Appendix 2

Functional Economic Geography

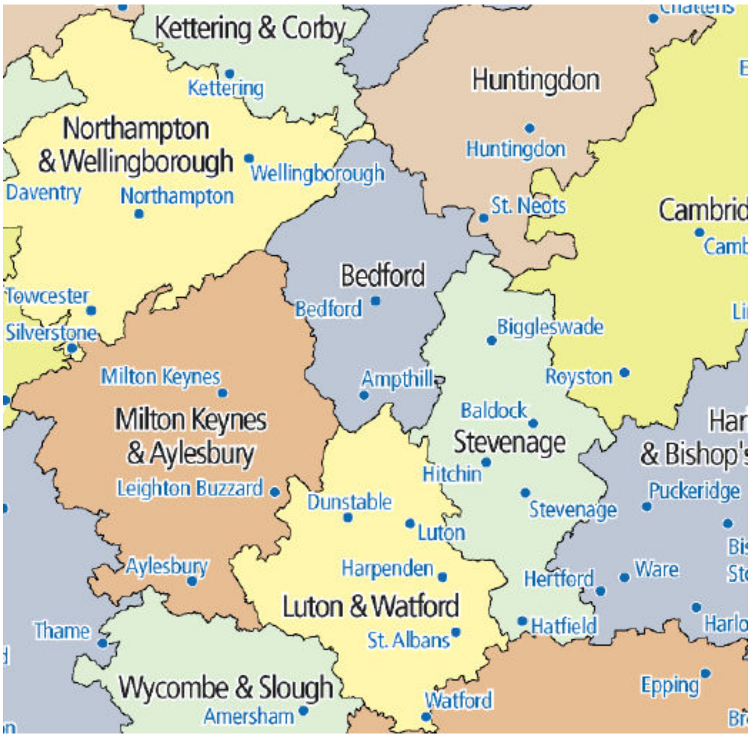
Government Guidance on LEPs states that economic partnerships need to better reflect the natural economic geography of the areas they serve and hence cover real functional economic and travel to work areas. They are expected to include groups of upper tier authorities to allow them to operate strategically.

This is a potentially complex issue for Central Beds. The work being undertaken for the Local Economic Assessment to define Functional market Areas (the spatial level at which the relevant economic market operates) has highlighted a number of issues which point to a complex geography for Central Beds, being part of a number of functional areas. Current guidance on functional geographies highlights a range of factors to consider. These are considered below, with additional research on important business supply chains, retail and leisure linkages, which shape the economy of the area. However, guidance also notes the importance of existing local authority boundaries when considering matters statutory services such as education, planning and housing. There are a number of existing partnerships in place with regard to these and other services such as health and policing whose existing county based structures will influence businesses.

<u>Travel to Work Areas</u>

Central Beds is covered by 4 major travel to work areas (TTWA); Bedford, Milton Keynes and Aylesbury, Luton and Watford, and Stevenage. These are shown in map below. TTWAs are relatively self contained internally contiguous labour market areas, with around 75% of the residents in a TTWA working in that TTWA.

2001 Travel to Work Areas



Commuting Flows

The tables below show local authority of residence of people employed in the former Mid Beds and South Beds area

Mid Bedfordshire

No.	Authority of Residence	2001 Flow	2008 Flow
1	Mid Bedfordshire	57.7%	61.9%
2	Bedford	11.7%	9.2%
3	North Hertfordshire	4.9%	4.1%
4	Huntingdonshire	3.3%	3.6%
5	Milton Keynes	3.5%	3.2%
6	Luton	2.8%	1.5%

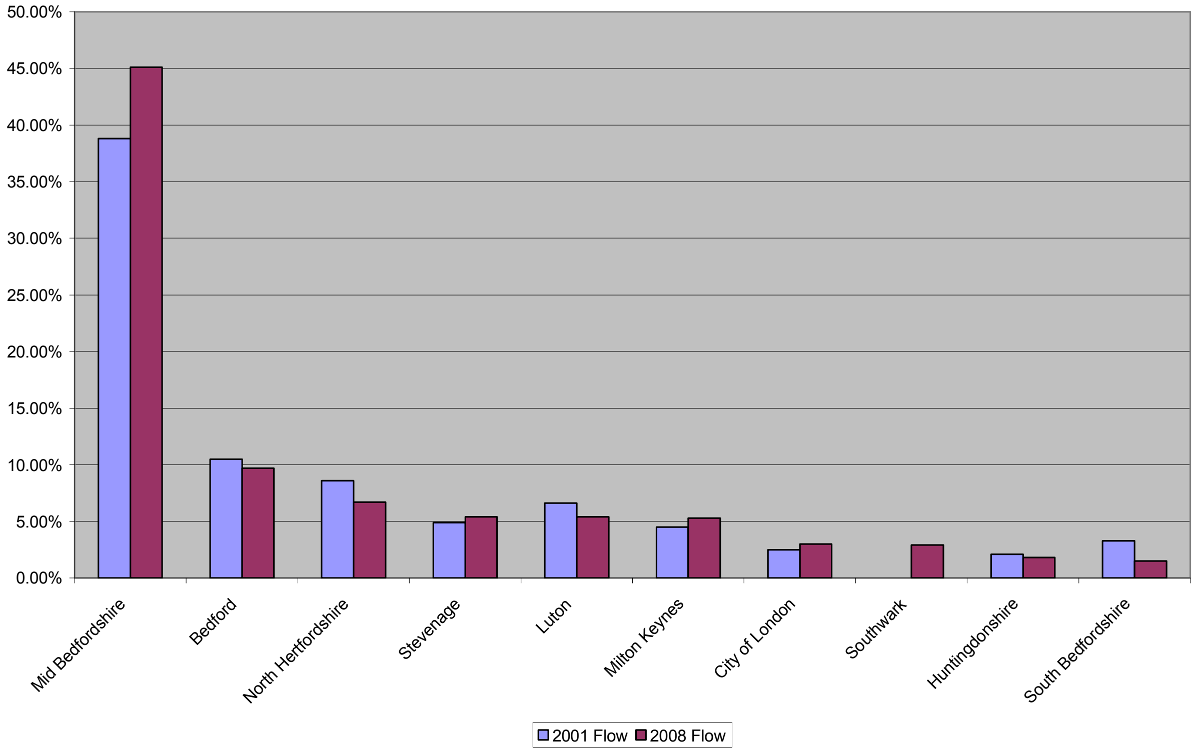
South Bedfordshire

No.	Authority of Residence	2001 Flow	2008 Flow
1	South Bedfordshire	62.1%	65.4%
2	Luton	16.2%	13.1%
3	Aylesbury Vale	3.5%	4.6%
4	Milton Keynes	3.7%	3.6%
5	Mid Bedfordshire	5.7%	2.5%

Sources: Local Labour Force Survey, 2001 & Annual Population Survey, 2008; Office of National Statistics

This shows the significant differences between the two former local authority areas with South Beds strong links to Luton and Mid Beds strong links to Bedford.

The graph below shows the location of employment of Mid Bedfordshire residents.



Sources: Local Labour Force Survey, 2001 & Annual Population Survey, 2008; Office of National Statistics

The key issues in relation to out commuting from the former Mid Beds area as a whole highlight that:

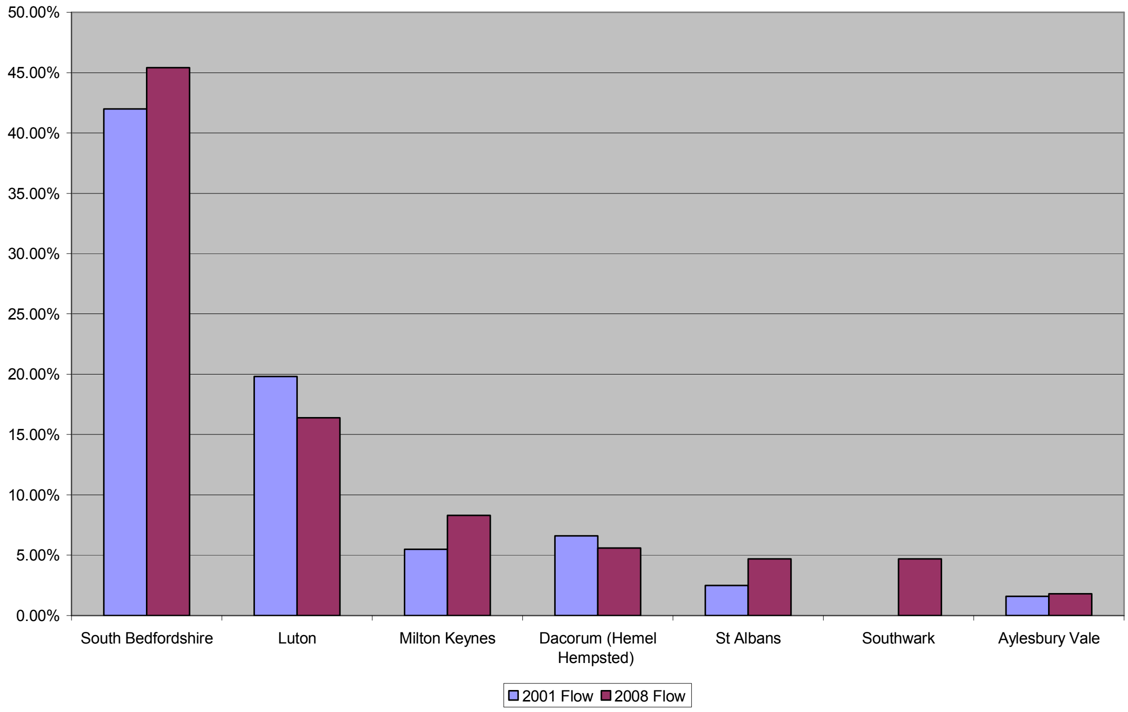
- 55% of Mid Bedfordshire residents commute out of the authority for employment although the former authority area has increased its level of self containment since 2001.
- There is little relationship between Mid Bedfordshire and South Bedfordshire in terms of journeys to work.
- Local authorities within Hertfordshire account for some 12.1% of jobs occupied by Mid Bedfordshire residents.
- Luton, Milton Keynes and London also draw significant numbers of residents away from Mid Bedfordshire as key sub-regional and national employment centres.
- Bedford is the single biggest draw of commuters from Mid Bedfordshire with almost 1 in 10 of Mid Bedfordshire residents travelling to Bedford for employment.

The key issues in relation to out commuting from the former South Bedfordshire authority areas as a whole highlight that:

The majority of South Bedfordshire residents commute out of the authority.

- As with Mid Bedfordshire, the former authority area has increased its level of self containment since 2001.
- There is a strong relationship with neighbouring Luton with around 1 in 7 residents commuting over the local authority boundary, although this has declined from 1 in 5 residents in recent years.
- Milton Keynes is exerting a growing influence with an increasing number of residents commuting to the town.
- There is little if any commuting to the former Mid Bedfordshire authority area.

Employment Locations of South Bedfordshire Residents



Sources: Local Labour Force Survey, 2001 & Annual Population Survey, 2008; Office of National Statistics

Housing Market Areas (HMA)
HMAs reflect where people live and work, and typically represent the areas in which the majority or residents will look for housing when they move. The Strategic Housing Market Assessment (SHMA) for the Beds and Luton sub-region has identified the following housing market areas. Central Beds straddles four areas.

Housing Market Areas in Central Bedfordshire.

Source: Bedfordshire and Luton Strategic Housing Market Assessment 2010

Business Customers and Supply Chains

Data from the Bedfordshire and Luton Business Survey 2010 indicates that almost two-thirds of businesses in Central Bedfordshire (64%) have customers based locally, in and around their borough or district. When considering supply activities of businesses in Central Bedfordshire, 47% of businesses surveyed have suppliers that are based locally, in and around their borough or district. This is a similar proportion as the average across the county (46%).A third of local businesses (36%) use suppliers based in the UK and 20% use suppliers in surrounding regions.

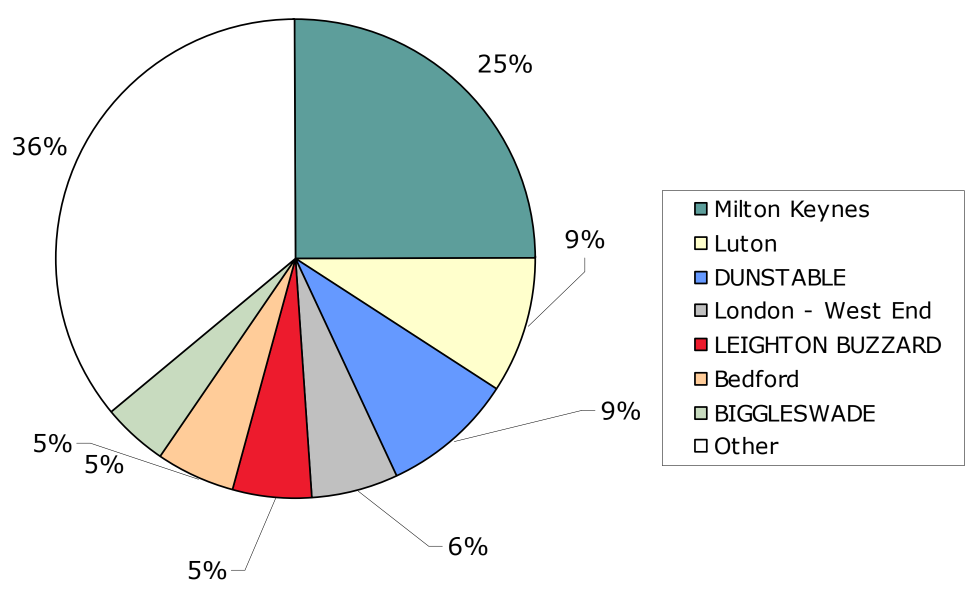
Analysis from the business survey indicates a significant amount of local supply chain activity and customer base. This indicates that when considering Functional

Economic Geographies, there is a clear need to focus at the local linkages within Bedfordshire. Information form Bedfordshire Chamber of Commerce highlights that there are linkages across the MKSM area, for example the joint Chambers work on South East Midlands Chambers Alliance (SEMCA) events.

Retail and Leisure Flows

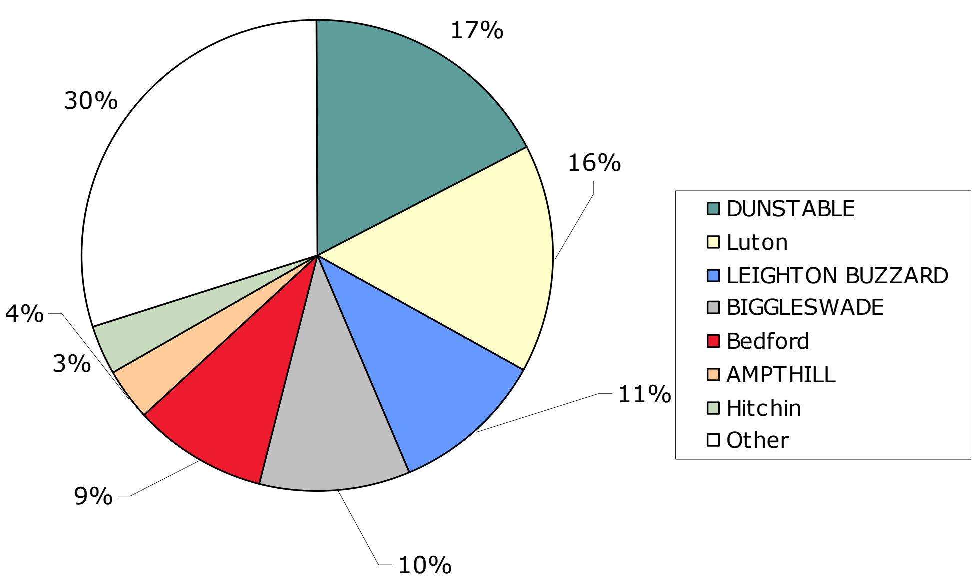
In terms of retailing recently commissioned research shows that 74% or retail spend leaks out of Central Beds, 34% to Milton Keynes, 12% to Luton and 7% to Bedford, and 8% to Central London. In the reverse direction Dunstable imports 36% of its trade from outside Central Bedfordshire, mainly Luton. This is further demonstrated below, highlighting the scale of Milton Keynes impact on retail activities in Central Bedfordshire.

Spend by Residents - All Centres



When considering eating and drinking flows, demonstrated below, there is 50% leakage from Central Bedfordshire with Luton being the main beneficiary, followed by Bedford and Hitchin, and Milton Keynes being relatively small (around 5%).

Spend by Residents - All Centres



Summary

This evidence points to Central Bedfordshire having important functional economic and travel to work linkages with our neighbours in Luton, Bedford and Milton Keynes, and to a lesser extent Hertfordshire (particularly Stevenage) and Buckinghamshire. This presents some options and choices for the Council, and potentially the opportunity to play a pivotal role in any new Local Enterprise Partnership as the authority with the strong connections with the greatest number of its neighbours. As a minimum a LEP with both Luton and Bedford would seem to be desirable. Consideration also needs to be given to the growing Milton Keynes.