within the Manufacturing sector there are a small number of relatively large employers. Business decisions by any one of these would have a significant effect on the Island's economy
- Poor GCSE and A level performance will discourage inward investment opportunities, businessmen and workers from moving to the Island
- There is a potential "brain drain" in the economy because there is limited higher education provision currently on the Island and with lack of opportunities for higher paid jobs and low wages
- The forecasts for growth are not as strong for the Isle of Wight as in the South East and the UK as a whole. The disparities in economic growth may continue to widen without proactive action as there is Strong inward investment competition from other south coast and inland South East cities and towns
- As an Island we are vulnerable to changing sea level and its impact upon our distinctive coastline. Climate change will also put pressure on our unique natural environment and the precious bio-diversity we want to protect.
- Increase energy and fossil fuel costs for business.

2.2 The identified strengths and weaknesses, threats and opportunities have to be considered when planning for the Island's future economy. Together with the policy context they provide the framework in which the Isle of Wight's economy will operate in the future.

3. ECONOMIC OBJECTIVES

- 3.1 The following objectives have been identified through the SWOT analysis, and will be key to delivering our strategy of *Investing in success to produce a more mixed economy, creating opportunities for increased inward investment and sustainable prosperity by prioritising quality of life.*
- 3.2 The objectives identified will help to deliver the Eco-Island and Local Area Agreement Priorities of:
- Protecting and enhancing our Island’s natural beauty;
 - Creating wealth whilst reducing our carbon footprint
 - Producing as much of our energy as possible from renewable resources
 - Supporting Economic development and regeneration, enabling everyone to share in the Island’s economic success, by increasing the skills of the whole community.

OBJECTIVE 1: SMART GOWTH & INCREASING INWARD INVESTMENT

By 2020 we will have achieved:

- Worldwide recognition for our technology hub in composite materials and their application in marine technology, renewable energy and aerospace. The synergies between a higher education facility and local technology firms have accelerated research and development and attracted the best from across the world. International conferences and seminars on the Island are a must for everyone working in the field of composite materials. The spin-offs of the technology hub have had an impact across the Island’s economy, increasing productivity to the level in the South East.
- A highly motivated and skilled workforce which competes successfully in an international market. Businesses from across the world choose to locate on the Isle of Wight due to the high quality of life, the exceptionally qualified labour force and the good communications on the Island. It is well connected to the mainland, London and to the world markets.

- 3.3 This is a key objective because whilst the Isle of Wight Economy has been experiencing high rates of growth compared to the UK and the South East, productivity is however much

lower than both the South East and UK levels. Increasing productivity will increase prosperity.

3.4 Effective business support provides the basis for smart growth by encouraging entrepreneurship and helping existing businesses to achieve their full potential. The priorities for Business support on the Island are:

- Supporting businesses seeking to innovate and move into higher value activities
- Encouraging and celebrating a culture of entrepreneurship in profit and social businesses
- Attracting inward investment focusing on businesses which would support the emerging technology hub
- Supporting small businesses to grow and develop to increase their contribution to the economy
- Supporting self-employment and creating new entrepreneurs
- Building and supporting business to business networks on the Island to foster further growth in the economy
- Identifying the measures needed for enhancing financial and business services on the Island
- A co-ordinated mapping of new start-ups and failed business so that we can develop an understanding of the issues facing new business

3.5 Every successful economy needs high quality skills to attract and retain high quality employment. The Island currently has below average attainment in education and skills. A Key area of activity to focus on achieving our objective will be to improve skill levels on the Isle of Wight to provide the best employees for current and future jobs. A further challenge for the Island is to engage people into learning. In a recent study only 32% of residents were participating in learning, compared with 42% in the Hampshire and Isle of Wight Learning Skills Council (LSC) area. Furthermore just one tenth of residents on the Island view learning as important or a valuable use of time, compared with a third in the Hampshire and Isle of Wight LSA area as a whole.

3.6 The lack of participation and the perceived value in learning among the Isle of Wight Residents is a particular problem given shortages in hard-to-fill vacancies that were reported in the National Employer Skills Survey (NESS) 2003. According to the NESS, the vacancy rate on the Island was similar to the Hampshire and Isle of Wight LSC area average, but the proportion of hard-to-fill vacancies was slightly higher. The reasons

stated were not enough people interested in doing the job or a low number of applicants with the required attitude or skills. Our priorities will be:

- To improve the quality of the workforce by boosting educational attainment levels to bring pupils achieving 5 A* – C GCSE grades in line with or above the national average
- To improve skills for life attainment levels to enhance the skills base for entry and basic level jobs
- To improve the equivalent NVQ3 and NVQ4+ attainment levels to provide the skills for high level, value added jobs
- To improve the employability skills of young people before they enter the workplace
- To significantly increase the number of HE learners by establishing an HE centre on the Island with the support of the Lifelong Learning Network and existing HE partner institutions'
- To increase "occupational health", which means encouraging businesses to develop a healthier workforce and getting more people back into work after illness.
- Developing employability programmes linking employers and potential new employees from outside the labour market.

3.7 Successful economies also need adequate infrastructure to provide the basis for smart economic growth. The current Isle of Wight transport infrastructure and employment land provision needs to be addressed to meet the Island's economic objectives.

3.8 Developing the infrastructure on the Island to boost economic activity and the priorities are:

- Improvements to the condition of local highways through investment in line with the Highway Maintenance Pathfinder Private Finance Initiative (PFI), which was confirmed by Government in March 2008 and secures a potential £235 million over the next 11 years.
- To improve accessibility for local residents, businesses and tourists, by improving transport choice and the opportunity to travel by sustainable means – public transport, walk and cycle.
- To make the best use of the existing transport infrastructure and reduce traffic growth and impact through the development of workplace travel plans, where this will encourage travel by sustainable means - car sharing, bus, foot and cycle.

- To provide a supply of quality and choice of employment land and workspace in well located areas which are easily accessible by sustainable means of transport.
- To provide adequate ICT infrastructure so as to facilitate communication and allow and encourage flexible working and by working from home reduce the need to travel.
- To improve access by freight and delivery vehicles, where this will benefit the local economy.
- To protect the deep water access to the Island and develop port and ferry terminals to improve freight access and links with the mainland
- To improve the environmental quality of the transport infrastructure and public realm.

OBJECTIVE 2: SUSTAINABLE PROSPERITY

By 2020 we will have achieved:

- Sustainable economic development respecting the Island's natural resources and its magnificent landscape. All new buildings on the Island are built to the highest ecological and energy standards making intensive use of renewable energy technologies, many of which are developed and produced on the Island.

3.9 The UK Sustainable Development Strategy "Securing the Future" sets our guiding principles for sustainable development with four areas for action:

- Sustainable consumption and production
- Climate change and energy
- Natural resource protection and environmental enhancement
- Sustainable communities

3.10 Sustainable economic growth can be achieved by creating a high value sector that is well embedded into the economy. There is an existing cluster of expertise and innovation around aerospace, electronics, composite materials, wind energy and marine technology. This needs to be nurtured in the correct way to deliver its full potential to the economy. Our priorities are to:

- Work with existing employers to raise the profile of the Island as a hub and improve the links between them and suppliers
- Market the Island as a "hub" for composites in order to attract more companies

- Encourage links between employers and higher education institutions to realise synergies in research and development
 - Work with employers/businesses and investors that emphasise the reduction of carbon emissions through their products and funding strategies
 - Create opportunities for investment in business across a diverse range of products and sectors, including local produce, fuel switching, energy efficiency, energy multipliers, microgeneration, waste management, transport changes and building refurbishment
 - Linking with opportunities provided for partnership projects across local authority, and European boundaries, taking advantage of the opportunities to add value to our projects by utilising Regional and European Funding
- 3.11 SEEDA's objectives for sustainable prosperity are to reduce CO₂ emissions by 20% between 2003 and 2016, increase the region's renewable energy contribution to 8%, reduce per capita water consumption by 20%, increase resource efficiency by 30% (GVA per tonne of waste materials), and to have all new building construction achieving the Ecohomes/BREEAM "excellent" standard by 2016.
- 3.12 The Isle of Wight's contribution to these targets will be to:
- Encourage the development of very low energy building schemes making intensive use of renewable energy technologies and seek to become a centre of knowledge and technical excellence for renewable energy
 - Ensure, via the Island Plan that new employment and housing developments are properly serviced with utilities, road networks and public transport, including promoting land use patterns which reduce the work commuting and allow for an effective public transport system
 - Increase the re-cycling and re-use of business waste produced on the Island
 - Promote responsible water usage
 - Balance development needs with protection of our natural environment so that we retain the appeal and value of our outstanding natural assets
 - Enhance and protect the natural, built and historic environment through projects such as the spatial design manifesto being produced by Sir Terrence Farrell, the Island's newly appointed Design Champion
 - Encourage 'Green Tourism'
 - To have 175MW of electricity from Renewable sources on the Island by 2020

- Invest in the economic viability of villages and small rural towns, creating opportunities for rural enterprise
- Assist the food and farming sectors to improve their viability and capitalise on new opportunities for new products and processes, whilst enhancing the natural resources on which they rely, providing support for rural businesses and agricultural diversification, including the potential for an Island abattoir
- Support the development of premium rural products and supply chains

3.13 In addition, in order to face the challenges caused by climate change affecting the Island, and secure its conservation and enhancement we need to:

- Consider emerging information about future climate scenarios and their impact upon the Island.
- Identify the ways in which we can use economic growth to contribute to mitigation and adaptation to climate change.

OBJECTIVE 3: A MIXED ECONOMY

By 2020 we will have achieved:

A diverse economy building on a range of sectors providing year round employment for local residents. Businesses and employees are well equipped to face the challenges of global competition and make the best use of modern technologies. People on the Island are aware of what has been achieved and are proud of being part of the Isle of Wight economic success.

3.14 This objective links very strongly with Smart Growth and Increasing Inward Investment (objective 1) Sustainable Prosperity (Objective 2) and hence the focus for activity outlined on pages 17-22 and will also help achieve a more mixed economy.

3.15 The manufacturing sector represents high value to the Island's economy. While jobs and output have fallen in certain sub-sectors productivity has, in general, increased. This shows that the manufacturing sector is important in developing the economy and improving the overall productivity of it.

3.16 The strong growth sub-sectors are Chemicals and Machinery & Equipment. Businesses engaged in composite materials development and manufacture are major contributors to these and the growth of companies like Gurit and Vestas Blades reflect these

developments. This indicates a strong base for composites on the Island, something it can exploit for future economic growth.

- 3.17 The key challenge for manufacturing is to balance the expected loss of jobs in sub-sectors where low cost economies compete while continuing to grow in those that provide high value. This high-value manufacturing will require highly qualified and skilled recruits, and this will have a positive impact on our average pay levels and economic growth.

OBJECTIVE 4: TO MAXIMISE THE BENEFITS OF SUSTAINABLE TOURISM TO THE ISLAND AS A WHOLE.

By 2020 we will have achieved:

- A tourism industry that has substantially increased its value in the economy. Top quality tourist accommodation, eating out opportunities, events, attractions and activities will have made the Island a highly desirable destination for domestic and overseas visitors. In particular, a range of boutique hotels and luxury self catering developments will exploit the proximity to the economically thriving South East and London and the high demand for year round short breaks. Environmentally conscious families are choosing to spend their holidays on the Isle of Wight encouraged by an attractive range of activities with something of interest for everyone.

- 3.18 The impact of tourism on the Isle of Wight is extensive. Tourism is worth over half a billion pounds to the Island's economy. It currently generates £360 million of direct tourist expenditure, £25 million from visiting yachts and a further £150 million through the multiplier effect on suppliers and income induced spending. It also supports over 20% of jobs on the island.
- 3.19 The nature of the visitor economy is changing and we must change with it. We must take every opportunity to better understand the opportunities that these changes present for the Island in order to fully exploit them if we are to sustain the role of the visitor economy as a key part of this strategy.
- 3.20 The intelligent use of information and robust data to inform future spending and development activities is central to the exploitation of the new opportunities that will present themselves to the Island. This will undoubtedly mean that the support that is

currently given to some existing activities and initiatives is stopped in favour of other more beneficial opportunities.

- 3.21 In order to maximise the benefits of sustainable tourism for the Island as a whole we will focus our activity on five main outcomes:
- A higher standard, wider range and increase in the overall quality of the Island tourism offer.
 - Eco-Island to be instantly recognisable as the Island's overall brand and the values that underpin it are well understood by all potential visitors to the Island.
 - Through active industry engagement, reach a collective agreement about the roles and responsibilities of all players with an interest in tourism and actions that are consistent with this agreement.
 - Activities in support of the tourism industry are part of the mainstream of the work of all the public sector organisations on the Island, where appropriate.
 - More intelligent collection and application of market information to enable the identification and exploitation of market opportunities for the Island.
- 3.22 The quality of the tourism offer is central to its ability to increase the overall value that it derives from tourism and to underpin the recognition amongst potential tourists that the Island is a destination to be visited.
- 3.23 The Island's current offer is failing to penetrate new markets as almost half of visitors to it are repeat visitors. The overall quality of the visitor experience will be an important factor in servicing new markets and opportunities that we will be seeking to identify in pursuit of this strategy.
- 3.24 Quality comes from having a balanced portfolio of tourism products and a clear understanding of how each of these related products interacts with each other to impact on the overall visitor experience. It needs to include:
- The public realm (built and natural)
 - The infrastructure
 - Accommodation
 - Attractions
 - Visitor information services (face to face, written and electronic)
 - Staff skills, training and culture

- Green Island Programme
- 3.25 We must take a robust and businesslike approach to the management and improvement of each of these distinct areas of the overall visitor experience. In so doing we will ensure that we make the best use of the collective resources available and ensure a market led approach to their application.
- 3.26 It is important that the marketing and promotional campaigns undertaken by all parties are aligned with the Eco Island brand and are consistent with the market information available at the time. This will not only help to create a distinctive and identifiable sense of place but will also ensure that resources are being allocated in pursuit of clearly identified and attainable target markets.
- 3.27 We will seek to build on the UK staying domestic market as the main source of visitors to the Island and to exploit the geographical area around the Island as a major source of these visitors. We will also attempt to better understand the needs of the mainly adult visitors to the Island which continues to be recognised as a family destination. Key issues to consider will be:
- Creating a year round destination
 - Targeted marketing (regionally, nationally and overseas)
 - Creating new packages and offers (especially around events and festivals)
 - Promoting experiences as well as individual products (exploiting the green tourism dimension)
- 3.28 All with an interest in tourism must be clear about their expectations and the impact of their activities on the overall tourism offer of the Island. In so doing attempt must be made to ensure that duplication, overlap and conflict are reduced to an absolute minimum and that all are working to a common goal of raising the spend in the Island as a whole.
- 3.29 The exploitation of new opportunities relies on their early identification which in the main will come from good marketing intelligence. This is underpinned by effective information systems and processes for the analysis of data that can be produced by them. The internet will continue to develop as a key communication channel and rich source of information to inform this strategy. We will seek to develop and exploit the opportunities that it presents.

4. DELIVERY AND IMPLEMENTATION PLAN

A PARTNERSHIP APPROACH

- 4.1 Realising the Vision and objectives of this strategy will require effective partnership working at both local and regional levels.
- 4.2 The Isle of Wight Council has the important role of promoting this Strategy and encouraging economic development partnerships, co-ordinate their actions for the future benefit of the Island.
- 4.3 The Strategy is designed to bring these organisations together and address gaps in delivering the Economic Vision for the Island. It aspires to be a holistic document that applies to the space, people and communities of the Island. It is the responsibility of all parties with an interest in the Island's future to define, and subsequently align their activity and resources against the Vision and Objectives of this Strategy. The Strategy supports the key stakeholders in recognising common priorities and desired outcomes. Only with an input from everyone on the Island will result in the Vision being achieved.
- 4.4 The Isle of Wight Council will take the lead on implementing this Delivery Plan and will work in close partnership with each other and key partners. The Delivery Plan will for a "live" working document for the Economic and Environment Key Delivery Partnership.

PRIORITIES

- 4.5 There are a number of existing activities and programmes by stakeholders which already contribute to the delivery of this Strategy. A priority should be to coordinate, support and strengthen these activities where necessary and possible.

DELIVERY PLAN

- 4.6 The Delivery Plan sets out a series of actions which contribute to the delivery of the Economic Strategy and will lead the Isle of Wight to its Vision of ***being a world renowned Eco-Island, with a thriving economy and a real sense of pride, where residents and visitors enjoy healthy lives, feel safe and are treated with respect.***

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- 4.7 The Delivery Plan identifies the key or lead organisation for each action, the expected timeframe within the action should be carried out and the outputs and outcomes of each action.

TIME FRAMES

- 4.8 The timeframes referred to in the Delivery Plan are:

- Short term: within 2 years
- Medium term: within 2 to 5 years
- Long term: over 5 years

OUTPUTS AND OUTCOMES

- 4.9 For each action the Delivery Plan identifies measurable outputs, outcomes and impacts.

- 4.10 **Outputs** are the products and services which result from the completion of the activity. It is a measure of the activity itself but not necessarily of the success or impact of the activity.

- 4.11 **Outcomes** are the intended or achieved effects of an action's outputs. Outcomes represent changes in development conditions which occur between the completion of outputs and the achievement of impact.

- 4.12 **Impacts** are the positive and negative long term effects produced by a development intervention, directly or indirectly, intended or unintended.

MONITORING

- 4.13 On behalf of the ISP, the Economy and Environment KDP Board has a vital responsibility for developing a thriving Island which has the capacity to achieve the ISP's wider vision for the future.

- 4.14 The KDP Board is accountable to the ISP Board Through regular reports and published minutes it will also be accountable to the businesses, investors and households of the Isle of Wight. It will at all times seek to ensure that it is representative of and

understands the priorities of residents and investors on the Isle of Wight and is responding to their views and interests.

- 4.15 The KDP Board will lead a number of networks and fora that will collaborate to deliver its programme of economic and environmental development.
- 4.16 The Council are committed to monitor the impact this Strategy has over time. We will put a monitoring system in place that regularly reviews key economic indicators as identified in Section 4 and 5 and the progress on the implementation of the Delivery Plan.
- 4.17 The Delivery Plan identifies specific outputs for each action against which delivery can be measured. The Economic and Environment Key Delivery Partnership will take the lead on monitoring and delivery of the Action Plan.

5. APPENDIX 1 – FROM EVIDENCE TO OBJECTIVES

OBJECTIVE 1

- 5.1 The Isle of Wight economy has been experiencing high rates of growth compared to the UK and the South East. Between 1999 and 2004 both Gross Value Added (GVA) and employment have grown faster than national averages. The population on the Island is also increasing above national growth rates. The result is an Island with a strong service sector and healthy tourism figures.
- 5.2 Productivity in the Isle of Wight is however much lower than both the South East and the UK levels. The 2007 figure for productivity was £30,862 per worker, compared to £43,211 in the South East and £41,675 in the UK as a whole. In 2005, three sectors in particular had a flat year, construction, public services and manufacturing; with losses in both output and employment. The Island has below average GVA per head, low wages, and low educational attainment.
- 5.3 Productivity is dependent upon organisations' innovation and investment and staffs' skills and experience. Productivity also varies markedly between industries – regions that have a dependency on industries that tend to be highly productive are likely to enjoy higher rates of overall productivity. Productivity has however increased in all the sectors between 1999 and 2004 with the exception of Public Administration, Hotel & Restaurants and Retailing, which might be a sign of investment and innovation in these sectors.
- 5.4 Activities associated with high tech manufacturing tend to have higher levels of productivity than those in the service sector, although some private services also have high levels of productivity.
- 5.5 Areas with low productivity tend to have lower than average wage levels and this trend is evident on the Island. Increasing productivity will increase prosperity. For the Island there are four issues that need to be addressed to drive increased prosperity;
- Employment
 - Skills

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- Innovation, creativity and enterprise
 - Investment in infrastructure, including transport
- 5.6 The Isle of Wight population is growing at a faster rate than both the South East and the UK. The working age population levels are comparatively low as the Island is characterised by high numbers of retirees. This trend is set to continue as the forecast for population growth shows that older age groups will be the main contributors to this growth.
- 5.7 The percentage of working age people who are economically active² increased from 77% to 79% and is now in line with the UK but below that of the South East which stands at 82%. The Isle of Wight has proportionately more part time employees and more women in employment than the South East and the UK. It also has a higher proportion of self-employed workers.
- 5.8 Unemployment on the Isle of Wight has declined significantly over the past 15 years. However, it is still higher than the South East and the UK. Unemployment on the Island in 2007 was 6.1%, compared to 4.2% in the South East and 5.4% in the UK. Unemployment levels on the Island fluctuate, with higher unemployment in the winter resulting from a lack of year round employment in tourism and agriculture. This fluctuation has reduced over the last 15 years along with the overall reduction in unemployment, but it still exists.
- 5.9 The economic performance of the Island is also reflected in its multiple deprivation ranking. The Isle of Wight is ranked 126th out of 354 in the list of most deprived local authorities in the UK. This ranks it within the most deprived quartile of local authorities in the South East. However, no part of the Island falls within the bottom 10% of deprived Lower Level Super Output Areas (LSOA) and only six LSOA rank in the 10%-20% most deprived areas in the country.
- 5.10 The Regional Economic Strategy recognises that whilst the South East's workforce are relatively strong compared to most of the UK and Europe, there are significant variations within the region and part of the Coastal South East have much lower workforce skills. Workforce skills will impact upon an individual's ability to access employment and there is a strong link between economic prosperity and health/deprivation and ill health.

² People who are working or actively seeking work

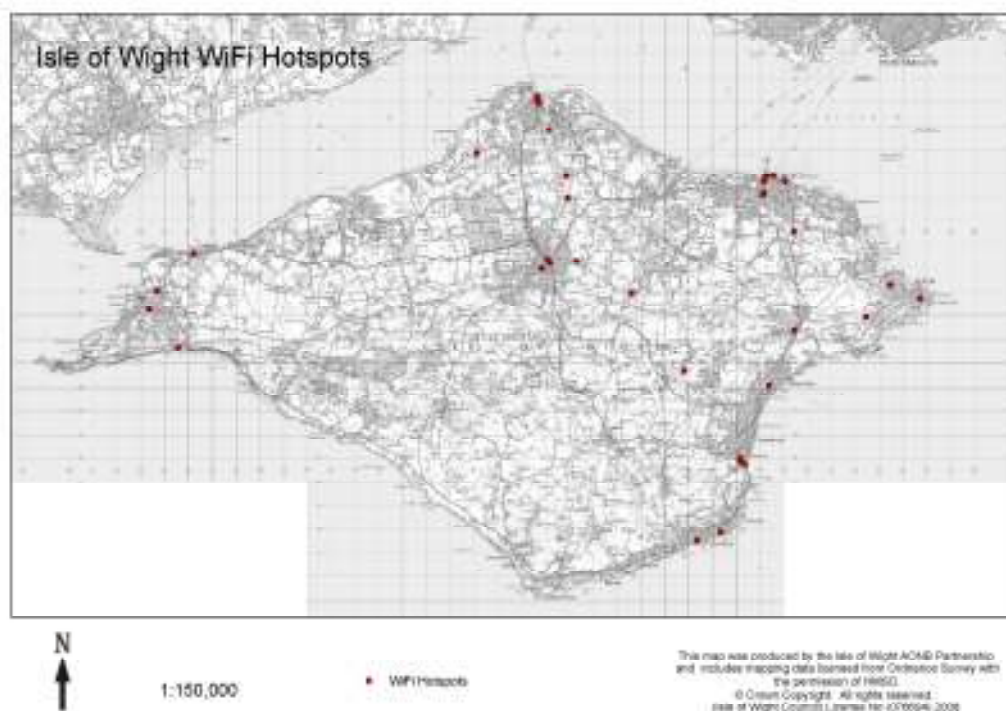
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- 5.11 Low wages and low productivity may reflect low levels of skills and qualifications on the Island. Achievement levels on the Island fall short of the national average, although these are improving on the Island. In 2004 44% of students gained 5 or more GCSE grades A*-C compared with 54% in England. This has improved with 52.7% of pupils on the Isle of Wight achieving the equivalent of 5 GCSE grades (A* – C), compared to 62% in England in 2007. The advanced skills levels on the Island are also lower than the South East and the UK. There is an active learning skills partnership working to improve adult skills and the transition from schools into employment. The Island is helped by having a Further Education College which is rated as “excellent”.
- 5.12 The qualification mix of the working age population on the Island is similar to the South East in terms of the proportion of people qualified to NVQ Level 3 and NVQ Level 2. In addition, only around one in 10 people have no qualifications, similar to the 8% of the South East. The biggest difference lies at the top end of the scale – in the South East, 28.5% of the working-age population have NVQ Level 4+ qualifications, compared with 21% on the Island. In contrast, a higher proportion of people on the Island have trade apprenticeships or are qualified to NVQ Level 1.
- 5.13 In the last few months the Government’s plans and strategies for getting people into work have picked up pace and purpose with a desire to build strong employment and skills partnerships. Key to the advancement of these reforms will be strong partnership working at the local level, across public, private and voluntary sectors to ensure that skills fit local employment needs and that people are given both the incentive and opportunity to find and maintain employment
- 5.14 There are over 5,300 businesses on the Isle of Wight, and numbers have increased steadily since 1998³. The South East and the UK have also experienced an increase in business numbers, although the rate was slightly higher on the Island.
- 5.15 Small businesses (1-10 employees) represent 83% of the total number of businesses on the Island but it is the proportion of mid-size businesses (50-199 employees) that has increased the most, growing from 1.8% of businesses to 2.6% between 1998 and 2004⁴.
- 5.16 The pattern of VAT registrations on the Isle of Wight has remained steady since 1994 at around 300 per year. The number of de-registrations on the Island has declined since 1994.

³ Experian Business Strategies (October 2005), The Isle of Wight economy

⁴ Experian Business Strategies (October 2005), The Isle of Wight economy

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- 5.17 If the Island is to continue to benefit from economic prosperity and local improvements through regeneration the Island needs to take account of transport within its existing and future strategic planning. The radial nature of the Islands road network is such that congestion can exist at peak times in Newport and other traffic hot spots. The solution sits in a broad range of areas and delivering in partnership with others will be key to the way in which we improve transport on the Island, not least of which is the Island plan, which will set a clear strategy on the future of marina and port/wharf developments.
- 5.18 The Council has secured £325m PFI credits, which subject to the submission of an acceptable Outline Business Case will, through the PFI process result in a total of £900 being made available to bring the Islands roads up to an acceptable standard and then maintain them at that level over the next 25 years.
- 5.19 The Council's Local Transport Plan (LTP) seeks to minimise traffic growth whilst not inhibiting our economic growth. Our emerging Island Plan core strategy is seeking to ensure that new developments are suitably located so as to facilitate the use of public transport, walking and cycling. The LTP "Smarter Choices Strategy" illustrates how we can reduce peak traffic but despite these initiatives some traffic growth is inevitable. The LTP target (Target T17) seeks to limit the growth to no more than 2.3% per annum, this will be challenging and is 0.7% less than the average annual growth experienced during the first LTP. In addition to the LTP, the vision for Eco-Island is to achieve a modal shift and conversion to low carbon fuels.
- 5.20 Travel to work and to school makes up the majority of our everyday journeys and by working with the Islands key employers and transport providers, and through the current review of education, we have a real opportunity to increase travel choice for the journey to work. Because of the Island's size, over half of the journeys to work (52.8%) are less than 5km (3 miles) long, yet despite this short distance more than half of the Island's workforce travel to work by car (54.2%). Local surveys indicate that during peak times nearly 80% of cars entering Newport are single occupancy vehicles with implications for local congestion and pollution.
- 5.21 The Introduction of Workplace (Green) Travel Plans can make the best use of the existing infrastructure and services and encourage travel by means other than just the car. The Council recognises the importance of putting its own house in order and is looking to work with the Primary Care Trust (PCT) to develop a joint Workplace Travel Plan, to improve opportunities to walk, cycle, travel by public transport and lift share reduce reliance on the car.

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- 5.22 A result of our continued economic growth has been the increasing amount of freight being moved on and off the Island by road by the ferries. This growth has been mirrored by a decline in bulk freight movements by coastal shipping from local facilities on the River Medina. Future considerations will need to consider ways in which we can address the requirements of business, make the best use of our existing transport infrastructure and lessen the impact on our environment.
- 5.23 Tourism remains a key sector in the local economy and in doing so brings with it a number of challenges in terms of transport and accessibility. Recent years have seen a modal shift in the number of visitors who arrive by public transport and those that now arrive by car.
- 5.24 The number of passengers travelling to and from the Island each year has doubled in the last 50 years (1951 - 4 million, 2001 8.9 million) while in the last 20 years there has been a two fold increase in the numbers of cars and commercial vehicles and a four fold increase in coach travel. This has resulted in a situation where the current ferry terminals now reach capacity during the summer season, causing significant traffic issues for the immediate vicinity, which is a key issue for the Island that will be addressed through the Island Plan. The current Tourism Development Plan recognises the importance of transport within the Island's tourism offer and recognises the opportunity to further develop our "green transport infrastructure" to encourage car free holidays.
- 5.25 BT is already working on action to address broadband capacity issues with work underway regarding the first phase of activity to increase the bandwidth between the



Island and mainland England. WiFi Hotspots on the Island have been mapped.

- 5.26 Improving Broadband access would potentially improve access to overseas markets; reduce costs of start ups; improved ICT skills can help people into work; enable a more flexible approach to working and enable rural businesses to compete effectively with more urban located competitors.

OBJECTIVE 2

- 5.27 While the recent period of growth is impressive, the Isle of Wight faces some significant economic challenges. There is still a large earnings gap between the Island and the South East and economic forecasts predict that the productivity gap between the Island and the rest of the South East will increase in the future. The Island does however benefit from a vibrant Third Sector, which is currently valued at an estimated £50 million +, and is forecast to grow.
- 5.28 Nationally the UK has been performing strongly in the recent past. Between 1999 and 2004 the average annual UK growth rate was 2.5%. The growth rate is, however, expected to slow down because of rising interest rates, housing and energy costs.
- 5.29 The Government has set targets to reduce carbon emissions by 60% by 2050, from 1990 levels, and between 26% and 32% by 2020 with the possibility of introducing legally binding targets every five years. Achieving these targets will have a significant effect on the national economy, with an expected boost to sectors involved in energy efficiency and production of renewable energy and presenting a burden on activities with high carbon emissions. For the Island as a whole we're looking at 3% annual reductions i.e. 60% reduction in 20 years. We will be working with Southampton University to develop and review these targets.
- 5.30 The Government has also introduced the Code for Sustainable Homes which requires all new build social housing to meet level three from 1st April 2008. The code is linked with Building Regulations and is likely to become more mandatory in the future. To help achieve our Eco-Island Vision we are seeking to achieve targets for code levels by 2016, through the Island Plan. We have started to set the standard expected on the Island by ensuring that the new housing to be build at Pan, Newport meets at least Code Level 4/Eco-Homes rating very good.
- 5.31 The supply of quality and choice of employment land is a key factor enabling existing businesses to expand and allowing new businesses to locate on the Island. Identifying

the right amount of employment land at the right location should therefore be one of the key priorities for the Council to address through the Island Plan.

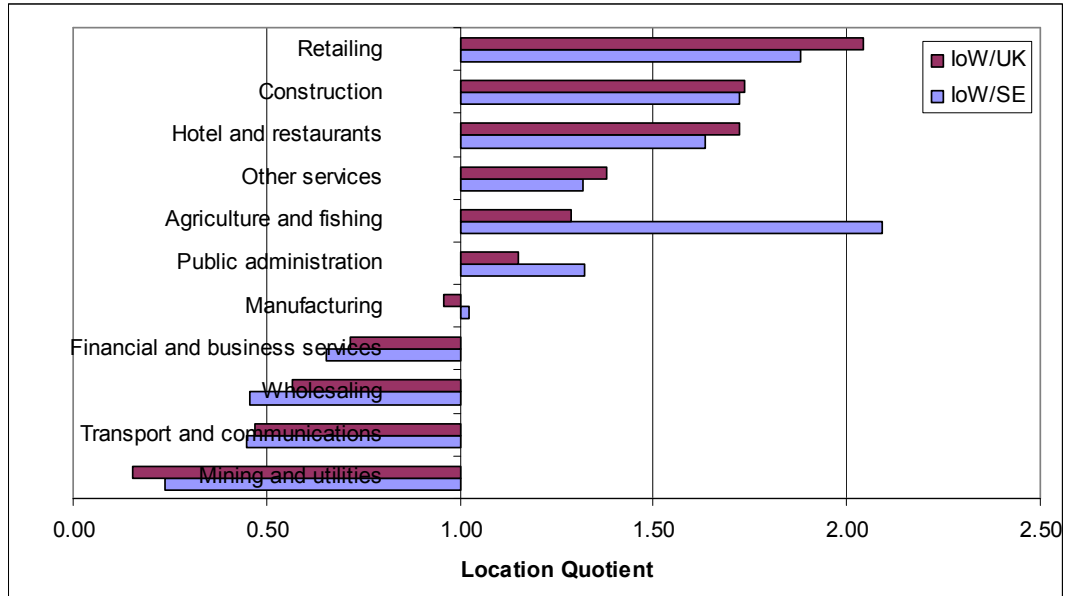
- 5.32 The Isle of Wight is one of the world's centres for yachting. Yachting is not only a significant contributor to the local economy but also provides a platform for the Island to promote itself and some of its key sectors (e.g. tourism, composites, marine technology). The world of yachting has undergone some significant changes in recent years and is entering the mainstream market (e.g. broadening of sponsorships at the 2007 Americas Cup). This together with the well established links between the Island and yachtswoman Ellen MacArthur have also raised the Island's profile. The Isle of Wight already uses this unique selling point in its place marketing (sponsoring the Gypsy Moth IV for example) but there seems to be scope to further capitalise on this significant potential. This should be treated as a priority for place making. For example, there may be the potential to develop a vocational training centre for yacht pilots.
- 5.33 In addition, addressing low education attainment levels of young people and up-skilling the adult workforce is a priority underpinning the whole economic strategy.

OBJECTIVE 3

- 5.34 In common with the South East and the UK, the Isle of Wight economy is dominated by the service sector. Public Administration (including Education, Health and Defence) is the biggest sector on the Island with regards to both output and employment. Finance & Other Business Services and Manufacturing are the second and third largest sectors with regards to output, followed by Retail. Retail contributes only 12% to the Island's overall GVA although it employs 19% of all employees. This makes it the sector that employs the second most people on the Island.
- 5.35 Comparing the relative importance of different sectors in the Isle of Wight with the relative sector distribution in the South East and in the UK reveals which sectors of the Island's economy are particularly strongly represented.
- 5.36 Figure shows location quotients in GVA for the Isle of Wight compared to the South East and England. Location quotients compare the relative size of a sector in one area against relevant comparator areas. A location quotient above 1 indicates that the sector contributes more to the total GVA in the Isle of Wight than in the comparator areas. This is an indicator that the Island might provide a locational advantage for this

specific sector. A quotient of below 1 indicates a relatively lower contribution to the total GVA of a sector in the Isle of Wight.

Figure 4 – Location Quotient by Gross Value Added (GVA)



Source: Experian (2005), GVA Grimley

- 5.37 The high location quotient of the retailing and hotel & restaurant sectors affirm the importance of tourism for the local economy. Construction also contributes more to the local economy than it does in the South East and in the UK. This is most likely a result of the higher population growth on the Island and the related housing growth.
- 5.38 Financial & business services, a sector with large growth rates in the South East and the UK and with high productivity, is under-represented on the Island. Despite the logistical disadvantages of being an Island the manufacturing sector is in relative terms about the same size as in the South East and UK.
- 5.39 The manufacturing sector has suffered a decline in employment levels but increased its output levels since 1999. The sector shed nearly 10% of its FTE jobs from 1999 to 2004 but increased its output by 9% and its productivity by 20%. Underlying this, there were some striking differences in performance between the sub-sectors of the Manufacturing sector. However, manufacturing in particular continues to be a valuable local sector, with high levels of output growth.
- 5.40 Major employers such as GKN experienced multiple pressures from globalisation trends and the impact of “9/11” on western economies in 2001/02. A positive sign of this sub-sector’s ability to recover is its improved productivity in 2004 and GKN’s re-

positioning of its Island works as a centre for research and development in composite material aerospace components.

- 5.41 The Chemicals sub-sector had high growth between 1999 and 2007 with GVA increasing from £16.7 million to £40.3 million. Most of this growth is related to the composites industry and points to the emergence of a cluster in this sub sector which the Island can benefit from. It also shows the importance of identifying and supporting new growth areas in high-value manufacturing to help maintain economic growth.
- 5.42 The high-value Electrical and Optical Equipment sub-sector suffered a setback over the 8 year period. It shed over 800 FTE jobs. On the other hand, it made significant gains in productivity and will hopefully be well placed for future growth and investment.
- 5.43 There are a number of growing industrial sub-sectors on the Island, for example, The Machinery & Equipment sectors output increased from £4.4 million to £29 million. Other sub-sectors which experienced output growth were Minerals and Rubber & Plastics.

OBJECTIVE 4

- 5.44 The tourism offer on the Island includes an estimated 1,500 commercial accommodation establishments providing for nearly 62,000 bed-spaces on the island. This accommodation comprises 450 hotels and guest houses (55% are not graded and 24% are graded at 4* or better); 1000 units of self catering (40% are not graded and 30% are graded at 4* or better) and 80 holiday and camping/caravanning parks; there are also an estimated 850 food and drink establishments and over 300 attractions and leisure enterprises.
- 5.45 In 2005/06 there were a total of 2.5 million trips made to the Island, 1.5 million of which were domestic staying visitors and an estimated 920,000 domestic day visitors.
- 5.46 Domestic staying visitors staying for 1 – 4 nights have increased by 40% since 2001.
- 5.47 The long stay market has decreased over the last 2 years by 27,000 visits.
- 5.48 In 2005/06, 48% of all staying domestic visitors used non commercial accommodation when visiting the Island (for example second homes, privately owned caravans, homes of friends or yachts).
- 5.49 Of those staying visitors using commercial accommodation over 50% stayed within self catering facilities

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- 5.50 Domestic staying visitors are predominantly adult groups. Only 20% are mixed adult and child groups who are more likely to be on short break than visiting for any other purpose.
- 5.51 Domestic day trip visitors are also predominantly adult only groups.
- 5.52 In the main domestic visitors tend to originate from Hampshire, Greater London or Surrey.
- 5.53 Overseas visitors have decreased to 122,000 and tend to be visiting friend and relatives; they generally originate from Germany, Austria or the USA.
- 5.54 Over 47% of people visiting the Island have visited in the previous 12 months and 20% within the previous five years.
- 5.55 44% of leisure visitors visit one of the Island's attractions. They tend to be first time visitors with children who are visiting as their main holiday.
- 5.56 A 2007 survey identified that 58% of people in the UK thought that the Isle of Wight is a good place to visit, but 67% felt that there were better places to visit in the UK.
- 5.57 The majority of interviewees in the same survey could not say what was good about the Island.
- 5.58 The Island's festivals are recognised as some of the best in the country and have an emerging national reputation.
- 5.59 The survey also found that only 5% of respondents would definitely visit the Island. However 9.9 million people were (definitely, very likely or fairly likely to visit) interested in the Island. These people tended to be aged 25 – 34, (in socio-economic classifications AB), from the South East and have visited the Island in the past 5 years.
- 5.60 The tourism spending on the Island comprises:
- £291 million from domestic staying visitors
 - £34 million from overseas staying visitors
 - £34 million from domestic day visitors
 - £3 million from overseas day visitors
- 5.61 In addition an estimated £24.5 millions are spent by yachtsmen staying in Cowes, which are not included in the figure above (Tourism Development Plan 2005).

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- 5.62 While the tourism sector performs strongly during spring and summer this is not sustained throughout the year. The tourism industry on the Isle of Wight tends to have low skilled and low paid seasonal jobs.
- 5.63 It is an industry with the capability to have long-term sustainable growth and previous estimates have suggested that it has the potential to grow the value to the Island by 2020 by over 40% if it responds to the changing markets and customer needs.
- 5.64 Projections show that over the next 20 years, tourism worldwide will grow both in terms of visitor numbers and revenue generation. During this period, not only will the demand for quality and value for money increase but also the expectation of a memorable and safe experience will become a high priority.
- 5.65 Research has also shown that the 76% of UK people in the higher socio-economic classifications (ABC1) use the internet to research holidays and especially sites which review destinations. Besides the internet word of mouth is important in informing choices about holiday destinations.
- 5.66 The bedrock of the tourism experience is a better skilled tourism industry and quality of natural and built environment and transport infrastructure. Enhanced accommodation, high quality eating out and retail provision, expanded strategic festivals and cultural provision and increased development of outdoor and green activities will also be vital in creating a better tourism product on the Island.
- 5.67 The industry is dominated by a large number of small and medium sized businesses that have a limited capacity to exploit all of the opportunities available to them for investment, product and staff development. It is vital to create space and confidence in the private sector through providing appropriate structures in which ongoing investment and profitability can be both facilitated and maximised.

6. GLOSSARY OF TERMS

Carbon Footprint - the measure given to the amount of green house gases produced by burning fossil fuels, measured in units of carbon dioxide (i.e. Kg).

Gross Value Added (GVA) - GVA measures the contribution to the economy of each individual producer, industry or sector in the UK.

Island Strategic partnership – This is the “partnership of partnerships” for the Island. Every local authority area in the UK is required to have a Local Strategic Partnership. The Isle of Wight’s Strategic Partnership is the ISP.

Key Regeneration Areas - Those areas of the Island that have been identified as having the greatest potential to maximise investment opportunities which will benefit the wider Island community.

Productivity – This is a key economic indicator used to measure the efficiency and competitiveness of the economy. Three measures of productivity are produced: output per worker, output per filled job and output per hour worked.

Smart Growth - Creating a positive force for the long-term health of the economy, society, and environment; creating healthy, sustainable communities and to continue to provide jobs and amenities that grow and develop without degrading the environment; promoting resource efficiency and less waste and pollution.

Sustainable Prosperity - Improving the environment whilst benefiting the economy. Building economic improvements within the context of sustainable Development.