

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	27 September 2010
Title:	Partnership for Urban South Hampshire Economic Development Strategy Consultation
Reference:	2018
Report From:	Director of Economic Development

Contact name: Alison Quant

Tel: 01962 845719

Email: alison.quant@hants.gov.uk

1. Executive Summary

1.1. The purpose of this paper is to set out a proposed response to the draft Economic Development Strategy published by the Partnership for Urban South Hampshire (PUSH) for consultation. PUSH is a Joint Committee of the County Council, two Unitary and eight District Councils.

1.2. This paper seeks to:

- set out the background and the context of the strategy;
- consider the content of strategy in light of the findings of the Hampshire Economic Assessment (presented in a report to Cabinet in July 2010); and
- comment on the seven key actions.

2. Contextual information

Background and Context of the Strategy

2.1. PUSH developed its first economic strategy five years ago. The strategy set out an ambitious growth target to be achieved through increased economic performance. The impact of the recession and reduction in public funds available for economic development have driven the need for a review of the strategy. The resultant refresh is currently out for consultation.

2.2. The Executive Summary and key actions of the strategy accompany this report in Appendix 1 and the principal components are summarised below.

The full document can be found at http://www.push.gov.uk/pjc-100707-r02-amm-cta-annex_1-3.pdf .

- 2.3. The consultation document is attached to this report as Appendix 2. Questions are high level and a more detailed response is set out in this report.
- 2.4. The strategy sets out the principal issues for the PUSH economy and the context for action. South Hampshire underperforms in comparison to the South East in a number of key economic indicators, including productivity and employment growth. Moreover, projections for these indicators since the recession are not optimistic, with the expectation that the gap between the South East GVA per capita and that for the PUSH area will widen again. The changing face of public policy is acknowledged, in particular the impact on resources going forward.
- 2.5. However, the strategy maintains a growth ambition in excess of the forecasts and seven themes are presented in the document as a focus for this ambition. General comments on the strategy and on the seven priorities for action follow.

General Comments on the Strategy

- 2.6. Overall the Hampshire Economic Assessment endorses the main issues for the PUSH economy as identified by the strategy and the appropriateness of the main thrust for interventions. However, the strategy is relatively generic and takes a high level view, presenting a vision of the ambitions for the PUSH area with little recognition of sub-level issues or the added value to be gained by recognition of linkages external to PUSH. Should changes occur within Central Hampshire, for example, they would impact on the both the residents and workforce of South Hampshire. Commuting patterns alone illustrate the strong interdependence between the different parts of the Hampshire Economic Area (HEA) and other linkages could be exploited to the benefit of both PUSH and the HEA as a whole. It would be desirable, in recognition of this interdependence, to align strategy and interventions across Hampshire, to ensure coherence and efficiency overall.
- 2.7. At the other end of the spatial scale, within the PUSH area there are some significant disparities which should be recognised. For example, the strategy acknowledges the need to improve the percentage of residents with higher level skills across the sub-region. However this is a much greater issue for the two cities and Havant than it is for say, Eastleigh. In addition, while the two cities are to be a focus for growth, there is no statement of particular economic aspirations for them individually and no recognition of their differences.
- 2.8. Although the reduction in public sector finance is acknowledged, the impact of public sector job losses is not yet reflected in the strategy. In a recent report from the South East England Development Agency (SEEDA) Southampton and Portsmouth were identified as areas to be particularly affected by public

sector cuts. In addition, Winchester has 35% public sector jobs, a significant number of which are filled by workers from South Hampshire.

Comments on the Priority Actions

- 2.9. *Lead on employment and skills* - This theme is rightly identified as a priority, however some significant issues are omitted: Public Sector job losses are referred to above and this will lead to additional skills issues as individuals will need to re-train. No mention is made of the skills of those entering the labour market for the first time, in particular the effect of the low-level achievement in schools in the two cities and some districts, or of the high incidence of NEETs (not in employment, education or training). The high number of people with no or low qualifications will be a barrier to the strategy ambition of raising the number of residents with high level skills and therefore needs consideration.
- 2.10. *Supporting the growth of our cities* – The strategy is correct to highlight that development has been concentrated along the M27 rather than in Portsmouth and Southampton and that the impact of this on the cities needs to be addressed. This reflects the need for a clearer role for the cities as mentioned above. This should include their functions in relation to the broader area including the coastal areas to the east and west of each of the cities.
- 2.11. *Ensuring sites and premises to facilitate growth* – Consideration needs to be given to whether the aspirations of the strategy are deliverable in the context of reduced market values and the shortage of public sector capital investment. A review of the property strategy should be completed, orientating plans towards market conditions. PUSH's consultants are still undertaking projections of the amount of employment floorspace needed for new employment development.
- 2.12. *Establishing a single inward investment and place marketing function* - For the reasons surrounding linkages mentioned in the report to the Hampshire Economic Board of 27 April 2010, both the inward investment and marketing functions should be carried out at a larger scale. There is a need for a whole Hampshire approach providing a single, consistent offer when promoting the area for inward investment. This would maximise links with national, regional, and local agencies to secure investment in the area for the wider benefit of the economy. This approach could be tailored to sub-areas where sectoral specialisms would benefit from a more targeted approach.
- 2.13. *Developing our world leading sectors* - The geographic focus on sectoral support is valid but needs to be looked at with a wider view. The significance of the creative industries, for example, is felt in neighbouring areas and greater benefits would result from recognition of this and the exploitation of these specialisms. Winchester has a thriving creative industry sector and Southampton University of Art is based in Winchester. In addition, North Hampshire has a high prevalence of advanced engineering such as aerospace. The potential benefits of closer working between the south and north in this sector should be investigated.

- 2.14. *Strengthening innovation networks to drive productivity growth* – It is agreed that the existing networks should be further exploited but this should not be exclusive to institutions or businesses in the PUSH area. Winchester University has specialisms in the creative industries which fit well with the PUSH aspirations for this sector. There is no mention of graduate retention which is an issue for the area and could be woven into this action.
- 2.15. *Innovation in public sector delivery and funding* - Shared services and pooled budgets are rightly pointed to as preferred delivery mechanisms but this should be taken further, invoking partnerships beyond the PUSH boundaries where a larger scale approach is beneficial and cost-effective. For example, the New Forest has 13% of its jobs in tourism and is a significant tourist destination that should be taken into account when planning interventions. Moreover, it would be useful if the strategy identified key public assets in the area and also the wider economic area.
- 2.16. A related PUSH document 'Preferred Growth Scenario' provides the numerical analysis which underpins the Economic Development Strategy, including the associated job, population and housing projections. The Preferred Scenario envisages an additional 10,000 jobs compared to the situation without the Priority Actions above, and projects a population growth of 133,000 and a requirement for 74,000 new homes in South Hampshire 2006-2026. The document presents those figures largely as assertions with no documentation to detail their derivation. In addition, the population forecasts are substantially different from the County Council's forecasts which are highly regarded and widely used by Hampshire district councils and other bodies. A more detailed paper trail which fully explains the forecasting methodology and assumptions will be essential if interested parties are to be convinced about the robustness of the figures. Pending such further documentation being available, with an opportunity to test the robustness of the methodology and assumptions, the County Council should reserve its position on the figures.
- 2.17. In conclusion, it is recommended that the Council supports the key propositions of the strategy, but proposes that it is further developed to take a more spatially differentiated approach, looking at a range of delivery levels including those both beyond the PUSH boundary and at more local levels within it.

3. Recommendation

- 3.1. That the responses to the Partnership for Urban South Hampshire strategy detailed in this report be approved.

CORPORATE OR LEGAL INFORMATION:

This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because:

Hampshire County Council has developed a draft economic assessment and is working up plans for an economic strategy for the Hampshire economic area. It is desirable for plans for the economic area to be aligned as far as possible.

Hampshire County Council is a partner in the Partnership for Urban South Hampshire and will therefore be affected by any delivery proposed in an agreed strategy document.

Other Significant Links**Links to previous Member decisions:**

<u>Title</u>	<u>Reference</u>	<u>Date</u>
Promoting Inward Investment to Hampshire	1461	27 April 2010
Economic Assessment	1845	26 July 2010

Direct links to specific legislation or Government Directives

<u>Title</u>	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

1.1. Not applicable.

2. Impact on Crime and Disorder:

2.1. Not applicable.

3. Climate Change:

- a) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?
- b) How does what is being proposed impact on our carbon footprint / energy consumption?

Not applicable.