
THE SOUTH HAMPSHIRE AGREEMENT

MULTI AREA AGREEMENT
JUNE 2008



Summary of the South Hampshire Agreement

South Hampshire is an area of tremendous potential but faces significant challenges. It has a wealth of natural and cultural assets and a robust, diverse economy. It is the most populous sub-region in the South East and the majority of its residents enjoy a good quality of life. There is also a history of effective partnership working between public sector bodies, of which this Agreement is further evidence.

However, as well as some of the least deprived areas in Britain, South Hampshire is also home to concentrations of serious deprivation. And as a sub-region, compared to the South East average, South Hampshire has lower levels of skills, economic activity, incomes, business formation and entrepreneurialism. It has also seen significant decline and restructuring of its traditional industries. At the same time, continual growth has outstripped the infrastructure, particularly transport systems, and household growth has exceeded the supply of new housing, widening the affordability gap for South Hampshire residents.

These factors have contributed towards two decades of economic under-performance by this sub-region relative to its potential and compared to the South East. To reverse that trend so as to compete in increasingly global markets for business and investment, the Partnership for Urban South Hampshire (PUSH) has developed a sub-regional strategy for sustainable, economic-led growth. This draws on extensive research, notably by DTZ Pineda Consulting, to identify the potential and drivers for sustainable, economic-led growth. PUSH's strategy has been incorporated by SEERA into the South East Plan. It underpins PUSH's Business Plan (2008-11) as well as the strategic transport objectives of PUSH's sister organisation, Transport for South Hampshire.

PUSH's headline goal is to grow Gross Value Added (GVA) from 2.7% to 3.5% per annum by 2026, to close the gap on the rest of the South East. To do this, we need to improve the skills of our resident workforce at all levels so as to provide the ready labour market that South Hampshire businesses require, particularly in high value knowledge-based industries. We also need to increase levels of economic activity, particularly amongst residents in our most deprived areas, and raise productivity and innovation in our businesses.

By 2026 we will have seen the creation of 59,000 net new jobs, and two million square metres of employment space to support business growth. To support this economic growth and the regeneration of our towns and cities we also need an average 4,000 new homes every year to 2026, and timely provision of the requisite physical, social, cultural and environmental infrastructure. Our approach is a major step towards integrated economic and spatial planning at the sub-regional level, and accords with the thrust of the Sub-National Review. We are evolving our governance structures to achieve both a stronger focus on delivery and broader engagement with key partners, including major businesses and employers.

The South Hampshire Agreement will support the delivery of this ambitious programme by strengthening the bonds of collaboration between local partners, Government Departments and their agencies. The Agreement focuses on selected key elements of the PUSH Business Plan:

- **Employment and skills:** new machinery to ensure public sector interventions respond more effectively to employers' needs; and new flexibilities in training and

apprenticeships programmes to incentivise increased participation and drive sustained improvement in skills attainment;

- **Innovation:** place-based innovation teams to integrate services in line with BSSP and champion innovation and growth with strong linkage with the HFE sector;
- **Employment land:** establishing a sub-regional special purpose vehicle to help bring strategic employment sites forward with market-ready status to facilitate business growth;
- **Business support:** better targeted intensive support to increase business productivity and GVA growth;
- **Transport infrastructure:** a balanced approach to facilitate growth and improve management of the highway network, as part of a comprehensive strategy to deliver sustainable transport solutions in South Hampshire;
- **Non-transport infrastructure:** creating an Infrastructure Delivery Partnership and setting in place sub-regional funding mechanisms to support strategic infrastructure provision;
- **Housing & planning:** support for establishing special purpose vehicles to drive forward estates regeneration; strategic collaboration with national agencies on securing affordable housing provision; and an agreed approach to housing growth in regeneration areas where there is elevated flood risk.

The Agreement proposes a total of eight outcomes and eight enabling measures. With these in place, PUSH and its key partners – Job Centre Plus, Learning and Skills Council, Business Link, SEEDA and Transport for South Hampshire – will achieve more rapid and certain progress in delivering the PUSH Business Plan and sub-regional strategy. This in turn will support the achievement of objectives and targets in the Regional Economic Strategy and national Public Service Agreements, particularly relating to skills, employment, housing supply and regional economic performance.

The Partnership for Urban South Hampshire

Transport for South Hampshire

Business Link (Southern Enterprise Alliance)

Job Centre Plus (Hampshire & Isle of Wight)

Learning & Skills Council (Hampshire & Isle of Wight)

South East England Development Agency

June 2008

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1 Introduction

- 1.1 The **South Hampshire Agreement (SHA)** is a Multi Area Agreement (MAA) for South Hampshire. It is prepared by the **Partnership for Urban South Hampshire (PUSH)** on behalf of, and with input from:
- the eleven local authorities that make up PUSH;
 - Transport for South Hampshire (TfSH), which is the delivery agent for sub-regional transport plans, policies and programmes;
 - partners in delivery of the PUSH Business Plan¹, including Job Centre Plus, Learning and Skills Council, Business Link and SEEDA.
- 1.2 The geographic area of South Hampshire is defined in the draft South East Plan (SEP). With a population of about one million, it covers the cities of Southampton and Portsmouth and the southern part of the Hampshire County Council area, i.e. the boroughs of Eastleigh, Fareham, Gosport and Havant; and parts of East Hampshire, New Forest, Test Valley and Winchester. A map showing the area is at Appendix 1.
- 1.3 In addition to being recognised in the draft South East Plan this geographical area is also established by SEEDA as a Diamond for Investment and Growth area². Its two cities are also the main economic drivers for the sub-region as interlinked Travel-to-Work and Travel-to-Learn Areas.

Our vision and objectives

- 1.4 Over the next 20 years, South Hampshire will gain renown as an area offering sustainable prosperity and a high quality of life for residents, as a location of choice for growing businesses, as a major centre of excellence in innovation and technology enabling smarter and more sustainable growth, and as a place where the benefits of growth are shared by all sectors and communities. This brighter future will be based on raising the performance of our economy.
- 1.5 This is a vision shared by the members of PUSH, together with other public agencies and partners from all sectors working with us. Our **key objectives** can be summarised as follows:
- **promoting economic success** by seeking to create a diverse economy where business, enterprise and individuals can flourish, underpinned by modern skills;
 - providing the homes we need in **sustainable communities**;
 - building more cohesive communities and reducing inequalities, **closing the gap** between deprived areas and the economic performance of PUSH sub-region;
 - investing in **infrastructure** and sustainable solutions;
 - promoting a **better quality of life** by safeguarding and promoting social and environmental wellbeing across the sub region; and
 - **tackling climate change** by reducing carbon emissions and securing increased renewable and low carbon energy supply.

¹ A Brighter Future for South Hampshire: moving to delivery (March 2008).

² See SEEDA Regional Economic Strategy 2006-16, pp 8, 45-46 (http://www.seeda.co.uk/res/docs/RES_2006-2016.pdf).

- 1.6 The two cities of Southampton and Portsmouth and the neighbouring towns in Hampshire have a key role in driving sub-regional economic growth and physical renewal. There is a mutual interdependency between the cities and these adjacent areas which by mutual cooperation will deliver exemplary urban regeneration and attract investors and developers to the sub-region. We will strengthen existing communities by tackling social and economic disadvantage, particularly in the older urban areas, and by broadening the types and range of housing. South Hampshire's natural, cultural and historic environment, includes nationally and internationally important wildlife habitats. These contribute immensely to our quality of life and we will give high priority to conserving and enriching these assets.
- 1.7 Our approach is one of sustainable development with managed, conditional growth. This encompasses the aspiration of closing the economic gaps *within* the South Hampshire area, as well as in comparison to the South East and national performance. To be truly sustainable, housing and economic growth need to move in step with well managed environmental impacts, underpinned by the requisite physical, social, cultural and environmental infrastructure.
- 1.8 Sustainability is at the core of our approach and is reflected in our commitment to fulfil the conditions attached to our New Growth Point partnership with Government. New housing, employment land and other development will be designed and located so as to create mixed communities and maximise the opportunities for people to be able to access the jobs, services and facilities they need with reduced dependence on the private car. For example, the two Strategic Development Areas (SDAs) near Fareham and Hedge End will be well connected by public transport to Portsmouth and Southampton respectively, but will also include a quantum of employment floorspace and infrastructure (e.g. superfast broadband for homes and businesses) to enable each SDA to be around 50% self-sufficient in employment terms³. Across all developments we will be driving for the highest design and environmental standards including piloting Code for Sustainable Buildings Level 6 in the West of Waterlooville urban extension and, subject to deliverability, implementation of Level 6 in the SDAs from the commencement of development (up to two years ahead of CLG's target). Maintaining and enhancing the quality of the environment is a key objective, and PUSH's work on renewable energy, integrated water management and green infrastructure are just part of a comprehensive approach to environmental sustainability reflected in common policy principles being incorporated into Local Development Documents across the planning authorities in PUSH.
- 1.9 This approach and the objectives set out above are woven into the **South Hampshire Sub-Regional Strategy (SHSRS)**, which sets the policy framework and headline objectives and targets for the period 2006-26⁴.

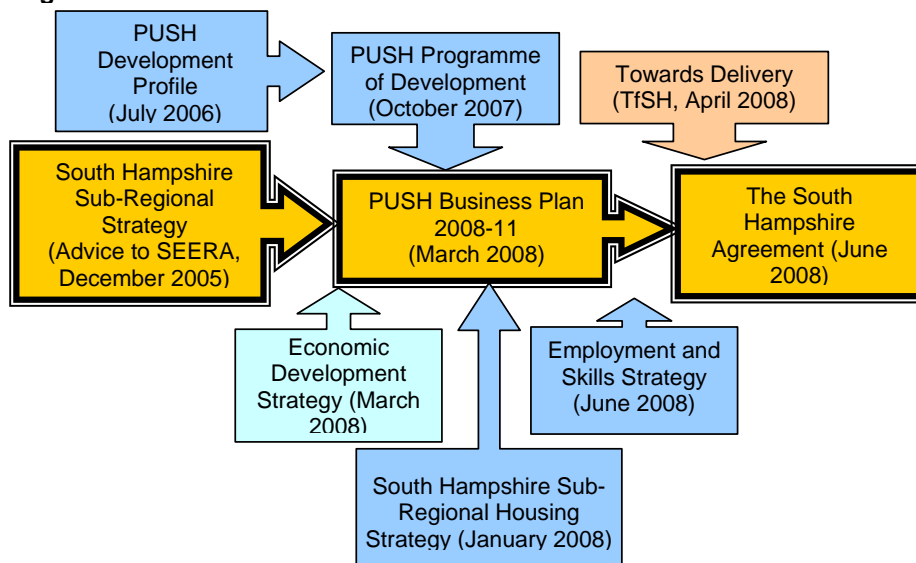
³ South Hampshire Sub-regional Strategy, Background Document 1: Employment (December 2005), section 4.1(x), page 28.

⁴ The South Hampshire Sub-Regional Strategy is incorporated as Section E1 of the draft South East Plan Core Document (The Regional Spatial Strategy: "A clear vision for the South East", March 2006) – see http://www.southeast-ra.gov.uk/southeastplan/plan/view_plan.html#core_doc.

The purpose and scope of the South Hampshire Agreement

- 1.10 Delivery of the SHSRS depends upon the contribution of many authorities and agencies acting individually and in collaboration. The **PUSH Business Plan 2008-11** sets out the actions to be carried out by PUSH – the eleven local authorities working collectively – to contribute towards the SHSRS. It also identifies the key strands of activity to be carried out by other partners, focusing on the transformational actions that will help lift sub-regional economic performance.
- 1.11 The aim of the **South Hampshire Agreement** is to facilitate delivery of the SHSRS and focusing particularly on economic development and enterprise, together with those aspects of housing, strategic planning and transport that will support PUSH's overall strategic objectives around sustainable economic-led growth. At a South Hampshire level, it brings and binds together the commitments of PUSH and other partners, notably Job Centre Plus, Learning and Skills Council, Business Link, SEEDA and Transport for South Hampshire. This document therefore draws upon the PUSH Business Plan together with other strategic documents, notably an Economic Development Strategy⁵ and Transport for South Hampshire's strategic Statement "**Towards Delivery**"⁶.
- 1.12 The Agreement does not seek to cover all the outcomes, objectives and 160 actions set out in the PUSH Business Plan. We are not, in this agreement, bringing forward specifically environmental outcomes; but we may wish to do so in future iterations of the Agreement, particularly with reference to PUSH's objectives for renewable energy and integrated water management.
- 1.13 The main strategic documents that have shaped this Agreement are mapped below:

Figure 1



⁵ DTZ, PUSH Economic Development Strategy (March 2008)

⁶ <http://www.hants.gov.uk/decisions/decisions-docs/080414-tshjcc-R0408161639.html>.

The structure of this Agreement

1.14 The Agreement is structured as follows:

Section 2	Explains the context and evidence base underpinning this Agreement
Section 3	An overview of the outcomes, rationale and purpose of the Agreement and potential enabling measures proposed
Section 4	The principal outcome regarding closer collaboration between local partners and Government Departments and agencies
Sections 5 to 9	Detailed proposals on Economic Development, Transport Infrastructure, Social Infrastructure and Sustainability, Housing and Planning, and Creating Quality Places.
Section 10	Summary of financial implications
Section 11	The governance of the Agreement
Section 12	The relationship between the Agreement and the Local Area Agreements for Hampshire, Portsmouth and Southampton
Section 13	Milestones and Forward Look
Appendices	Maps and detailed background material on evidence base

2 Context and Evidence Base

- 2.1 This section explains the context and evidence base against which the SHSRS has been developed.

Geographic Context

- 2.2 South Hampshire covers an area stretching from the waterside edge of the New Forest in the west to the boundary of Hampshire in the east, and from Romsey in the North to Portsmouth in the South⁷. It includes two islands – Portsea Island (which contains most of the City of Portsmouth) and Hayling Island (part of Havant borough) – and an internationally important coastline and marine environment. South Hampshire is also the largest more or less continuous expanse of urbanised land in the South of England outside London, with a resident population of around 1 million, over 40% of whom live in the two cities of Portsmouth and Southampton. It is the predominantly urban character, the coastal topography and the settlement pattern of South Hampshire that differentiates it from the rest of the county of Hampshire.
- 2.3 The environment which is one of South Hampshire's prime assets, and unique selling points, is also one of the key constraints to traditional development and growth. The whole of The Solent and Southampton Water is covered by national and international designations – SAC⁸, SPA, SSSI and Ramsar Site. There are numerous other nationally and internationally designated wildlife sites and habitats across South Hampshire, particularly around the rivers Test and Itchen, and Portsmouth, Langstone and Chichester Harbours. The New Forest National Park and proposed South Downs National Park (which covers much of the present East Hampshire AONB) shape the boundaries of South Hampshire and have the strictest landscape protection. The individual identity of settlements is maintained through locally designated strategic gaps and 'green wedges' to create distinct, vibrant communities. The complex relationship between heavily urbanised areas and a valuable and sensitive environment is an important factor shaping South Hampshire's approach to growth.

Economic Context

- 2.4 The overall Gross Value Added (GVA) for Hampshire was around £30.2bn in 2005, of which just over 50% was generated in the South Hampshire sub-region. Since the mid 1980's, though, South Hampshire's economic growth rate has been consistently below that achieved by the South East region as a whole, but above the national growth rate. The following indicators illustrate the gap between South Hampshire and the South East average:
- In terms of GVA, South Hampshire is growing at around 2.75% pa compared with 3.1% pa for the South East

⁷ In the early stages of the SEP's preparation, an area of search from Chichester to Bournemouth-Poole was examined as a possible economic sub-region. Research quickly established that economic connectivity within South Hampshire was much stronger than between South Hampshire and centres to the East and West. The initial boundary indicated for South Hampshire included the whole districts of New Forest, Test Valley, Winchester and East Hampshire; this was redefined in 2005 to exclude predominantly rural areas (including designated and proposed National Parks).

⁸ Solent Maritime SAC, Solent & Isle of Wight Lagoons SAC

- Productivity in South Hampshire is more than 9% below average measured by GVA
 - Average weekly earnings are 8.5% lower
 - New VAT registrations at 42.7 per 10,000 population in South Hampshire are a third lower than the rest of Hampshire (63.9) and the South East (59.2).
- 2.5 However, disaggregating the performance of the South Hampshire economy into the Cities (Portsmouth and Southampton), and the Hampshire County Council area, comprising four urban Boroughs and a rural fringe made of the southern part of four further district council areas, highlights substantial differences in economic growth rates. Relatively speaking, the two cities have significantly under performed over the last two decades, failing to match even the national growth rates⁹.
- 2.6 Over the last decade it has been the County Council area that has driven growth, with particular focus on the rural fringe authorities¹⁰ which have consistently achieved a higher rate of growth than the regional average. The performance of the urban boroughs¹¹ converged strongly towards the rural fringe areas towards the end of the last decade, and has witnessed the strongest rate of employment growth out of all the areas comprising the South Hampshire sub-region over the last few years.
- 2.7 Whilst the aggregate performance of the sub-area classifications has been very strong (particularly in the urban boroughs) it is not necessarily the case that the strong performance has been uniform across the sub-area. The high aggregate performance seen in the urban areas, for example, has largely been driven by strong economic growth rates in Fareham in particular, whilst Gosport and Havant by contrast have grown significantly more slowly.
- 2.8 South Hampshire's economy has been based over many decades on the traditional pillars of manufacturing, naval and defence and port-related industries. The sub-region is well connected by rail, road, sea and air, and Southampton is a global gateway port for both cruise and freight. Although the economy centres on Portsmouth and Southampton there are significant concentrations in Eastleigh, Fareham and Havant e.g. automotive, marine and aerospace clusters. There has been a long established trend for low skilled related employment in these sectors to re-locate to the Far East and Eastern Europe for cost reasons but advanced engineering and manufacturing has not only been sustained but also increased.
- 2.9 Defence-related industries remain a significant contributor to the South Hampshire economy: up to 35,000 jobs (including naval personnel) are directly or indirectly dependent on the naval presence in the wider South Hampshire and the Isle of Wight area, through a complex network of maritime industry suppliers and system integrators selling a wide range of products and services.

⁹ DTZ, Economic Drivers and Growth, Combined Report (January 2007), <http://www.push.gov.uk/pdf/PUSH%20Publications/PUSH%20Research%20&%20Consultancy%20Reports/South%20Hampshire%20Economic%20Drivers%20and%20Growth%20-%20DTZ%20Combined%20R.pdf>.

¹⁰ New Forest, Test Valley, Winchester, East Hampshire.

¹¹ Eastleigh, Fareham, Gosport, Havant.

- 2.10 South Hampshire's service sector economy has been largely focused on Southampton. As the largest urban centre in the sub-region it has become the preferred base for professional services firms but over recent years the Solent Business Park (just off the M27 and half-way between Portsmouth and Southampton) has established itself as a key out-of-town business location. Each of the urban centres have varying degrees of public administration and education related employment, with the highest densities in the two cities; but significant public administration is located in other sub-regional centres and in nearby Winchester (which is the headquarters of Hampshire County Council and the Hampshire Constabulary for example). South Hampshire has a high quality higher education sector with four universities, boasting a world class reputation for research and innovation (in areas such as oceanography, medical research, telecommunications, engineering and environmental technologies) as well as major centres for vocational and professional learning. The composition of the workforce is shown in more detail in Appendix 2.
- 2.11 In a time of economic slowdown with low confidence, difficulties in the housing market and falling levels of activity and investment generally, local government has a critical role to play in stimulating the market and sustaining economic and construction activity through the use of procurement and capital programme investment. Combined with the programmes of other public sector bodies, co-ordinated and focused through the Hampshire, Portsmouth and Southampton LAAs, and the South Hampshire Agreement, the added value cannot be underestimated.
- 2.12 A high and sustained level of investment will be delivered through, for example, Hampshire County Council's Building Schools for the Future Programme which will make significant investment in Havant through school remodelling in the next few years, also releasing further sites for housing development. In addition, the County and two City Councils' transport capital programmes will create further construction activity and investment alongside, health and community safety spending plus public sector housing investment. All have the potential to further underpin the economy during this economic slowdown, and to support the MAA objectives in respect of skills, earnings and employment.

Demographic and social context

Population & households

- 2.13 The population of South Hampshire has grown significantly over the past 25 years, but that growth has been uneven. Southampton and Portsmouth have grown by 12% and 13% respectively, but in the County Council area the disparities are more marked. Fareham and Eastleigh have each grown by over 26%, whilst the populations of Havant and Gosport have remained static.
- 2.14 Over the period 1991-2007 dwelling completions rose by 73,500 amongst the PUSH Authorities; the corresponding rise in the number of households was 86,000. Even assuming some shared households (0.5% in Hampshire at the 2001 Census), it is clear that household growth has exceeded the supply of new homes.

- 2.15 House price inflation has also exceeded the rate of incomes growth: as a consequence, housing affordability has declined by 60% in the period 1999-2006¹². In 2006 there were around 11,000 more applicants on the housing registers of PUSH authorities than in 2003¹³.

Workforce and skills

- 2.16 The past availability of low-skilled work in manufacturing and some sectors of the defence industries is reflected in the significant percentages of the population having low or no qualifications, especially in the two cities, Gosport and Havant. The shift away from traditional manufacturing to more knowledge-based sectors such as business services requires a different skills base in the workforce, and one that is not yet fully met in the resident population.
- 2.17 Nearly 10% of the current workforce have no skills; the percentage for people of working age with no skills is even higher (ca. 12.6%) and significantly above the regional average of 10.1%). Despite improvement, school attainment at GCSE level in Portsmouth and Southampton lags more than 10% below the national and South East averages¹⁴. Continuation of these trends could lead to emergence of a 'low skill – low value added' economy' similar to many coastal areas in the South East and elsewhere.

Multiple deprivation

- 2.18 There remain significant pockets of deprivation in some areas, as illustrated by the following table:

Table 1: 2007 English Index of Multiple Deprivation within the PUSH area

PUSH District	LSOA	20% most deprived
East Hampshire	14	0
Eastleigh	77	0
Fareham	74	1
Gosport	52	4
Havant	78	18
New Forest	46	1
Portsmouth	122	24
Southampton	146	35
Test Valley	26	0
Winchester	22	0
Total	657	83

Source: CLG IMD 2007

- 2.19 A more detailed commentary, including a map showing the distribution of deprivation, is included in Appendix 2. This highlights that whilst some of the least deprived LSOAs¹⁵ in the country can be found in South Hampshire, there are also significant

¹² Housing Market Assessment, DTZ Pidea Consulting, Part I April 2005, Part II October 2006

¹³ Housing Market Assessment (as above). More detailed analysis is set out in the PUSH Sub-Regional Housing Strategy "Homes for Growth", January 2008 (www.push.gov.uk).

¹⁴ ONS (5+ GCSEs at A*-C, by local authority)

¹⁵ Local Super Output Areas

pockets containing some of the most deprived communities, with clusters in Southampton and Portsmouth City Council areas, and in Havant and Gosport Borough Council areas. The domain scores relating to Education, Skills and Training are particularly poor in these clusters, highlighting the need to focus on raising skills and employability as one of the keys to raising economic performance and productivity and closing the gap between these disadvantaged areas and the rest.

South Hampshire's response (I): Creation of PUSH

2.20 Against this background, the Unitary Councils of Portsmouth and Southampton, Hampshire County Council and the Boroughs of Havant, Gosport Fareham and Eastleigh decided in late 2003 that a collaborative response was needed to meet the challenge of economic under-performance. Unless action was taken, a low-skilled, low-value added economy would impact on the levels of prosperity within the sub-region and affect competitiveness of the sub-regional economy and, in turn, the economic performance of Hampshire and the South East Region. These authorities were joined by the four rural District authorities of New Forest, Test Valley, Winchester and East Hampshire, whose areas fell partly within the sub-region, and under the banner of the **Partnership for Urban South Hampshire (PUSH)**, commissioned a series of studies to provide an evidence base for strategic, transformational action.

2.21 The creation of PUSH roughly coincided with commencement of work by the South East England Regional Assembly (SEERA) to prepare the draft Regional Spatial Strategy (South East Plan). Hampshire County Council and the two unitary city authorities were invited in 2004 to submit advice on sub-regional matters, and it was decided this should be prepared under the auspices of PUSH¹⁶. PUSH commissioned a raft of technical work to inform preparation of a sub-regional strategy, including a Housing Market Assessment and various theme-based and feasibility studies, as well as public consultation¹⁷.

South Hampshire's response (II): developing the evidence base

2.22 DTZ Pieda Consulting were commissioned by PUSH in 2004 to develop an understanding of the future growth scenarios for this South Hampshire sub-region to contribute to its South East Plan submissions. The research (Economic Drivers and Growth) was undertaken in three phases and its findings have been used to inform the SHSRS, PUSH's Economic Development Strategy, the three Local Area Agreements and the PUSH Business Plan¹⁸.

¹⁶ During this period, East Hampshire, New Forest, Test Valley and Winchester local authorities joined as partners in PUSH.

¹⁷ These studies include: Housing Market Assessment (Part I – April 2005, Part II – October 2006); Sub-Regional Strategy Background Documents on Employment Land (December 2005), Housing (December 2005), Critical Other Infrastructure (December 2005, updated November 2006), Public Consultation (December 2005); the Rationale for Housing Distribution (November 2006); and South Hampshire Town Centres (March 2006).

¹⁸ A composite report summarising the outcomes of the 3 phases of work was produced in January 2007, "South Hampshire Economic Drivers and Growth: Combined Report" and is published on the PUSH website (www.push.gov.uk). The Phase 3 report and other documents used as evidence to inform submissions to SEERA for the South East Plan are also published on the PUSH website.

- 2.23 Phase 1 of the commission researched the economic drivers of and barriers to growth; tested growth scenarios (2.5%, 3.0% and 3.5% GVA growth pa); and discussed the implications on the labour market, future housing requirements and commercial and industrial land requirements. Phase 2 revisited the earlier research on the basis of a revised boundary for the sub-region and included consideration of the required public sector response to facilitate growth, with a particular focus on the area of workforce skills, and the implications of housing numbers proposed by SEERA. Phase 3 focused on whether higher levels of productivity growth could be achieved to deliver economic growth without exceeding deliverable housing requirements.
- 2.24 DTZ's research confirmed that historically South Hampshire's economy has lagged behind the South East and that a step change in economic performance above that which may be expected without any intervention would be required to close the gap. PUSH therefore opted for the preferred scenario based on up to 3.5% pa GVA growth by 2026 (3.1% over the 20 year strategy period), as this was the level of ambition – a GVA increase of nearly £13 billion – seen to be necessary to bring about that step change. The potential actions to support that level of aspirational growth focused particularly on:
- Labour market interventions, particularly around reducing inactivity and increasing the skills of the workforce. The changing sectoral structure of the economy and forecast future requirements for higher level skills will require significant labour market support;
 - Increasing productivity to support economic growth, including business support, enterprise, innovation and infrastructure issues which impact on business performance. In order to deliver economic growth without future housing requirements exceeding what is deliverable it is vital that significant productivity gains are achieved in the sub-region.
- 2.25 The implications for the South Hampshire economy were therefore assessed on the following basis:
- Industrial Structure
 - Occupational Structure of the Workforce
 - Workforce Skills Levels
 - Requirements for Commercial Land and Property
- DTZ also looked at future housing requirements related to growth.
- 2.26 A summary of the evidence base, drawing on DTZ's "Combined Report" and other complementary analysis, is included in Appendix 2.

South Hampshire's response (III): The South Hampshire Sub-Regional Strategy (SHSRS), PUSH Economic Development Strategy, and PUSH Business Plan

- 2.27 DTZ identified a range of potential actions that could be undertaken to achieve the aspirational growth targets; these were prioritised for the short, medium and long term¹⁹. These potential actions helped shape the policies and headline targets incorporated into the SHSRS, which was submitted as advice to SEERA in

¹⁹ Combined Report (January 2007), pp 33-36, figure 6.1.

December 2005 and incorporated with minor changes as sub-regional Chapter E1 of the Draft South East Plan.

- 2.28 These priority actions have subsequently informed the preparation of the PUSH Economic Development Strategy²⁰, which in turn has fed directly into the PUSH Business Plan.
- 2.29 This ‘suite’ of strategic documents - the SHSRS, the Economic Development Strategy and the Business Plan – represent a substantial change in approach from that previously proposed for the area. The SHSRS positively embraces managed growth, setting ambitious targets for more rapid economic development – namely to close the gap on the rest of the South East by achieving 3.5% GVA and 2.7% productivity (GVA per employee) by 2026 with milestones for each intervening five year period as shown below.

Table 2	2006-2011	2011-2016	2016-2021	2021-2026
GVA growth	2.75%	3.0%	3.25%	3.5%
Productivity	2.0%	2.4%	2.6%	2.7%
Employment	+18,000	+14,000	+13,000	+14,000

- 2.30 GVA growth could, in principle, be secured by importing the skills businesses require. But that would exacerbate the opportunity costs and environmental impacts of increased in-commuting, and would not assist with addressing the social inclusion challenges arising from poor skills and exclusion from the employment market amongst South Hampshire residents. In-migration to fill skills gaps would increase pressure on housing supply and affordability, and on infrastructure. That is why targets for productivity, that depend upon increasing economic activity, up skilling the workforce and promoting innovation are so important and these are where public sector intervention is critical. Radical improvement in skills and employability can only be achieved by transformational actions and new ways of working.
- 2.31 The PUSH Business Plan therefore focuses on five main themes:

Economic Development – Promoting Economic Success

- Chapter 2 of and Appendix 2 to the PUSH Business Plan translates the actions identified in the Economic Development Strategy into detailed action plans for 2008-11.

Transport Infrastructure

- Strengthening and delivering sustainable economic growth depends upon an efficient transport infrastructure. Delivery of PUSH’s strategic transport objectives is led by **Transport for South Hampshire**, whose Statement **“Towards Delivery”**²¹ sets out how an approach of “Reduce – Manage – Invest” will support PUSH’s growth ambitions and address South Hampshire’s transport infrastructure challenges;

²⁰ PUSH Economic Development Strategy (March 2008, *not yet published*)

²¹ Transport for South Hampshire, “Towards Delivery” (April 2008). The Statement draws upon the findings of three inter-related studies (co-funded by DCLG, DfT, SEERA, HA and the three highways authorities in South Hampshire) examining transport access into and within the sub-region, and the policy and infrastructure implications.

Sustainability and Social Infrastructure

- The SHSRS emphasises the conditionality of growth on the requisite infrastructure – physical, environmental and social – to ensure sustainability, and contains ambitious policies to ensure sustainability objectives are achieved, including maintaining and enhancing the considerable environmental assets of the sub-region and the distinctiveness of settlements and ensuring that green infrastructure is integrated and provided in line with development.
- The intention to secure sustainable development provides a further opportunity for promoting local economic development and entrepreneurial activity based on the supply of environmental technologies that support a reduction in carbon emissions and effective action to both adapt to and mitigate against the impact of Climate Change.

Providing homes and other development to support economic growth.

- The economic growth strategy is supported by a more than 20% uplift in the rate of house building, to deliver SEERA's requirement for 4,000 new homes per year from 2006 to 2026 compared with under 3,300 at RPG9 levels, and including challenging targets of between 30% and 40% new affordable housing (28,500 units between 2006-26, including 65% for social renting) and clearing the backlog of unmet housing need²².

Creating quality places

- PUSH's aspirations for sustainable communities will only be met if developments contribute to a genuine sense of place, enhance identity, enrich the cultural offer attain the highest standards of design and help unlock the creativity and human capital that make places work.

2.32 These are the themes therefore reflected in this South Hampshire Agreement. The chief focus is on economic development and enterprise, together with those elements of housing, strategic planning and transport that will support PUSH's overall strategic objectives around sustainable economic-led growth. Altogether, the PUSH Business Plan contains 160 actions together with a programme of specific projects: 55 actions relate to economic development, 12 to transport, 31 to social infrastructure and sustainability, 27 to housing and planning, 18 to creating quality places, and 17 corporate actions. It will be evident, therefore, that this Agreement is currently narrower in scope than the Business Plan. Future iterations of the Agreement may include a wider range of outcomes and enabling measures.

2.33 The scope and purpose of the present Agreement, and why we seek it, are explained in the next section.

²² A summary of actions is set out in the Sub-Regional Housing Strategy, pp. 30-37 (<http://www.push.gov.uk/pdf/PUSH%20Publications/Sub-Regional%20Housing%20Strategy%20-%20Homes%20for%20Growth.pdf>) and Chapter 5 of the PUSH Business Plan – see section 8 of this Agreement. PUSH's housing trajectory is set out in section 3 of the Programme of Development (October 2007), p. 17 (<http://www.push.gov.uk/pdf/PUSH%20Publications/Programme%20of%20Development.pdf>) and reproduced in the Business Plan and Sub-Regional Housing Strategy.

3 Overview, Scope and Purpose of the South Hampshire Agreement

- 3.1 As explained in the Introduction, the South Hampshire Agreement (SHA) is based principally upon:
- The **PUSH 2008-11 Business Plan**, which is the short/medium term programme to deliver the South Hampshire Sub-Regional Strategy;
 - An **Economic Development Strategy** which informs the Business Plan but also offers a longer-term perspective on the delivery of transformational change in economic performance over the period to 2026;
 - The **Transport for South Hampshire Statement “Towards Delivery”**, which sets out priorities for transport interventions to support sustainable growth.
- 3.2 Whilst the Business Plan is the principal document, it is a ‘living’ document that will be regularly reviewed and updated, not least taking account of evidence from various studies and strategy work reporting over the next few months. We are therefore treating Business Planning as an iterative process in response to this evolving picture; a similar approach must be taken with the SHA.
- 3.3 Above all, PUSH and its partners see the SHA as the basis for a new and more productive relationship between local and regional partners and Government and its agencies. Many of the issues that will support our aspirations and objectives will need extended dialogue and development work to bring them to fruition as the evidence base and strategic response are developed. Some of these are signposted in this document as potential candidates for inclusion in later iterations of the SHA.
- 3.4 The present version of the SHA focuses on the following outcome areas:

Collaboration in Delivery	
<p>Outcome 1: Collaboration In Delivery Of Push Objectives Secure the commitment of all partners to the delivery of the South Hampshire Sub-Regional Strategy.</p>	<p>Enabling Measure 1: Undertaking from all Government departments and their agencies to agree an informal duty to cooperate with PUSH and its key stakeholders on the South Hampshire Agreement; until the Government introduce a duty on public bodies to collaborate in Multi Area Agreements.</p>
Promoting Economic Success	
<p>Outcome 2 : Employment & Skills Raise the skills and improve the employment opportunities of the current and future working age population in line with the aspirations of the Economic Development</p>	<p>Enabling Measure 2: Flexibility in Train to Gain funding To facilitate joint working between JCP and the LSC, and the delivery of the skills targets in the PUSH area</p>

<p>Strategy and the Employment and Skills Strategy</p>	<p>Enabling Measure 3: Establish an Employment and Skills Board To set the strategic framework for public spending on adult employment, skills and business support.</p>
<p>Outcome 3: Innovation South Hampshire will use its MAA to promote innovation across the administrative boundaries of local authorities (in line with the DIUS White Paper "Innovation Nation") to ensure that the local business community has access to the exceptional knowledge base in the sub-region.</p>	<p>No enabling measures sought at this stage.</p>
<p>Outcome 4 : Delivering land for economic development and employment Facilitate the delivery of a timely and sustainable supply of Employment land to support both inward investment and business retention to facilitate the required growth in GVA.</p>	<p>No enabling measures sought at this stage.</p>
<p>Outcome 5 : Increased effectiveness of business support Increased GVA and productivity through the targeting of resources and policies to support business growth and productivity in established businesses and retention in line with the PUSH Economic Development Strategy</p>	<p>Enabling Measure 4: Relaxation of the national Business Link Performance Management Framework target setting regime, particularly with reference to market penetration and intensive support, to allow Business Link to re-allocate resources to match sub-regional priorities.</p>
<p>Transport Infrastructure</p>	
<p>Outcome 6 : Sustainable Highways Interventions Deliver sustainable highway interventions to support development and overcome transport constraints on economic growth, including projected increases in congestion, poor accessibility to key development areas and deteriorating journey time reliability.</p>	<p>Enabling Measure 5: Development of the Department for Transport and HA relationship with Transport for South Hampshire to facilitate a balanced approach to the delivery of the sub-regional strategy, and management of the South Hampshire highway network as a whole to achieve economic growth and manage journey time reliability.</p>
<p>Sustainability and Social Infrastructure</p>	
<p>Outcome 7 : Non-Transport Infrastructure Delivering adequate and timely non-transport related infrastructure to support the development of resilient and sustainable communities in the sub-region.</p>	<p>Enabling Measure 6: Flexibility to explore mechanisms to enable developer funding contributions to be deployed at a sub-regional level to support the development of sustainable communities across PUSH</p>
<p>Housing and Planning</p>	
<p>Outcome 8 : Delivering housing to support economic growth Increasing the supply of housing to deliver a balanced housing market including family</p>	<p>Enabling Measure 7: (a) Assistance by CLG, Housing Corporation and English Partnerships in the development of SPV models appropriate to local</p>

and affordable homes

circumstances in PUSH; and
 (b) A commitment that the existing agencies will engage with PUSH to explore alignment of funds and investment to support estates regeneration with resources set aside and identified in the Regional Housing Strategy²³. It is requested that this commitment apply to the HCA when it is formally established later in 2008.

Enabling Measure 8: Adoption of a protocol by October 2008 that clarifies the application of Planning Policy Statement 25 (Development and Flood Risk) and Strategic Flood Risk assessment to facilitate growth in line with the PUSH Business Plan.

Comment [A1]: AP to check latest version of words agreed between Barbara Compton and Helen Kelly

The added value of the South Hampshire Agreement

- 3.5 The approach PUSH has taken to the issues and outcomes to be included in the SHA is based on two criteria:-
- Will the inclusion of an activity/outcome in the SHA add value to what could be achieved by existing partnership working, for instance through innovative / different patterns of collaborative working with the key stakeholders in the public and private sector; and
 - Will the inclusion of an activity/outcome help to close the gap both within the PUSH sub region and in comparison with others.
- 3.6 Much of what PUSH seeks to achieve will be accomplished by sharing common objectives and achieving better coordination with partner agencies, such as Job Centre Plus, Learning and Skills Councils, Business Link, and SEEDA. On transport matters, the lead at sub-regional level rests with PUSH’s ‘sister’ organisation, Transport for South Hampshire. The private sector will play a vital part in partnering some activity and in supporting activity to drive growth. PUSH can draw on effective business groupings to shape policy and actions. PUSH already has an agreement with Hampshire Economic Partnership – a business led strategic organisation that covers all of Hampshire including the two cities – and other key business support agencies that they will pull together the business group supporting PUSH. HEP have a strong membership base and should be able to bring some heavy hitters to the table.
- 3.7 However, PUSH cannot deliver this challenging agenda on its own. The eleven local authorities that comprise PUSH have committed to collaboration at the sub-regional level where this will add value to what authorities can do individually. That commitment is reinforced by the formal powers and functions accorded to the PUSH Joint Committee. But commissioning and delivery of many key actions rests with other agencies listed above. There is high level commitment by all these partners to the objectives, outcomes and targets in the PUSH Business Plan. However most of these partners are the sub-regional expression of national, Government agencies,

²³ PUSH Business Plan, Appendix 5a, HP5c, HP6b-c

and operating largely within target and outcome frameworks determined by sponsor Departments. Ensuring effective prioritisation of resources and joined up delivery at the South Hampshire level will be strengthened by formalisation of their shared commitment to PUSH outcomes through this SHA. This is illustrated in the SHSEZ Case Study (below).

- 3.8 The SHA provides the basis for a new relationship between local and regional partners and Government through which:
- formally to **cement a shared commitment** to delivering the outcomes of the South Hampshire sub-regional strategy;
 - to **strengthen the prospects of early and certain delivery** of outcomes which otherwise may prove significantly more at risk;
 - to deliver **better value for money** by re-shaping programmes and funding streams to fit the South Hampshire context;
 - to preserve and enhance the **environmental assets of national and international importance**.
 - to **close the gap** in economic performance both within the sub region and between the sub region and the rest of the South East; and
 - to develop **innovative approaches** to economic growth.

Case Study: South Hampshire Strategic Employment Zone

The South Hampshire Strategic Employment Zone (SHSEZ) provides South Hampshire with its greatest single opportunity to generate new employment in a way which could contribute substantially to an increase in the sub-region's GVA.

The SHSEZ is a 130 hectare site made up of derelict railway works and outdated, underutilised and low intensity industrial estates and landlocked greenfield sites. It has superb connectivity potential to Southampton airport, the M3 and M27 motorway network, rail and Southampton Port. It is adjacent to both Eastleigh town centre and the high quality natural environment of the River Itchen and close to Southampton city centre and its two universities. Taken together, these factors are a tremendous opportunity to create up to 9000 jobs, many of which could be in the high value, knowledge based sectors. However, this will only be achieved through public sector interventions both to facilitate the development and create the conditions to attract high value added employment.

A new link road is needed to access the development sites, currently estimated at £75m, and improvements to access the M27 at Junction 5. To develop the road and make the site development ready, there needs to be agreement with Network Rail about how much of the existing rail network and sidings can be disposed of. To move the scheme forward, it is imperative that we have the collaboration of both the Highways Agency and Network Rail (**see SHA outcome 1**).

The site is in seven different land ownerships. Economic appraisals indicate that there is sufficient uplift value in the land to fund the road but the landowners are currently unwilling to advance funding without greater certainty. The upfront design and feasibility costs of the road, at several £ million, are too substantial for Hampshire CC and Eastleigh BC to bear at risk, although each has already invested substantially. The public sector needs to act as 'ringmaster' to put the conditions in place for the landowners to be willing to invest and in a way that develops out the

full employment potential of the site (i.e. high value employment rather than a mix of vast retail and distribution sheds and housing). We are investigating a mechanism to achieve this by forward-funding the infrastructure and reclaiming this from the developers **(see outcome 4)**.

The vision is for a 'science park' environment on much of the site. The proximity to the universities and a sound track record in inspiring high value, knowledge based businesses, for example through Solent Synergy, the Enterprise Hubs and the successful Southampton Science Park developed by Southampton University, means that there is tremendous potential. The PUSH business plan sees enterprise and innovation as key drivers of productivity and business growth and we intend to drive forward those key sectors which are either of critical importance to our economy now or have the potential to support our future economic growth. The South Hampshire Agreement sets out how we intend to develop innovation and enterprise support **(see outcomes 3 and 5)** and the SHSEZ creates the growth room for our ambitions.

There is a high skills base within South Hampshire. However, too many of our residents lack the type and level of skills necessary to compete for the type of high quality jobs that will predominate in South Hampshire in the future if our ambitions are to be realised. In particular, there is a need to up skill existing employees, especially in the critical employment sectors, as well as bringing more people into the workforce. In addition, businesses can only grow or remain in an area if they have the right skills base in the workforce. We intend to provide more locally driven, intensive, targeted and business-led skills training to ensure that our resident workforce are equipped for the available jobs, such as those which will be created on the SHSEZ, without the need to import higher level skills from outside the sub region **(see outcomes 2 and 3)**.

The SHSEZ case study demonstrates the comprehensive approach adopted by PUSH. We recognise that if we are to meet our ambitious aspirations, we must join up our approach at a sub-regional level. We will reach our goal sooner and with better outcomes with the same collaborative approach, driven by the specific circumstances in South Hampshire, from government and its agencies.

4 A New Collaboration and Relationship

- 4.1 The five sections following this one summarise the main thrust of the PUSH Business Plan and highlight the outcomes and proposals that are the focus of the SHA. The key Business Plan outcomes that relate to SHA outcomes are shaded pink.

OUTCOME 1: COLLABORATION IN DELIVERY OF PUSH OBJECTIVES
Secure the commitment of all partners to the delivery of the South Hampshire Sub-Regional Strategy.

- 4.2 Section 3 above summarises the purpose and rationale of the South Hampshire Agreement. The over-arching value of the Agreement is to secure the commitment of partners at all levels – local, regional and national – to the outcomes of the South Hampshire Sub-Regional Strategy, in particular those selected as the focus for this Agreement. **This section focuses on the overarching purpose of the Agreement, which is to deliver a closer and more collaborative relationship between local and central Government and its agencies.**
- 4.3 The following table, in line with the PUSH Business Plan, includes the measurable outputs that will be delivered by the development and implementation of the SHA.

	KPI	Source	Baseline		2011 forecast	With Business Plan / MAA	National Indicator	
			value	year				
1	GVA/resident	DTZ	£36,500	2005	£39,600	£41,100	n/a	n/a
2	Total employment	NOMIS JCP	591,900	2007	603,155	606,958	n/a	n/a
3	Employment Rate	NOMIS JCP	77.8%	2007	79.3%	79.8%	NI151	PSA8
4	Working age residents qualified to level 2 and above	HIOW LSC	332,000	2006	355,000	386,000	NI163	PSA2
5	Working age residents qualified to level 3 and above	HIOW LSC	233,000	2006	243,600	273,800	NI164	PSA2
6	Net Additional Homes (Annual)	HCC ²⁴	3,273	2003	3,273	4,000	NI154	PSA20
7	Transport Sustainable Highways	HA	133,000 AAWT M27/J5-7	2006	143,500 AAWT M27/J5-7	147,000 AAWT M27/J5-7		PSA5 DfT

²⁴ Annualised average completions in PUSH area under RPG9 / Hampshire Structure Plan. A full explanation of the baseline is given on page 9 (footnote 2) of the PUSH Programme of Development (October 2007) submitted to DCLG.

Enabling Measure 1: Undertaking from all Government departments and their agencies to agree an informal duty to cooperate with PUSH and its key stakeholders on the South Hampshire Agreement; until the Government introduces a duty on public bodies to collaborate in Multi Area Agreements.

Our ask of Government

- 4.4 The successful delivery of the PUSH Business Plan depends on all partners and key stakeholders engaging constructively in the development and delivery of this Agreement. There is a statutory duty on public sector bodies to cooperate in Local Area Agreements, but there is currently no comparable duty in relation to MAAs. We would welcome the Government bringing forward proposals to introduce such a duty. But with or without a statutory duty, PUSH sees MAAs as being about a new relationship between central Government and localities. In that context, this is not about coercion but about a demonstration of commitment from all Government departments and agencies to work positively to find solutions to problems and barriers so as to facilitate delivery of the outcomes enshrined in the Agreement, and more generally to support achievement of regional and sub-regional strategies. It is recognised that such a commitment does not guarantee that acceptable solutions can always be found.
- 4.5 The request is for all Government departments and their agencies to agree an informal duty to cooperate with PUSH and its key stakeholders. This informal duty will ensure that all signatories:
- engage positively and consistently at all levels to examine potential barriers to delivery and wherever possible to develop solutions;
 - acknowledge the impact of their policies and priorities on the delivery of PUSH objectives in the South Hampshire Sub-Regional Strategy (SHSRS), and work with PUSH partners to identify innovative solutions that minimise any policy conflicts or negative consequences; and
 - determine their own human and other resources so as to give appropriate priority to their engagement with PUSH in this process.
- 4.6 One illustration of this is the relationship between PUSH and SEEDA. The Sub National Review recognises the importance of functional economic areas, sometimes extending across local and regional administrative boundaries, as the most appropriate level for policy interventions. SEEDA recognised that the early pioneering work of the Partnership for Urban South Hampshire anticipated these developments. It has supported PUSH from the outset, and has recognised its significance to the region in the Regional Economic Strategy 2006-16. This recognises South Hampshire as one of 8 Diamonds for Investment and Growth - major centres of economic activity extending beyond the boundaries of an individual local authority, centred on an urban core or network of urban cores and playing a leading role in the economic vitality of their broader sub-regions.
- 4.7 South Hampshire is one of four such Diamonds recognised in SEEDA's Corporate Plan 2008-11 as priorities for early and substantial support. This reflects SEEDA's

recognition that governance structures and policy frameworks in South Hampshire are already well advanced, with a clear and priorities plan of action. SEEDA is entirely supportive of South Hampshire's ambition to develop a Multi Area Agreement with Government, which will act as a catalyst to aligning and mobilising the resources of a range of partners including SEEDA's own investment and strategic influencing work. SEEDA will work with PUSH on mechanisms for delegating funding in support of the SHA. This commitment is founded on the recognition that the aspirations and objectives of the Business Plans for PUSH and Transport for South Hampshire will play a substantial role in delivering the objectives of the RES and its Implementation Plan.

4.8 Other examples of how this commitment would assist include:

- Engagement of the Department for Transport 'family' – Highways Agency, Network Rail, Office of the Rail Regulator, and DfT itself (including Directorates responsible for rail franchising and bus regulation) – in collaborating with PUSH and TfSH to develop integrated transport solutions for South Hampshire that accord with DfT objectives for sustainable transport networks;
- Engagement of DEFRA and the national, regional and local 'arms' of the Environment Agency to identify, where possible, consistent and solution-focused approaches to enable sustainable growth, particularly in relation to protecting the water environment and safe regeneration in areas exposed to flood risk, while continuing to address their own national targets and priorities;
- Proactive engagement of BERR and HM Treasury in developing innovative forward-funding and financial models to enable infrastructure provision to support growth and development;
- Proactive engagement of DIUS, DCSF and DWP in developing service provision through Jobcentre Plus and Learning and Skills Council tailored to the circumstances of South Hampshire, with greater autonomy at regional and sub-regional levels to determine appropriate programmes and targets so as to deliver value from allocated funding;
- Engagement of BERR and SEEDA in considering proposals for local and sub-regional solutions to business support simplification, and more autonomy at regional and sub-regional level through Business Link to determine programme priorities and targets.

Impact of the Enabling Measure

4.9 This measure goes to the heart of what a MAA can do. It is all about positive engagement by government at all levels to deliver solutions tailored to the locality, moving away from one-size-fits-all approaches that do not address the PUSH sub-region's needs to programmes and priorities that will support delivery of the SHSRS objectives, in turn contributing towards implementation of the Regional Economic Strategy and national PSA objectives.

4.10 This general commitment to cooperate will support and reinforce the specific enabling measures proposed in this Agreement. Impacts will include:

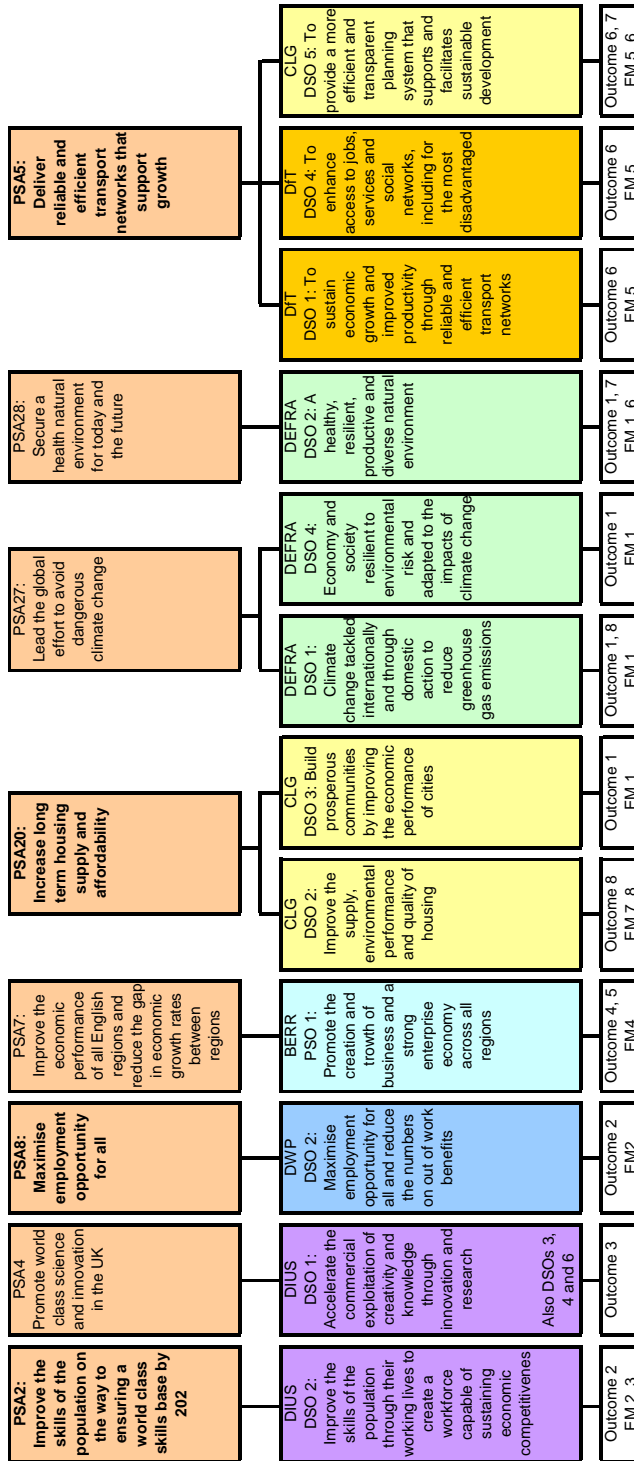
- Better value for money from business support activities, resulting in increased GVA for companies accessing intensive assistance;

- Better value for money from LSC programmes such as Train to Gain which are currently under-utilised because the targets and incentive regimes are not effective in the South Hampshire context;
- Laying the foundations for real modal shift through integrated transport solutions developed at a sub-regional scale;
- More timely completion of Local Development Frameworks and processing of planning applications by addressing potential barriers at an early stage and through appropriate policies.

4.11 The links between the outcomes of this Agreement and the key national PSAs and DSOs are shown in **Figure 2** (overleaf):

Figure 2

Links between South Hampshire Agreement Outcomes, National Public Serve Agreements and Departmental Strategic Objectives



5 Promoting Economic Success

- 5.1 The purpose of the SHSRS, and this Agreement, is to reinforce the economies of Southampton and Portsmouth as the anchors of the sub-region, together with the adjacent towns and their surrounding areas; strengthen the skills base; promote the strongest business sectors; and tackle under-performance in others. We have some world-class businesses in South Hampshire and we want to ensure leading-edge support and infrastructure (including ICT connectivity) to enable them to compete effectively in global markets. We want to increase inward investment and ensure that we have the right supply of sites and premises to provide for business expansion. By focusing on skills and overcoming barriers to employment and enterprise, we want to break down the ‘pockets’ of disadvantage still present in some of our communities and enable all residents to enjoy greater prosperity and the benefits of regeneration.
- 5.2 Our strategy also includes provision of 2 million square metres of new employment space by 2026 to support business growth. The South Hampshire Strategic Employment Zone is a critical scheme, and its delivery will depend upon marshalling the efforts of several agencies and establishing effective funding mechanisms. We will be creating a special purpose vehicle to facilitate delivery of employment land.

Economic outcomes

- Over the period 2006-26, raise Gross Value Added (GVA) from 2.75% per annum to up to 3.5%.
- Create 59,000 net new jobs, particularly in key knowledge based sectors such as advanced manufacturing, business services, creative industries and logistics (see Tables A1 and A2 in Appendix 2, page 76).
- Provide 2 million square metres of new employment space²⁵ fit for modern business needs including more space for expansion and new high-grade sites for commercial and industrial development, including a new location at SHSEZ.
- More innovation and business start ups, improved productivity and effective support to growing companies, building on sectors where we excel, especially in higher value-added knowledge-based businesses. Targets include increasing VAT stock per 1000 inhabitants from 25 to 40 by 2026²⁶.
- Focusing public interventions to engineer a step change in the skills of the resident workforce, particularly in those sectors where skills deficits are most acute, increasing the percentage of the working age population with skills at Level 2 from 63% to 95% by 2020 and Level 4 from 24% to 45% by 2026²⁷.
- Increase economic activity by improving the skills and employability of people currently outside the job market (raising economic activity from 80% to 85% by 2026 and working age employment from 77.1% to 82% over the same period²⁸).
- Increased inward investment from both domestic and international companies.

²⁵ This is equivalent to the National Coalfields Programme. A summary of the interim distribution of employment space by type and period appears in Chapter 5 of the PUSH Business Plan, page 40.

²⁶ Targets in PUSH Business Plan, Appendix 2, p. 67.

²⁷ Appendix 2 to the PUSH Business Plan (p. 64) shows all targets as 2005/6 (baseline) 2011 and 2026. For Level 2 skills, PUSH is looking to achieve the national target of 95% by 2020.

²⁸ The baseline here is 2007; the baseline in the PUSH Business Plan, Appendix 2, p.64, was for 2005/6 (76%).

- A stronger support sector, in relation for example to retailing and commercial services, so as to underpin the attractiveness of the sub-region to new and expanding businesses.
- Closing the gap in those areas which are lagging behind the sub regional average and holding back the performance of the sub region as a whole.

5.3 Details of the actions to deliver these objectives are set out in Chapter 2 of and Appendix 2 to the PUSH Business Plan.

OUTCOME 2: EMPLOYMENT & SKILLS²⁹

Raise the skills and improve the employment opportunities of the current and future working age population in line with the aspirations of the Economic Development Strategy and the Employment and Skills Strategy

The Challenge

5.4 Skills across the sub-region, and particularly in the inner urban areas, are lagging behind the level that will be needed in the future. Better skills are required to meet the current and future needs of local businesses, especially those sectors likely to have a particular impact on our ambitions to grow the economy.

Table 4		PUSH	South East	England
% of working age people qualified to at least:	Level 2	67.8%	72.2%	68.1%
	Level 3	47.7%	52.3%	47.8%
	Level 4	27.5%	32.5%	28.9%

Source: Annual Population Survey, 2006, Age 19 to 60/64
 Proxy for PUSH area = Southampton, Portsmouth, Eastleigh, Fareham, Havant, Gosport

5.5 The employment rate in South Hampshire is approximately 1.5% below the South East average. The data also shows significant variance within South Hampshire, with the employment rates in Southampton and Portsmouth being noticeably lower.³⁰

²⁹ PUSH Business Plan, Appendix 2, Skills & Labour Market, SLM1a-c, SLM3a-c

³⁰ However the data do need to be treated with some caution as the confidence intervals are wide and a trend analysis suggests the figures can shift between sampling periods.

Local authority area	No. in Employment (June 2007)	% of working age population
Eastleigh	60,000	77.8%
Fareham	52,200	80.4%
Gosport	40,100	84.4%
Havant	54,500	81.8%
Portsmouth	92,300	74.6%
Southampton	103,300	72.4%
PUSH	402,400	77%
South East Region	5,066,247	78.5%

Source: ONS

Proxy for PUSH area = Southampton, Portsmouth, Eastleigh, Fareham, Havant, Gosport

- 5.6 Skills and employment are linked issues which need an integrated approach based on the needs of the individual and businesses, rather than driven by the respective agencies and organisations. Those residents who are out of work and have low or no skills require integrated support aimed at helping them back into work and then supporting them to remain in and move on in work.

Our Vision for Skills and Employment

- 5.7 The PUSH strategy '**Skills for Employability & Growth**'³¹, sets out a vision that by 2026 the PUSH area will be a highly productive and dynamic economy and a cohesive and prosperous society driven by a talented and growing workforce. Learning and skills development will play a driving role in increasing productivity and reducing economic inactivity by raising workforce skills. Key to the growth model is a commitment to the principle of Smart Growth, one of the three objectives in the Regional Economic Strategy. Smart Growth will be achieved by bringing more people into the workforce and through enhanced business productivity, securing higher levels of prosperity per head without increasing the ecological footprint. Improved skills – across the existing and the potential workforce – are intrinsically important to both. There is therefore, a very strong emphasis on the need to integrate employment and skills to help people prepare for and face challenges in the labour market.
- 5.8 The Strategy is underpinned by four inter-related Strategic Aims:
- **Higher employment rates and economic activity** – provide the skills for sustainable employment in growth sectors;
 - **Increasing workforce productivity** – tackling skills shortages and gaps in growth sectors;
 - **Growing activity in high value added sectors** – releasing high value added potential;
 - **Improving the skills infrastructure** – deliver world class skills in a demand-led system.

³¹ 'Skills for employability and growth' - a strategy and action plan for the Partnership for Urban South Hampshire (PUSH). SQW Consulting, scheduled for final publication on 23 June 2008.

5.9 By raising the skills and employability of local people, particularly those not currently in employment, PUSH is seeking to ensure that the majority of the 59,000 new jobs created in PUSH over the next 20 years are secured by local residents, reducing the impact of growth on local infrastructure, enabling more sustainable growth for the sub-region and raising the quality of life in the area. The broad sectors in which employment growth is expected to occur are shown in Table A1 of Appendix 2 (page 76).

Targets to 2011

5.10 The current PUSH Business Plan sets a target of +2% by 2011 on the 2007 baseline, which sets a trajectory to hit 82% employment by the end of 2026. This is above both the current likely trend in PUSH, and also the targets in the current draft Local Area Agreements. Delivering the MAA target would see another 12,000 people in work in PUSH by 2011 (see table below).

Table 6		2007	2011		
		Baseline	Projected Trend	Combined LAA Target	MAA Target
Employment	%	77%	+0.5	+1.5	+2.0
Residents Claiming Out of Work Benefits	Number	402,400	+2,500	+8,000	+12,000*
	Number	61,900		-4,200	-5,200

* The Employment rate is affected by a large number of UK macro-economic variables which are outside PUSH control. This proposed target is on the basis of current national trends.

5.11 The PUSH Business Plan sets a target that 79% of the working age population will be qualified to Level 2 and 56% qualified to Level 3 by 2011. These targets are well above the projected trend based on current levels of delivery. Meeting these targets will require an additional 54,000 people to gain their first Level 2 and an additional 40,800 to gain their first Level 3.

Table 7		2006	2011		
		Baseline	Projected Trend	Combined LAA Target	MAA Target
Level 2	%	67.8%	+4.8	+6.0	+11.2
	Number	332,000	+23,000	+28,800	+54,000
Level 3	%	47.7%	+2.9	+5.0	+8.3
	Number	233,000	+14,300	+24,500	+40,800

Source: Hampshire & IoW Learning & Skills Council

5.12 The PUSH Business plan targets are aspirational. There is a clear view that they should be retained, but will only be deliverable – particularly employment targets – with a realignment of resources, changes to ways of working and agreement on flexibilities. This, and the consideration of the current economic climate, will mean

that further work is needed to revisit both the targets and trajectory. This would form part of the early work of the Employment and Skills Board.

Our Proposals

- 5.13 The response of PUSH to the scale of the challenge has two broad themes:
- **Integrating the provision of employment and skills services**
 - **Making the provision more demand-led**
- 5.14 The importance of linking the employment and skills agenda in PUSH is particularly acute as there is a large overlap between those people with low or no qualifications and those who are unemployed. Only half of the 65,000 working age residents in PUSH who have no qualifications are actually working; this compares to an employment rate of nearly 85% for those residents with a Level 4 qualification.
- 5.15 To support more integrated working, a number of pilot initiatives are starting in Hampshire during 2008/09, namely:
- **Integrated Employment & Skills (IES):** From November 2008, Hampshire will be a pilot area for the current IES offer including the intention to develop skills 'health checks', and improve referrals to basic skills programmes. A more detailed definition of the pilot will be agreed by September 2008;
 - **Skills Accounts:** Currently the plan is to trial the implementation of Skills Accounts amongst 'priority learners' such as those people who are unemployed and receive LSC-funded Information, Advice and Guidance (IAG) or basic skills training;
 - **National Apprenticeships Vacancy Matching Service (NAVMS):** this will build on the current *Apprenticeships Online* platform and there would be particular benefit in raising the profile of this work through PUSH and the proposed Employment and Skills Board (ESB). Specifically we will be using the ESB as a mechanism to increase the number of employers placing apprenticeship vacancies on Apprenticeships Online;
 - **Adult Advancement & Careers Service (AACS):** PUSH will apply to trial the AACS in the area in order to develop more holistic support services for those individuals seeking to return to work.
- 5.16 As detailed in section 8 of this Agreement, multiple deprivation – and particularly high benefit dependency and low skills – is most concentrated in South Hampshire in areas with a significant proportion of local authority-owned housing. The local housing authorities have teams based in these disadvantaged neighbourhoods which have formed strong relationships with the local community. These provide the foundations for incorporating teams working on employment and training initiatives developed as an integrated package of support. Local authority funding can, where applicable, be aligned to deliver these integrated packages alongside LSC funding which, subject to agreement of the enabling measures sought, will be freed up to help people on benefits get into training and work. Examples of aligned funding could include existing regeneration programmes within the two cities, and innovative

approaches to the use of section 106 agreements. Initial proposals for integrated support packages will be developed further in parallel with the work on developing one or more special purpose vehicle(s) to deliver estates regeneration (Enabling Measure 7a, see page 60) by September 2008.

- 5.17 Business support, primarily through Business Link, is also a critical part of this agenda:
- by giving access to employers who have benefitted from publicly funded support including skills and offering a sounding board to test policy ideas and pilot new activities, and
 - by offering direct capacity on the ground to engage with Jobcentre Plus and the Learning & Skills Council on initiatives to improve the capacity of managers to lead effectively and develop their people alongside employability issues.
- 5.18 The current scale of delivery amongst public agencies and their providers should lead to a slow but steady increase in the skills and a reduction in unemployment over the next 3 years. However, without further interventions, even the increase in activity currently envisaged by all the PUSH partners will not cumulatively deliver the step change required to hit the targets set out in the current PUSH business plan. Consequently we are seeking specific enabling measures from Government to increase the rate of economic improvement in the area in line with the aspirations of PUSH.

Our Ask of Government

- 5.19 The two enabling measures requested in this section are:
- **A range of flexibilities in Train to Gain funding**
 - **The creation of an Employment & Skills Board**
- 5.20 Together they present a coherent package of measures to deliver a step change in activity within the PUSH area and a departure from 'one size fits all', nationally designed programmes, to sub-regional, integrated employment and skills programmes. Crucial to this will be the introduction of co-ordinated regeneration strategies, to ensure that residents in the PUSH area are also beneficiaries of new employment opportunities that are created by new and existing employers. Particular focus will be given to the pockets of deprivation across the Urban South Hampshire area, with a focus on local authority areas that exhibit the highest levels of economically inactive residents and/or lower levels of job density. This includes the two cities of Portsmouth and Southampton and the districts of Havant and Gosport. These measures will allow us to place local employers and individuals at the heart of a demand-led, locally responsive system of employment and skills support.

Enabling Measure 2: Flexibility in Train to Gain funding

To facilitate joint working between JCP and the LSC, and the delivery of the skills targets in the PUSH area³².

- 5.21 A number of flexibilities in Train to Gain funding will be available for 2008/09 onwards, related to the implementation of the LSC's 'A Plan for Growth' for the Train to Gain programme.
- 5.22 To complement this work we are seeking the following three flexibilities. Recognising affordability constraints, the flexibilities outlined in (a) and (b) are intended to be development schemes focused on the four authorities mentioned in paragraph 5.20, and brought forward as part of wider packages for the integration of employment and skills, and inward investment. These flexibilities, coupled with the existing pilot initiatives (see paragraph 5.15), are vital to the delivery of tailored approaches that balance the employment aspirations of individuals with the skills and employment needs of employers in the area.
- (a) Jointly to review how we use Level 3 funding within the Train to Gain offer, as part of a wider integrated package for inward investment.**
- 5.23 Currently, employer contributions to training costs are determined within a national framework: for 08/09 this is set at 42.5% of the base rate. Employers are required to make a *mandatory* contribution to the cost of training staff through Train to Gain to Level 3 where they already have a Level 2. The findings of the Level 3 'Trial' in the South East will result in a change in the requirement to that of an *expected* contribution **and we ask for that change to be made with immediate effect.**
- 5.24 Further, we are requesting a joint review of the *funding of* the Level 3 qualifications for those employees with a Level 2. The take up of level 3 within Train to Gain is not as high as it needs to be and there should be clearer incentives offered to employers in PUSH. Raising the number of people qualified to Level 3 is critical for raising overall skill levels by moving people up the skills ladder, particularly in areas with low job density or lower than average rates of economic activity – Southampton, Portsmouth, Gosport and Havant (see Appendix 2, page 82).
- 5.25 Meeting the Level 3 targets in the MAA, would require an additional 3,300 new Level 3 qualifications to be delivered in PUSH over the next 3 years. For example, we assume, based on recent patterns of delivery, that further flexibility can be explored (in addition to the introduction of fully funded Level 3 for 19-25 year olds), for those already having a Level 2. In short PUSH would seek to work with DIUS and the LSC to look at the take up of Level 3 in Train to Gain and other aspects of service offer, as part of a wider integrated package to attract inward investment. We would seek to agree the scope for this work by September 2008.

³² PUSH Business Plan, Appendix 2, SLM2a-b

(b) Explore, through the IES trial, programmes that would enable individuals who are out of work to start on an NVQ through Train to Gain

- 5.26 This would be part of a package of support measures designed to help people access and sustain work, and would align with existing LSC programmes such as *Information, Advice & Guidance* services, *Skills for Jobs* and the *Basic & Employability Skills Programme*. It would also clearly link JCP programmes, particularly to the employment opportunities made available through Local Employment Partnerships. It is recognised that such a flexibility would need to be introduced on the understanding that we were seeking to equip individuals with the skills they need as part of a sustainable employment package. We also recognise the need to mitigate any risk of either delaying entry to employment or perverse impacts on the principles of the Job Seekers Allowance regime. Geographically the initiative would target the same four authorities as above – see page 82.
- 5.27 Once in employment the individual would complete the NVQ under the Train to Gain programme as normal. Whilst those who are out of work could access free Level 2 courses at their local college, the experience of working with this client groups suggest that delivery is more successful when carried out by colleges in outreach locations where links are made to progression routes into mainstream education and training. So we propose the training would normally be delivered in external training settings similar to the Skills for Jobs programme.
- 5.28 We estimate using Train to Gain to fund those out of work into NVQ training will contribute an additional 1,500 learners gaining their first full Level 2 over the three year life of the Multi-Area Agreement, at a cost of approximately £3.5m. £2m would support the vocational training and a further £1.5m would be used to provide wrap around support for the individuals including IAG, confidence building, job search and mentoring complementing the existing Skills for Jobs programmes. The funding will be drawn entirely from the LSC's existing Train to Gain budget.

(c) Part-funded Level 4 qualifications for those with a Level 3.

- 5.29 To date in 2007/08³³ the number of individuals started on Level 4 qualifications under Train to Gain is very low: less than 50 across the whole of the South East. This may well reflect the fact that for many individuals who do not have a Level 2, moving directly to study for a Level 4 qualification is a very challenging prospect. We would like DIUS to explore whether there is a technical reason for the existing barrier and, if so, consider the case for removing it. Expanding the eligibility criteria to those individuals with a Level 3 should increase demand although numbers are likely to remain relatively small. Our target is for 500 individuals, and consequently the cost should not exceed £0.4m over the three years which could be met from current Train to Gain budgets.

³³ Academic year

Enabling Measure 3: Establish an Employment and Skills Board³⁴

To set the strategic framework for public spending on adult employment, skills and business support.

- 5.30 To ensure a well coordinated, multi-organisational approach to skills and training provision that matches employers’ needs, we propose, as a key intervention and catalyst for change, the creation of an Employment & Skills Board (ESB). This will:
- utilise the capacity of Local Authorities, the Agencies such as LSC, JCP and SEEDA, and community organisations;
 - coordinate and align resources and policy;
 - lead the delivery of the employment and skills strategy;
 - maximise private sector leverage;
 - make interventions based upon local intelligence; and
 - develop the training infrastructure to deliver sustainable numbers of skilled employees.
- 5.31 The ESB will therefore be the principal vehicle for taking forward the actions necessary to deliver this. It will be locally-led and adopt a partnership approach which offers the potential to evolve into a powerful vehicle for regeneration. To achieve this there will be a substantial shift in mainstream activities and culture change in partner organisations. This will include the flexibility to commission task and finish implementation groups to deliver elements of the action plan. The ESB will be demand-focused with relevant representation from significant employers, both private and public sector. Employer involvement in both pre- and post-employment support and training will help to ensure skill supply is directly relevant to their needs. The ESB would also include senior representatives from partner organisations and together they would be empowered to construct a joint investment framework, with joint investment planning.
- 5.32 **We are therefore asking for the Government’s support in the steps towards establishing an ESB that has delegated functions and responsibility** to set the strategic framework in the PUSH area in order to provide a service firmly focused on employers’ and users’ needs. This will require ongoing dialogue with the agencies and their parent Government Departments – DWP, DIUS and BERR – both directly and through the Government Office as the ESB’s operational model evolves, leading to formal Ministerial approval. We need to test options in shaping the model to take account of the potential risks and benefits and to ensure delivery follows strategy.
- 5.33 Our proposed milestones for development of the ESB are:

Immediately	To create a Shadow ESB that will agree the role and remit of the ESB and identify the preferred long-term model. The ESB will be supported by a secretariat comprising seconded or joint-funded posts, and will provide the capacity for the developmental work. The Shadow ESB will work with the Business Group (see page 69) to identify and secure business
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³⁴ PUSH Business Plan, Appendix 2, SLM1a-c

	involvement at the appropriate level, and with the local authorities on the development of integrated support packages.
By October 2008	A formalised business-led ESB will be established with appropriate public and private sector representation, and governance arrangements.
By December 2008	Publish an Implementation Plan for the <i>Skills for Employability & Growth Strategy</i> which will set out how the ESB will go about delivering the skills and employment targets for PUSH.
From April 2009	Subject to the Board's agreement, the ESB will ask the Secretary of State to make it a specified body under section 24A of the Learning and Skills Act 2000. In the interim the ESB will continue to operate through the voluntary co-operation and support of the relevant agencies, with the intention to move to a statutory basis as soon as possible.

- 5.34 Delivery of these milestones is contingent upon full support from government Departments and agencies facilitating the necessary resources and devolution of powers, and critically where this is appropriate, taking into account the legal framework within which each of the relevant organisations work.
- 5.35 To ensure clear lines of accountability in relation to PUSH's governance structures, the ESB will have a direct link to the PUSH Joint Committee – see section 11 (commencing page 69).

Impact of the Enabling Measures

- 5.36 *Enabling Measure 2.* The three proposed flexibilities will play a critical role by driving up the demand for skills, particularly amongst private sector employers in PUSH. Without these enabling measures then performance will inevitably fall well short of the targets in the PUSH business plan. The implementation of Parts (b) would be targeted to those wards in PUSH which have the highest number of people on key benefits, currently Southampton, Portsmouth, Havant and Gosport.
- 5.37 *Enabling Measure 3.* The establishment of the Employment and Skills Board, as an enabler to drive the actions necessary to deliver the Employment and Skills Strategy and its implementation plan, is crucial. Without it, South Hampshire will lose the opportunity of a clear and influential business led voice' to develop our own solutions. Furthermore we would lose the opportunity of the vehicle to bring local authorities and other partners together with central government to agree new approaches and appropriate devolution of responsibilities³⁵.

³⁵ The MAA process will normally be the means by which DWP and DIUS will conduct any dialogue with local areas about devolving responsibilities" *DWP/DIUS Work Skills Command Paper June 2008*

OUTCOME 3: INNOVATION

South Hampshire will use its MAA to promote innovation across the administrative boundaries of local authorities (in line with the DIUS White Paper "Innovation Nation") to ensure that the local business community has access to the exceptional knowledge base in the sub-region³⁶.

Our proposals

- 5.38 Through encouraging a "Community of Innovation", South Hampshire will facilitate a step-change in economic growth, the development of supporting skills and the joining up of innovation activities. Partners from the private sector, universities and public sector will join forces, pool resources and work as one team across the sub region. PUSH recognises the need to obtain the collaboration of partners to achieve this aim which will be aided by the government's Business Support Simplification Programme (BSSP).
- 5.39 This initiative will be catalyzed through the development of a SEEDA-funded **place-based Innovation Team (PBIT)** which will act as a catalyst to ensure that delivery providers work in a coherent way, add value and make the offer to business simple and accessible (in line with the Government's Business Support Simplification Programme, BSSP).
- 5.40 The PBIT will target the businesses in the sub-region with the highest growth and innovation potential, supporting up to 200 clients locally at any one time. They will also:
 - Lead and act as champions for innovation and growth in their areas;
 - Bring together all the relevant services in a collaborative structure; and
 - Work as a network with other place-based Innovation Teams across the South East to share expertise, contacts and best practice to provide a consistent client journey in line with BSSP.
- 5.41 "Innovation" within this MAA outcome is defined in the broadest sense to describe firms creating wealth from ideas. It includes developing new products, processes or services, and developing new business models. This is not restricted to science and technology or industrial sectors and recognizes, in line with the White Paper, the importance of "total innovation" and the facilitating role of the public sector. The contribution to innovation in South Hampshire of key growth sectors (e.g. business services) is identified in the PUSH Economic Development Strategy.
- 5.42 The proposed timetable for creation of a PBIT is:

End May 2008	End of SEEDA consultation on PBIT concept
June / July 2008	Invitation for expressions of interest
September 2008	Deadline for submission of PBIT proposals
Autumn / Winter	SEEDA evaluation and selection of proposals; commissioning process to establish PBITs ³⁷

³⁶ PUSH Business Plan, Appendix 2, SLM4b, EIBS2c

³⁷ The length of this process may depend on EU procurement rules.

April 2009 | PBIT fully operational

- 5.43 In the spirit of Enabling Measure 1, we would like DIUS and BERR to commit to work with PUSH partners over the next 4 months (July to October) on the alignment of the Higher Education Innovation Fund (HEIF) with innovation and business support priorities in South Hampshire. SEEDA and Business Link will explore this with the universities and other key partners in South Hampshire over the coming months. The aim of this joint work is to reach agreement by the end of September on the nature and scale of any changes to the national guidance and funding criteria that would ensure universities and key partners in the PUSH area consider how their proposals relate with, and contribute to, other publicly funded innovation and support. Implementation of these changes could then take the form of a pilot, which could be formalized as an enabling measure in the next iteration of the SHA.
- 5.44 Delivery of this outcome will particularly support national PSA 4 and DIUS Departmental Strategic Objectives 1, 3, 4 and 6. Outcome targets have not yet been fixed at a South Hampshire level, but would be set to contribute positively towards the following targets in the Regional Economic Strategy:
- Increase the percentage of businesses located in the South East operating internationally from an estimated 8% in 2003 to 12% by 2016, maximizing the South East's share of global Foreign Direct Investment
 - Increase the proportion of businesses in the South East reporting R&D links with universities from 11% in 2005 to 15% by 2016, and increase business expenditure on research and development in the South East from 3.2% of Gross Value Added in 2003 to 4% by 2016
 - Increase the percentage of total South East business turnover attributable to new products from 12% in 2004 to 20% by 2016, and the percentage attributable to significantly improved products from 18% in 2004 to 25% by 2016.

OUTCOME 4 : EMPLOYMENT LAND

Facilitate the delivery of a timely and sustainable supply of Employment land to support both inward investment and business retention to facilitate the required growth in GVA³⁸.

Our proposals

- 5.45 PUSH has identified in its Business Plan 8 Strategic employment sites that are critical to delivery of the 59,000 jobs required to meet the economic growth targets. These sites are as follows:-

Location	Employment
South Hampshire Strategic Employment Zone	9,000
Hedge End SDA	tbc
Fareham SDA	tbc
Tipner, Portsmouth	1,500
Daedalus, Gosport	1,100

³⁸ PUSH Business Plan, Appendix 2, SP2a-c

Dunsbury Hill Farm, Havant	500
Woolston, Southampton	ca 1,000
Hythe Marine Park, New Forest	ca 400
Total	Ca 13,500+

- 5.46 Inevitably these sites are often not the easiest to develop and the market place response is often muted particularly where there are significant land ownership or infrastructure issues acting as barriers to entry. However the public sector have a key “Place Shaping” role to play in bringing these sites forward and facilitating development.
- 5.47 PUSH has plans to develop a new employment hub at the South Hampshire Strategic Employment Zone (SHSEZ) at Eastleigh which will provide up to 9,000 jobs for the whole sub region³⁹. The delivery of this important site is of the highest priority. PUSH will also be working with developers, local land owners and other agencies to bring forward suitable sites and premises across the sub-region, including employment land associated with the proposed two new strategic development areas at north/ north east Hedge End and north Fareham.
- 5.48 The development of many of these sites will require infrastructure investment and PUSH can potentially add value in unblocking barriers to market place delivery through supporting local authorities to facilitate land assembly and ownership. PUSH is exploring the potential for a sub-regional “specific purpose vehicle” (SPV) to assist in bringing strategic employment sites forward with market-ready status to facilitate business growth and thus support economic growth objectives. The appropriate sub-regional SPV would have a particular role in resolving any barriers to delivery, including mechanisms for land assembly. Consultants are being appointed to identify options for the SPV with a view to formulating full proposals and appropriate enabling measures if required by autumn 2008.
- 5.49 PUSH is also discussing with SEEDA, and other agencies, the development of forward-funding mechanisms to support the timely provision of regionally and sub-regionally significant infrastructure and employment land, that supports the delivery of planned growth set out in the Regional Economic Strategy and Regional Spatial Strategy (South East Plan).
- 5.50 A Regional Infrastructure Fund (RIF) has been jointly promoted by SEEDA and SEERA and could be used for a wide variety of infrastructure needs, including: transport, housing, education, health, social infrastructure, green infrastructure, public services, utilities and waste and flood defences. Both organisations are committed, in principle, to having the Fund established and operational in 2008/09. PUSH is being looked at as a potential pilot for the RIF in relation to opening up the Strategic Employment Zone at Eastleigh. As well as considering a submission to the RIF in due course, PUSH wishes to explore the potential for integrating the proposed SPV and forward-funding mechanisms.
- 5.51 No enabling measure is being sought at this stage but this is an area where we may wish to make proposals in a future iteration of this Agreement.

³⁹ See SHSEZ Case Study on page 22.

OUTCOME 5 : INCREASED EFFECTIVENESS OF BUSINESS SUPPORT
Increased GVA and productivity through the targeting of resources and policies to support business growth and productivity in established businesses and retention in line with the PUSH Economic Development Strategy⁴⁰.

Our proposals

- 5.52 Enterprise and innovation are key drivers of productivity and economic growth and South Hampshire currently has a low level of business growth and new company formation and of productivity. One of our priorities is to get a better understanding of the business needs of our key sectors, particularly identified growth sectors, and then target support in the way *they* need. Some of this is about better coordination and customer focus by the delivery agencies (but we also want to look at specific initiatives that will strengthen knowledge transfer from PUSH's four universities and encourage spin-off enterprise, building on the work of Business Link and Solent Synergy.)
- 5.53 We have a number of key sectors and clusters which are either of critical importance to our economy now, or have the opportunity to support our ambitions for growth in the future. PUSH will be supporting further work to get a finer grained analysis of key business clusters and how best to support them.
- 5.54 The focus of this outcome is to strengthen and create more effective support mechanisms for existing business investment and retention. This includes focusing support through intensive assistance to priority sectors, clusters and inward investors; and adjusting prioritisation of resources to increase the volumes of business support available for intensive assistance. This work will be led by Business Link. Business Link is also strongly focussing on increasing business profitability through resource efficiency and encouraging innovative, low carbon goods and services as an outcome of the Environmental Technologies & Services project that SEEDA and Envirobusiness are working up with PUSH.

Enabling Measure 4: Relaxation of the national Business Link Performance Management Framework target setting regime, particularly with reference to market penetration and intensive support, to allow Business Link to re-allocate resources to match sub-regional priorities.

Comment [A2]: Need to check with Jacky Stevens/Jim Law any changes following meeting 02/07.

Our ask of Government

- 5.55 The Business Link performance indicator set requires Business Link Providers to work to a number of key targets of which two are:
 - **Hybrid market penetration:** the number of customers using a Business Link service at least once in the course of the financial year (measured as a percentage of the Inter Departmental Business Register (IDBR) - by its nature

⁴⁰ PUSH Business Plan, Appendix 2, EIBS3a-c

- many of these interactions are 'light touch'; i.e. simple requests for basic business information or download of website documents), and
- **intensive assistance:** the number of businesses in an in-depth relationship with Business Link in the course of the financial year (measured as a percentage of IDBR); as part of this measure BL Advisers collect key GVA data for every customer which enables measurement of change in GVA (absolute change and productivity) over time.
- 5.56 National, and therefore regional, targets for the Business Link 'hybrid market penetration' target are set at a high level which necessitates a high marketing spend to attract customers. Relaxation of this target to appropriate local market levels would release funding to be spent on employing more Business Link Advisers who would work with a higher number of 'intensive assistance' customers - therefore this change would result in an increase in the intensive assistance target, increased GVA growth and improved productivity.
- 5.57 PUSH requests SEEDA and BERR approval of a pilot, to be commenced as soon as possible⁴¹, to 'trade-off' a reduction in hybrid penetration numbers allowing resources to be re-focused on recruiting additional face-to-face advisory resource which will result in an increase in intensive assistance relationships with businesses resulting in higher GVA and productivity.
- 5.58 Specifically, PUSH requests a 12% reduction in the Business Link Hybrid Market Penetration target each year with a **corresponding** uplift of 12% in the Intensive Assistance target which will deliver an additional £19m of Annual GVA Change and an improvement of 4.7% in Productivity of businesses supported in each year of the pilot. This change would apply to the PUSH area only which equates to 45% of businesses in the Hampshire & Isle of Wight sub-region.
- 5.59 A pilot of this nature will help BERR and RDAs to evolve their thinking about the enhanced Business Link offer, identify an appropriate balance between online and offline usage and support for businesses and consider the implications of switching demand to the online channel to allow resources to be refocused to provide more added value face-to-face support for businesses.
- 5.60 Whilst changes in GVA and productivity need to be measured over time, PUSH undertakes to provide interim reports in April/May 2009 and October/November 2009 **provided that** permission to proceed can be given to allow for the recruitment of additional advisory resource to be in place by September 2008. Reporting on an interim basis should allow for the identification of trends which will help to inform BERR's and RDAs' thinking (as outlined in the previous paragraph).
- 5.61 Baseline Hybrid Market Penetration in a year is 36.6% of IDBR. Granting the requested flexibility will mean, in essence, maintaining the status quo with regard to this percentage as opposed to a currently forecasted increase to 40%. However, on current rates of market penetration the percentage of customers working with Business Link at least once in a two year period is 62% as a percentage of IDBR.

⁴¹ Timing will need to be agreed taking into account recruitment of additional advisers.

- 5.62 Over the period of this Agreement, implementation of the Business Support Simplification and Transformational Government Programmes are likely to lead to a natural increase in Business Link hybrid market penetration taking it back up to current targeted levels.
- 5.63 This requested flexibility will support the aims of PSA Delivery Agreements 1 and 7 and, specifically, BERR’s Departmental Strategic Objective (DSO) 1.

Impact of the Enabling Measure

- 5.64 If this request is agreed, this will enable greater value for money in terms of activity that will contribute directly to improving GVA and productivity in established businesses, and will be directly measurable.

Definition	Baseline	With MAA	With EM
1 Change in Hybrid Market Penetration	11,430	12,620	11,100
2 Businesses supported with intensive assistance by Business Link	1,260	1,500	1,680
3 Annual Total £ GVA change per annum in businesses supported	£53m	£159m	£178m
4 Annual productivity increase in businesses supported	4.70%	4.70%	4.70%
5 Percentage of small businesses in an area showing employment growth (N172)	Tbc*	Tbc*	Tbc*

* It is expected that this percentage will increase as a consequence of this pilot. However, projected achievement cannot be calculated until baseline data is available from National Government.

- 5.65 If the request were **not** accepted then resources will continue to be used pursuing a target which does not provide the best support to the key sectors and clusters that will deliver the transformational GVA growth required (unless additional funding could be found to increase the number of BL Advisers available to support small and medium sized businesses). Granting this flexibility will enable PUSH to reach its stretching ambition of 3.5% GVA growth faster than without it. Recruitment of additional BL Advisers would take into account the need to focus on the identified key growth sectors. In other words, this involves re-prioritisation of resources to secure greater value for money and increased benefit to the local economy.

6 Transport infrastructure

- 6.1 Effective transport is one of the preconditions for economic growth in South Hampshire. The sub-region has many strengths in transport terms: a network of strategic roads, good rail links to London and the rest of the South East, an expanding airport and two thriving ports dealing with both commercial and passenger traffic. But we have complex journey to work patterns that reflect the multi-centred geography of South Hampshire and significant congestion issues.
- 6.2 One of the most pressing challenges is the impact of the continued underlying growth in traffic, year on year, particularly when coupled with congestion and the environmental degradation associated with it.
- 6.3 Against the requirement for growth, demand for mobility continues to increase and considerable pressures are being exerted on our transport systems. Roads are getting busier, congestion on the trunk road network is now a daily occurrence, while demand for rail travel has increased beyond expectations and there are now capacity constraints on further growth. At the same time, plans for expanded activity at Southampton International Airport and very large growth in port activity, particularly at Southampton, are compounding the challenges. Transport solutions are needed that result in reliable journeys for both passengers and freight, but which also attempt to balance the diverse current and future demands against economic and environmental objectives. Transport will be a key consideration in PUSH's climate change mitigation and adaptation strategy (see paragraph 7.2).
- 6.4 The Government's recent discussion paper 'Towards a Sustainable Transport System', which pulls together the Stern Review with its challenge to cut emissions of CO₂ and the Eddington Report⁴² with its links between transport and economic vitality, has formed the framework we have used to guide our future transport investment proposals. The Government's five goals are to:
- maximise economic competitiveness and productivity through making the best use of existing networks, targeting infrastructure investment, particularly to international gateways and pinch points and prioritising the delivery chain;
 - address the causes of climate change;
 - protect safety, security and health;
 - improve quality of life; and
 - promote greater equality of opportunity.
- 6.5 These goals are entirely consistent with the aspirations of Transport for South Hampshire (TfSH), PUSH's partner in delivering transport improvements⁴³. We know that, as with other growing areas in England, the continued growth in car traffic is unsustainable and that we cannot build our way out of trouble by constructing more roads. TfSH's strategy is therefore to seek to **reduce** the demand for car travel, **manage** existing transport provision better, and **invest** in a targeted way in those projects that deliver most in support of PUSH's economic objectives and adequately serve new development.

⁴² HM Treasury (December 2006) *The Eddington Transport Study*.

⁴³ Transport for South Hampshire (TfSH) is a delivery agency comprising the three strategic transport authorities in South Hampshire – Portsmouth City Council, Southampton City Council and Hampshire County Council, together with a wide range of transport stakeholders.

Transport outcomes

- Reduced reliance on the car as the travel mode of choice.
- Improved management of the road network to optimise its effectiveness.
- New and improved junction capacity on strategic highways to access major employment sites such as SHSEZ and new communities being developed.
- New and improved public transport networks, including a bus rapid transit system, to link new and existing communities.
- Better rail links within the sub-region and increased use of rail to deliver fast and efficient services both for passengers and freight traffic.
- Better information systems to allow travellers to make more informed choices.
- Integrated transport to enable travellers to make joined-up journeys without resort to using a car.
- A freight strategy to enable economic needs to be met in a sustainable manner.

6.6 Details of the actions to deliver these objectives are contained in Chapter 3 and Appendix 3 to the PUSH Business Plan. A fuller exposition of proposals for delivering the strategic transport objectives for South Hampshire is set out in the Statement “Towards Delivery” published by Transport for South Hampshire on 14th April 2008.

6.7 Whilst action on all modes is critical in developing the right environment to tackle the challenges of growth – and the TfSH strategy addresses these – Outcome 5 concentrates on the Highways aspect for the initial submission in June. Outcomes to tackle rail, bus and other transport elements are planned to follow in future development of the MAA over the coming months. The reason for according priority to Outcome 5 in the first MAA submission is two-fold. First, the good existing relationship with the Highways Agency (HA) offers the best base upon which to build proposals quickly to meet the June target for this Agreement. Second, early attention to this Outcome accords with the priority PUSH and TfSH are giving to ensuring that sustainable solutions are in place to support strategic developments⁴⁴, which have long lead times.

OUTCOME 6 : SUSTAINABLE HIGHWAYS INTERVENTIONS

Deliver sustainable highway interventions to support development and overcome transport constraints on economic growth, including projected increases in congestion, poor accessibility to key development areas and deteriorating journey time reliability⁴⁵.

Our Proposals

6.8 In this first Agreement, we are focusing on creating a sustainable policy framework for highways interventions to support development and overcome transport constraints on economic growth.

⁴⁴ In particular, the Strategic Development Areas North of Fareham and North/North-East of Hedge End, and the South Hampshire Strategic Employment Zone (SHSEZ).

⁴⁵ PUSH Business Plan, Appendix 3a, T11

- 6.9 Action is needed to **clarify the relationship with the HA**, in order to provide a basis to consider the impacts of development in the sub-region. In this context, the new partnership would enable a balance to be struck between securing growth and managing traffic, and between the impacts on the strategic road network and local roads. Our intention would be to negotiate a **Memorandum of Understanding** to set out a common framework for the new and deeper relationship described above.
- 6.10 We propose three complementary measures which are all high priorities for action:
- First, the Transport for South Hampshire authorities wish to progress a **pilot scheme** jointly with the HA for Active Traffic Management on the M3 and M27 corridors;
 - Second, we would jointly develop an **evidence base** to model the implications of a range of interventions on the transport network of the sub-region; and
 - Third, we would seek agreement for the Department for Transport's **DSO 1 target** with the HA, covering journey time reliability on the strategic road network, to be applied and interpreted within the overall framework described in paragraph 6.9 above.
- 6.11 By working more closely with the HA, to consider together the impacts of development and appropriate interventions on the strategic and local road networks together, we will be better placed to address the impacts of planned growth.
- 6.12 Typically, increased traffic is an inevitable consequence of economic and housing growth. This carries with it, in the short term, potential for increased congestion, poor accessibility to key development areas and deteriorating journey time reliability. However, over the long time horizon of the SHSRS, and with the right investment in measures across all three elements of TfSH's "reduce-manage-invest" approach, sustainable solutions will address these impacts. For instance, TfSH propose a package of measures to reduce the need to travel and better management of transport networks, including improved public transport, park and ride, traffic management and information systems. An expression of interest has been submitted for Community Infrastructure Funding to support the first phase of a Bus Rapid Transit system in South East Hampshire.
- 6.13 In particular, additional development is bound to impact upon the M3, M27 and M275 which are already categorised as stressed parts of the motorway network, as well as on other principal roads. TfSH plans further to develop a robust evidence base to help evaluate the impact of a range of transport interventions: it seeks a partnership with Government both to develop the evidence base and to identify and deliver transport and other measures to deal with the impacts of planned growth. We will build upon the existing strong relationship with the HA to ensure that the energetic pursuit of shared objectives for sustainable transport networks is accompanied by realism about the short-term impacts of growth.

Enabling Measure 5: Development of the Department for Transport and HA relationship with Transport for South Hampshire to facilitate a balanced approach to the delivery of the sub-regional strategy, and management of the South Hampshire highway network as a whole to achieve economic growth and manage journey time reliability. This to be achieved by:-

- developing a formal Memorandum of Understanding as a framework within which the parties will operate and develop their approaches;
- working together on a pilot to improve the operation of the local and national highways network, including Active Traffic Management on the M3 and M27;
- working together on the establishment of a robust and comprehensive sub-regional evidence Base.

Our ask of Government

- 6.14 **Memorandum of Understanding.** National programmes need to take greater account of the need to help remove barriers to economic growth, such as proposed in South Hampshire. The HA has entered into a Public Service Agreement with the Department for Transport to improve reliability on the trunk road network. Traffic growth and development in the South Hampshire sub-region will inevitably have an effect on the Strategic Road Network in this area, as well as on local roads. It is in the interests of the HA and the sub-region to develop a joint transport strategy to deliver the best solution. This solution should not be unduly constrained by a policy approach built on the DSO requirement specifically applied to the strategic road network in isolation. Journey time reliability considerations should apply to the local road network as well as the motorways in South Hampshire. We therefore ask Government's agreement to developing a formal Memorandum of Understanding as a framework within which the relevant parties can work together.
- 6.15 **Active Traffic Management Pilot.** Following the publication of the Advanced Motorway Signalling and Traffic Management Feasibility Study the Highways Agency is examining in detail where hard shoulder running, and other aspects of active traffic management, should be implemented more widely to ease congestion and improve reliability on the network. One of the areas highlighted in the feasibility study as a location where hard shoulder running could represent a high value solution was parts of the M3 and M27 in South Hampshire. The local highway authorities would wish to play a full part in the examination of hard shoulder running and active traffic management as an option to tackle congestion and journey unreliability on the M3 and M27. Also joint working to establish the impact and potential for area-wide traffic management as an instrument for influencing travel behaviour and optimising overall network operation on the local as well as strategic networks..
- 6.16 **Sub-regional evidence base.** TfSH seeks a joint commitment with Government transport agencies to develop the evidence base for the sub-region to help deliver the essential interventions to accommodate the economic growth planned in the SHSRS. TfSH and the HA will continue to work together to progress working

solutions for both local networks and the regional/strategic networks, with an emphasis on delivering economic development and a pragmatic and practical approach to limiting and managing its impact on transport networks.

6.17 The proposed timetable for implementing these actions is as follows:

Component	Actions	Deadline
a) Developing a formal Memorandum of Understanding as a framework within which the parties will operate & develop their approaches	1) Establish core group to develop Memorandum of Understanding comprising DfT/GOSE/HA/TfSH	End June
	2) Meeting of core group	End July
	3) Draft Memorandum of Understanding	End August
	4) Final Draft Memorandum of Understanding	Mid September
	5) Sign off	End September
b) Working together on a pilot to improve the operation of the local & national highways network, including Active Traffic Management on the M3 & M27	1) Meeting DfT/HA/TfSH to establish terms of reference, roles, outcomes & programme	End July
c) Working together on the establishment of a robust & comprehensive sub-regional evidence base	1) TfSH to produce position paper by 27/06	27 June
	2) Meeting TfSH/DfT on 27/06	27 June
	3) Establish a protocol to share data	End July

Impact of the Enabling Measure

6.18 This closer working relationship with the HA would add a new dimension to delivering the sub-regional strategy in South Hampshire, both by reducing the risk to LDF adoption (and thus supporting delivery of PSA 20 and CLG’s Departmental Strategic Objective 5) and assisting the delivery of development to support economic growth. The TfSH authorities’ engagement with a pilot scheme for Managed Motorways as part of the package of interventions in the South Hampshire strategy will be supplemented by a package of Reduce and Manage measures to minimise the impacts of additional traffic on the South Hampshire road network as far as possible.

6.19 The enabling measure would strengthen the existing partnership to deliver a cohesive well run network without the imbalance of a targeted constraint on part of

the network within the sub-region. The implication of not agreeing to the request could be that an imbalance between congestion and journey time reliability on the local network and strategic network could create an economic disadvantage in the region, and fail to optimise overall highway network operation in South Hampshire.

- 6.20 All of the PUSH planning authorities have already completed the Issues and Options stage of their Local Development Framework (LDF), and the majority plan to submit their Core Strategies to the Secretary of State during the current year. Clearly, partnership working should reduce the risk of these LDF documents being found unsound on the basis of objections regarding the adequacy of transport infrastructure.

7 Sustainability and Social Infrastructure

- 7.1 One of the constraints on the economy of South Hampshire is that non-transport infrastructure improvements have not kept pace with development in South Hampshire and there is a consequent backlog of investment. Southampton and Portsmouth have a long history of urban development and some of the cities' infrastructure is now tired and needs to be renewed. We need to regenerate areas, mainly in the two cities and other urban areas that are holding back their sustainable economic prosperity. Getting the right community and social infrastructure in place, both in regeneration and new communities, is crucial.
- 7.2 Climate change is a major challenge, not least because South Hampshire is a coastal area some of which is at risk from rising sea levels and increased storm surges. Moreover, environmental standards have risen such that some infrastructure is no longer fit for purpose. We need to manage the cumulative impact of development so that it does not result in degradation of the sub-region's environmental assets of national and international importance. Carbon Dioxide emissions, particularly from road traffic, pose a particular challenge which will need careful attention as we pursue sustainable economic development in line with the PUSH Business Plan and the South East RES. (There are also relevant targets in the three Hampshire LAAs on this.)

Sustainability and infrastructure outcomes

- Sustainability will be at the heart of our agenda. We will develop a strategy to mitigate and adapt to the potential effects of climate change.
- Social infrastructure – schools, healthcare, law and order etc – that meets the needs of the community and enhances quality of life and opportunity.
- Green infrastructure that is well maintained, accessible to users, improves the biodiversity of the sub-region, contributes to both adaptation to and mitigation of climate change and produces high quality public space which enhances the quality of life experience and economic competitiveness of the sub region..
- Reduced abstraction and consumption of water and a water management infrastructure operating to European standards.
- Improved flood defences to the appropriate standards that will provide better protection to existing, growing communities.
- Increased use of renewable power sources, for example CHP. The current target is that 100MW of energy should be provided from renewable resources by 2020, including increased networks of district heating.
- A construction waste minimisation programme linked to sustainable public procurement requirements
- Waste recycling and recovery facilities that minimise the impact of waste on the environment.
- Regeneration and productive use of brownfield sites, many a legacy of past industrial activity.

- 7.3 Details of the actions to deliver these objectives are contained in Chapter 4 of and Appendix 4 to the PUSH Business Plan.

OUTCOME 7 : NON-TRANSPORT INFRASTRUCTURE

Delivering adequate and timely non-transport related infrastructure to support the development of resilient and sustainable communities in the sub-region⁴⁶.

Our Proposals

- 7.4 Over the period 2008-11, our target is for 12,000 new homes to be completed. Many of these already have planning permission and any planning obligations will have been negotiated. Nevertheless, a number of major schemes are due to commence during this period, including schemes at Tipner and Somerstown (Portsmouth), Leigh Park (Havant), Woolston, Meridian and city centre schemes (Southampton) and an expected proposal for an urban extension North of Whiteley (Winchester). Over the same period our target is to secure over 320,000 square metres of employment floorspace, not to mention other development. Of even more significance is the 20,000 homes to be completed in the period 2011-16, the majority of which are not yet the subject of planning applications, together with the preparatory stages (including outline planning) to bring forward the Strategic Development Areas.
- 7.5 It is critical for delivery of the SHSRS, and to give effect to the plan, monitor and manage approach that we have the mechanisms in place, including contributions from these developments, towards provision of adequate and timely non-transport related infrastructure to support the development of resilient and sustainable communities in the sub-region. To support this objective, PUSH proposes to develop an **Infrastructure Delivery Partnership**⁴⁷ (IDP) for South Hampshire to:
- bring together providers, regulators and policy makers in a forum to co-ordinate, and programme the delivery of adequate non transport Infrastructure;
 - Define and monitor infrastructure needs and a programme of delivery, and advise PUSH and its partners on progress and performance in support of its “plan, monitor, manage” approach to development related to infrastructure provision;
 - Advise PUSH on resource needs, funding programmes and opportunities and on constraint or delivery issues in relation to non transport infrastructure provision.
- 7.6 There is an urgent need to set up the IDP as soon as possible so that it can assess the requirements for strategic infrastructure, identify potential costs, sources of funding and any funding gaps that may arise that would need to be covered by an infrastructure tariff⁴⁸. A key purpose would be to prepare a sub-regional strategic infrastructure plan that would complement the Regional Infrastructure Plan prepared by SEERA and also guide and inform local infrastructure plans to be prepared as part of Local Development Frameworks in each authority. The intention would be for the

⁴⁶ PUSH Business Plan, Appendix 4, SSI1a-b; Appendix 7, PUSH4a-c

⁴⁷ There could be more than one Infrastructure Delivery Partnership, or sub-groups, dealing with different aspects

⁴⁸ PUSH is mindful of the Government’s evolving proposals for a Community Infrastructure Levy (CIL), which will be monitored closely – see paragraph 7.13. Should a CIL be adopted, the work of the IDP would inform any proposals for implementation of a CIL in South Hampshire. In the present context, ‘tariff’ is used generically to cover proceeds from developer contributions beyond site-specific s.106 arrangements.

IDP then to be in a position to make recommendations about the appropriate level of tariff that should be applied to new development based upon the findings of this work.

- 7.7 There is some uncertainty about whether the South East Plan provides a sufficient policy context, in policy SH4 (relating to an implementation agency) for progressing a tariff in relation to emerging development proposals across the sub region as soon as possible. Prolonged uncertainty will reduce the potential quantum of funding that can be secured and limit the effectiveness of the mechanism to provide strategic infrastructure. Equally without an appropriate mechanism in place to deliver strategic infrastructure there will continue to be public and political constraints on the acceptability of new development.
- 7.8 The work of the IDP needs to be replicated at the local level within each PUSH authority in order to get the balance between local and strategic infrastructure requirements and ensure that overall the tariff is set at a reasonable level and does not impact on viability and delivery of housing.
- 7.9 PUSH will commission further work⁴⁹ during the 2nd and 3rd quarters of 2008/9 to inform the development of this tariff and aims to set up the IDP in parallel with this work so that there can be effective interaction between the key infrastructure providers and the development of the policy and mechanisms that are needed.
- 7.10 Potential participants in the IDP would include;
- Health and Social Care providers
 - Education Providers (all levels)
 - Utility and Water Companies
 - Emergency services and criminal justice services (courts, prisons etc)
 - Environment Agency
 - Local Authorities
- 7.11 This is not an exhaustive list but would cover the key providers of non transport strategic infrastructure.

Enabling Measure 6: Flexibility to explore mechanisms to enable developer funding contributions to be deployed at a sub-regional level to support the development of sustainable communities across PUSH⁵⁰.

Our ask of Government

- 7.12 The funding contributions developers are required to make under s.106 of the Town & Country Planning Act 1990 to support infrastructure associated with a development are subject to statutory controls to prevent developers being required to make inappropriate contributions. Those controls can, however, constrain imaginative, but still legitimate, use of such funds, for example to provide a revenue resource for

⁴⁹ PUSH commissioned a scoping report from John Walker Associates, *PUSH Infrastructure Funding* (May 2008) which will inform next steps.

⁵⁰ PUSH Business Plan, Appendix 7, PUSH4a,c

ongoing provision of services. There is limited flexibility, even taking account of Circular 5/2005, in deploying developer contributions for community benefit.

- 7.13 PUSH is exploring how funds may be used to greatest effect, without making undue demands on developers. In particular, PUSH wishes to create a framework whereby contributions towards strategic infrastructure can be pooled and deployed at a sub-regional level to complement contributions controlled by planning authorities at a local level on specific schemes. To date, strategic infrastructure tariff-based schemes have required specific approval from HM Treasury. PUSH is well aware that developing proposals for a Community Infrastructure Levy, currently before Parliament, will also affect the developer contribution regime, and so may impact on this request.
- 7.14 PUSH's request, in pursuit of the objectives in this Enabling Measure, is to work collaboratively with CLG, HM Treasury and GOSE (as appropriate) to explore:
- The existing scope and flexibilities in section 106 of the Town & Country Planning Act (as amended) and associated guidance, particularly regarding the potential to pool and control developer contributions at sub-regional level to support non-site specific strategic infrastructure;
 - The scope of the proposed Community Infrastructure Levy and the associated implementation and timing issues, and the implications for introducing alternative measures (such as a strategic tariff) at sub-regional level;
 - The constraints and potential of the prudential borrowing regime. This discussion might also link with discussion of forward-funding mechanisms raised in Outcome 4 (page 40) and elsewhere.
- 7.15 Any solutions developed from these structured discussions might be the subject of a more specific enabling measure request in the next iteration of this SHA.

Impact of the Enabling Measure

- 7.16 Agreeing this request will help PUSH more rapidly to create a robust framework for securing developer contributions towards strategic and other cross-boundary infrastructure requirements. This in turn will contribute in the longer term towards securing provision of the full range of infrastructure to support new development, and secure the timely delivery of housing and other development schemes (national PSA 20 and CLG Departmental Strategic Objective 2).
- 7.17 Without the enabling measure, establishing a framework for strategic infrastructure provision is likely to take longer and it may prove harder to adopt a comprehensive approach. This in turn would increase the risk of development going ahead without the full range of necessary infrastructure and/or development held back by inadequate infrastructure.

Matters for further discussion

- 7.18 PUSH is also concerned that the uncertainty of funding streams for long term infrastructure investment, especially in relation to water related infrastructure, is an impediment to housing growth and effective spatial planning. A review of the criteria used by the regulator to determine charges to consumers and investment decisions

would help ensure that investment is commensurate with proposed sub-regional growth. Failure to change the current regime may result in investment not meeting future development needs and exacerbate the risk of an increasing infrastructure deficit.

- 7.19 These are issues which require further discussion and we may wish to propose additional enabling measures in a future iteration of this Agreement. PUSH believes these are issues of national importance where our experience will add value and therefore formally requests to be included in Government initiated conversations at a national level with the utilities on finding solutions. .

8 Providing Homes To Support Economic Growth

- 8.1 Providing the homes we need is not just about building more homes in the area. It is also about getting the most out of the existing stock and ensuring that it is in good condition. Our aim is to secure:
- balanced and sustainable communities, including providing homes for families across the PUSH area;
 - homes of the right standard. The South Hampshire Housing Strategy includes the target that 100% of the social housing stock should be decent by 2010;
 - housing that is affordable. Our strategy is that up to 40% of new homes should be affordable, of which 65% should be for rent;
 - a suitable place to live for the less advantaged in the community. South Hampshire housing authorities are committed to reducing the numbers in temporary accommodation by 50% by 2010 and to have no more than 1,054 households in temporary accommodation⁵¹.
 - A programme of retrofitting fuel and energy and water efficiency measures in the existing stock is a critical area of intervention and is essential to assist in tackling PUSH's climate change and carbon reduction strategy. The same measure has the added benefit of assisting with tackling fuel poverty.
- 8.2 We are committed to the delivery of 80,000 additional homes in the period 2006-2026 to facilitate the economic expansion of the area.

Housing and planning outcomes

- A *balanced* housing supply with the right kinds of homes in the right numbers in the right places.
- Greater opportunity for people to buy their own homes.
- Delivery of an average 4,000 new homes each year in line with the PUSH housing trajectory.
- Renewal of major estates, notably in Southampton and Portsmouth, to improve and diversify the stock, provide additional dwellings and help reduce concentrations of deprivation.
- Two new mixed communities of sustainable homes in our Strategic Development Areas to be completed by 2026.
- Delivery of major housing and mixed development schemes including urban extensions that will start to deliver new homes by 2010/11.
- The existing housing stock to be decent and fit for purpose.
- New homes built sustainably, initially to at least level 3 of the Code for Sustainable Homes. Government policy is to move to level 6 by 2016.
- A coherent set of up-to-date Local Development Frameworks to enable PUSH to be planned in an integrated way.

- 8.3 Details of the actions to deliver these objectives are contained in Chapter 5 of and Appendices 5a and 5b to the PUSH Business Plan.

⁵¹ Baseline is 2004, when 2,150 households were in temporary accommodation. By 2006/7 the total had reduced by 32%.

OUTCOME 8 : DELIVERING HOUSING TO SUPPORT ECONOMIC GROWTH
 Increasing the supply of housing to deliver a balanced housing market including family and affordable homes

Background

- 8.4 As part of its programme to bring forward new housing within the existing urban fabric, particularly in Portsmouth. Southampton, Havant and Gosport, proposals are being developed for major estate regeneration schemes involving areas of mono-tenure which are primarily local authority-owned stock. Housing investment has been focused on meeting the decent homes standard by 2010. This has been popular and well received by tenants, but as the work is largely internal, the estates external fabric and public realm are largely unaltered. The objectives of estate renewal are to tackle deprivation head on and to deliver additional housing within mixed-tenure developments supported by other facilities, at the same time breaking up concentrations of deprivation (particularly worklessness) and incentivising renewal. Besides being at or near the end of its design life (as predominantly '50s and '60s developments), much of this stock is now ill-suited to the socio-economic and demographic profile of the population and needs to be renewed for present and future generations.
- 8.5 Three of these local authorities remain landlords of significant numbers of socially-rented homes:

Table 10	LA-owned stock	Total Housing Stock	Council owned as % of total stock
Portsmouth ⁵²	15,600	85,200	18%
Southampton	17,270	99,175	17%
Gosport	3,250	32,269	10%

- 8.6 All three authorities have undertaken Stock Option exercises with their tenants to explore options for the future ownership and management of the stock in the context of the need to meet the decent homes standard by 2010, with the result that stock will generally remain in council ownership. This includes tenants in Leigh Park, which is Portsmouth CC owned stock in the borough of Havant. This underlines the importance of finding future solutions for the regeneration of these estates that accord with tenants' preferences, and that enable the councils to 'sweat' their assets so as to generate returns that can be reinvested in housing renewal and estates regeneration.
- 8.7 The following paragraphs summarise emerging proposals for creating Special Purpose Vehicles (SPVs) in Southampton, Portsmouth and Gosport.

⁵² Portsmouth figures include 6,000 dwellings located in borough of Havant. These are expressed as percentage of PCC total stock. Havant BC transferred its own stock by LSVT to Hermitage Housing Association, now part of the Guinness Trust Group, in 1994.

Southampton

- 8.8 The City Council has identified redevelopment opportunities across five Council estates, each centred on a shopping parade without a viable economic retail future. The council engaged John Thomson Associates who developed ideas to demolish five shopping parades and 207 flats, and work with a private sector partner to deliver 827 new homes. These five parades correspond with high incidence of multiple deprivation (see Appendix 2, page 81), so introducing mixed tenure as part of regeneration is a key lever to break up the concentrations of deprivation. Executive approval has been granted to set up a cross-party working group to establish the most suitable SPV for the city. A pilot is being developed involving the renewal of Hinkler Parade within the NDC area at Thornhill to inform this process. The project has a developed project plan which has attracted interest from English Partnerships, with whom there have been ongoing discussions about possible involvement.
- 8.9 If the 'shopping parades' project is successful, this would be the first phase of a rolling programme of regeneration across the Council's estates. It is estimated that across Southampton's local authority-owned estates, up to 4,000 additional new homes could be delivered through estates renewal programmes over the next 15-20 years. This could make a major contribution towards the requirement in the South East Plan for 16,300 new homes in Southampton which, by the nature of the area, would need to be on brownfield land.

Portsmouth

- 8.10 Following initial proposals in 2007, Executive approval was given by Portsmouth City Council to the establishment of a Charitable Limited Company and associated non-charitable private company for the purpose of holding and developing council housing assets. This was established in April 2008 as Portsmouth Social Housing Limited, a company limited by guarantee, which is now seeking establishment as a Charity. Portsmouth Social Housing Limited applied for status as a funding partner with the Housing Corporation for the 2008-2011 NAHP. (This built on a previous success where a partnership with a developer led to a site being sold and leased back providing £2m for investment in affordable housing elsewhere and the provision of a new local housing office).
- 8.11 Portsmouth Social Housing Limited is anticipated to be used as a vehicle for future City Housing Development to enable the requisite expertise to be corporately focused, as a vehicle for Housing Corporation funding. The SPV will initially concentrate on the major regeneration of Somerstown in Portsmouth and Strouden Court in Leigh Park, Havant. These are significant areas of deprivation (see Appendix 2, page 81).
- 8.12 The city of Portsmouth has limited capacity for major urban expansion, and delivery of the 14,700 homes proposed in the draft South East Plan will be challenging. Whilst several large sites will contribute to housing delivery, the city will be reliant on a continuing supply of smaller sites to meet its targets. However, where Portsmouth City Council is a major land owner, both in the City areas and in the town of **Havant** (where the two councils are already working on prioritizing PCC owned sites for housing development), significant scope exists for both the rationalisation of existing

housing assets and for new development on currently unused land. Work is ongoing with RSLs, the private sector and Portsmouth City Council's SPV housing development team, to maximise these opportunities. To date over 250 sites of varying size have been identified and work began in December 2007 with the RSLs to prioritize sites for their development. It is hoped that this pro-active approach will allow RSLs and the private sector to engage in a rolling 5 year programme with the city.

Gosport

- 8.13 The Rowner Renewal Partnership (RRP, comprising English Partnerships, Portsmouth Housing Association, Taylor Wimpey, First Wessex Housing Group, Hampshire County Council and Gosport Borough Council) are steering a project which involves the comprehensive redevelopment of the Rowner area of Gosport. The Rowner estate suffers from a chronic concentration of deprivation, especially on education, skills and training and barriers to housing and services. Over 31% of the ward covering the estate comprises socially rented housing, and it is one of the 20% most deprived neighbourhoods in the country.
- 8.14 Each partner in RRP is putting in substantial financial resources. Originally MOD-owned, the Estate was sold to the private sector in the 1980s and is failing on all measures to deliver decent homes and a balanced community. Plans are well advanced and the Planning Application to demolish and renew will be submitted in August 2008. Planning is expected by December 2008 with demolition and redevelopment starting in 2009 and proceeding in phases until 2015, delivering around 750 new homes with a range of tenure options and 100 new jobs. The scheme has its own Master Plan developed with local residents by John Thomson and Partners and its own website (www.rownerrenewal.com).

Our proposal

- 8.15 The catalyst for taking forward this estates regeneration on this scale will be the creation of Special Purpose Vehicles to facilitate estate renewal (such as Local Authority Asset-Backed Vehicles). The reasons for favouring the SPV approach include:
- Exercising greater control over the quality of development: helping to achieve high quality, high density urban design, sustainability and construction standards that accord with PUSH and local authorities' policy aspirations for new housing;
 - Better management: unlike conventional developers, SPVs would have a long-term stake in the management of the developments, to help ensure quality is maintained from the start of the scheme;
 - Generating income: where these estates involve local authority assets, councils will retain a stake meaning that income generated can be reinvested in a rolling programme of regeneration of estates at the same time as leveraging significant levels of private investment;
 - Linking the physical regeneration of the estates with programmes to raise economic activity and improve skills amongst existing residents. Priority estates will provide an early focus for the employment and skills initiatives described in Section 5 (and particularly the targeting of initiatives under Enabling Measure 2).

- 8.16 Although, as indicated above, various proposals are in different stages of development, local authority officers generally have limited experience of schemes of this nature: large-scale regeneration of local authority estates has not featured in local authority programmes in South Hampshire for many years. There are therefore issues of building capacity and expertise, but also about support and approaches to funding by the Housing Corporation and English Partnerships (and in due course the Homes and Communities Agency, HCA) to create the climate of certainty required to bring forward major schemes of this type. Some of the same principles apply regarding facilitating the development of the Strategic Development Areas (which involve 16,000 homes on greenfield sites, but where forward-funding and securing the appropriate level of affordable housing may require long-term funding commitments).
- 8.17 There is a further dimension to capacity-building, which is about using PUSH's sub-regional role both to facilitate and support a network of SPVs across the authorities involved; and to facilitate the 'single conversation' with the HCA, when it is established, and with existing agencies in the meantime, at a sub-regional level but in collaboration with local partners.

Our ask of Government

- 8.18 The enabling measures sought are therefore two-fold. First, for support in developing appropriate SPV models; and second, to explore the potential for alignment of funding (including forward funding activity) to create the confidence needed to secure private investment.

Enabling Measure 7:
(a) Assistance by CLG, Housing Corporation and English Partnerships in the development of SPV models appropriate to local circumstances in PUSH; and
(b) A commitment that the existing agencies will engage with PUSH to explore alignment of funds and investment to support estates regeneration with resources set aside and identified in the Regional Housing Strategy⁵³. It is requested that this commitment apply to the HCA when it is formally established later in 2008.

Comment [A3]: AP to check latest version of words agreed between Barbara Compton and Helen Kelly

(a) Capacity and expertise in developing SPVs

- 8.19 The first part of this request is for support in the form of expertise and capacity from CLG, English Partnerships and other similar agencies to support the local authorities in developing the business case for, and establishment of, Special Purpose Vehicles whose purpose would be to deliver the renewal of estates. This support could include advice on the legal, governance and risk management implications of different models. This is an area where English Partnerships has the benefit of knowledge and experience through working with other local authorities throughout the country.

⁵³ PUSH Business Plan, Appendix 5a, HP5c, HP6b-c

8.20 It is envisaged that in South Hampshire there could be one or several SPVs. The Business Case for different approaches, taking into account the size and number of estate renewal schemes, the circumstances of the authorities involved, and issues such as optimal size and flexibility would benefit from further evaluation. Our aim is to develop a network of housing SPVs within PUSH. This would facilitate transfer of knowledge and experience across South Hampshire, for example rolling out best practice in SPV development as well as understanding of models and the conditions that favour different approaches according to circumstances. Both Southampton and Portsmouth are advanced in their respective development plans with funding having been allocated (from New Growth Point capital) to facilitate first phase schemes; but the right models are seen as critical to advancing these schemes on a basis that will achieve our objectives.

(b) Funding

8.21 The second part of this measure relates to the process of allocating and aligning Housing Corporation / HCA funding to support affordable housing provision in development schemes. Over recent years there has been a move by the Housing Corporation to fund projects which are deliverable, i.e. ready to go. This approach, whilst making sense in its own terms (it provides greater assurance that funds will be fully utilised) militates against projects such as major public sector stock regeneration, which require ‘up front’ funding commitment in order to provide development partners with sufficient certainty to proceed with schemes. We are therefore seeking a solution that may sit part-way between strategic funding packages and the reactive approach to deliverable schemes.

8.22 One partial solution is for the existing agencies (HC/EP) or HCA to participate in the project boards of the suggested Special Purpose Vehicles, using that position to ensure that scheme proposals accord with strategic objectives as a condition of funding commitments to complement developer and other financial contributions to secure delivery of schemes. The resources would be identified in the Regional Housing Strategy.

8.23 We acknowledge that the HCA is still in the process of being established and the CLG cannot fetter its discretion ahead of agreement being reached about its scope, remit and modus operandi. We would therefore welcome an early conversation with the HCA once it is established, but in the meantime to continue discussions with CLG and the Housing Corporation with a view to bringing forward a more developed proposal on this enabling measure in the future refresh of the MAA. These further discussions can therefore be informed by the outcomes from our collaboration with the agencies on Enabling Measure 7(a).

8.24 The milestones for this process would therefore be:

From June 2008	PUSH (with SCC, PCC) engagement with English Partnerships and Housing Corporation on development of SPV models for 1 st phase proposals at Hinckler Parade, Somerstown and Strouden Court
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September 2008	Options papers on preferred model(s)
November 2008	Develop proposals for conduct of 'single conversation' between PUSH and HCA; review progress for possible refresh of MAA
December 2008	Proposed commencement of HCA
January 2009	Establishment of SPVs; funding proposition to HCA
March 2009	Agreement with HCA on engagement and protocol for taking forward longer-term discussions on funding.

Impact of the Enabling Measures

- 8.25 It is no coincidence that the areas of greatest disadvantage in PUSH – the priority neighbourhoods featured above – are largely coincident with areas of council housing. Estate regeneration will complement the efforts being made to tackle economic inactivity and skills in PUSH (outcomes 2 and 3 of this Agreement), and will be accompanied by measures to help and support people into work. By developing multi-tenure developments it will help to reduce the concentration of deprivation. This will contribute towards delivery of national PSA 20 and CLG Departmental Strategic Objectives 2 and 3. Without estate renewal there is a serious risk that significant areas of PUSH within the large urban areas will not benefit from economic improvement and be left behind city centre regeneration and suburban expansion – the 'doughnut' effect.
- 8.26 Without support to establish robust models, it may prove difficult to sustain the development momentum for SPVs in a climate of uncertainty from key funders for affordable housing. In the long term, if the funding regime is not resolved it will be hard to put together funding packages that provide the certainty to attract private investment at an acceptable level of risk. New Growth Point Funding may provide bridge / enabling funding, as per the allocations in the 2008-11 Business Plan, but not at the scale necessary to support major capital schemes. PUSH has undertaken a sub regional Housing Market Assessment (2006) which identified a need for 28,500 affordable housing units over the next twenty years. It provided a comprehensive picture of the housing market in PUSH. It is now planned to update this information annually. The knowledge will inform the risk management of these SPV multi-tenure scheme.

Enabling Measure 8: Adoption of a protocol by October 2008 that clarifies the application of Planning Policy Statement 25 (Development and Flood Risk) and Strategic Flood Risk assessment to facilitate growth in line with the PUSH Business Plan. ⁵⁴

Our ask of Government

- 8.27 The focus here is about a stronger presumption in favour of development in regeneration areas that are already defended against flooding, including higher flood risk areas, provided the development contributes towards overall reduction in the

⁵⁴ PUSH Business Plan, Appendix 4, SSI4b-d, SSI5g.

level of flood risk. These are major issues for the cities of Portsmouth and Southampton and for Gosport and Havant, all of which have significant development areas at risk of coastal flooding (and the longer-term implications of sea level rises attributable to climate change).

Case Study: Spice Island Surface Water And Sewerage Separation Project

PUSH is funding a trial project in Spice Island, Portsmouth to design and implement new infrastructure to separate surface water from combined sewerage and thereby reduce risk of pluvial flooding and/or coastal backwash flooding. Though there of course remain challenges associated with sea level rise, this project has potential to reduce flood risk and enable further development without substantial new investment in combined sewerage infrastructure. If successful this could provide a model for wider implementation across PUSH.

- 8.28 Planning Policy Statement 25 on Planning and Flood Risk requires a sequential test to be applied wherever development is proposed in an area identified as at risk of flooding, to establish where an alternative site at less or no flood risk is available. This presents particular challenges where a combination of factors is present:
- Where the development involves regeneration of a previously developed site;
 - Where the authority's contribution to the new housing requirement in the Regional Spatial Strategy means maximising the potential of previously developed land (including non-residential land being redeveloped for housing); and
 - Where unidentified sites (i.e. not allocated in plans or informally known) are proposed for residential uses.
- 8.29 Where the purpose of development is regeneration of a previously developed site within the existing urban fabric, it automatically follows that the regeneration objectives and opportunities for that site cannot be achieved by development elsewhere (such as greenfield sites outside the flood risk zones, were such sites to exist). The issue is then how the risk of flooding can be reduced or mitigated on that site by effective urban design and by enhancement of existing flood defence measures.
- 8.30 The distribution of new housing requirements across South Hampshire authorities is set out in the South East Plan. Over the period 2006-2026, the requirements for these four authorities are⁵⁵:

⁵⁵ These figures are taken from a table included in policy SH12 in the South East Plan, which has the following footnote:

* Italics denote target figures, reflecting uncertainty over realisation of urban potential, especially within Southampton and Portsmouth. The delivery of new housing will be monitored and managed separately within the south-west and south-east sub-areas of the sub-region, as indicated in the supporting text to Policy SH5. If that monitoring identifies a potential shortfall in the capacity of previously developed land to achieve the current forecast of dwellings, the respective sub-area will bring forward measures to secure the delivery of the housing target within the plan period.

Table 11	2006-11	2011-16	2016 – 21*	2021 – 2026*	Total
Southampton	5,100	4,000	3,600	3,600	16,300
Gosport	1,200	500	400	400	2,500
Portsmouth	4,650	2,950	3,550	3,550	14,700
Havant	1,800	2,950	776	775	6,301

8.31 These are challenging targets. The Strategic Flood Risk Assessment commissioned by PUSH⁵⁶ concluded that whilst there should be capacity across South Hampshire to meet the South East Plan requirement for 80,000 homes between 2006-2026, it might be necessary to review the distribution between authorities if development in areas of higher flood risk are to be avoided. A review of the housing distribution and its implications is ongoing; but the existing distribution is fundamentally tied to the regeneration and economic growth objectives of the SHSRS. Therefore PUSH is keen to focus on finding the solutions that enable the present strategy to be delivered.

Case Study: Housing Developments In Portsmouth

Current advice in the Plan led approach would allow redevelopment where there is no increase in vulnerability of the final use, as defined in the vulnerability categories in PPS25. There are examples of 2 sites in Portsmouth that are currently in employment use where this use will cease shortly. The City Council’s preference is that they are redeveloped with a residential use (i.e. an increase in the vulnerability category). This is because they are surrounded by residential uses and the accesses are through residential areas and not well connected with the strategic road network. Neither site is particularly well served by public transport, which weighs against continued employment use.

These sites are in flood zones 2/3 and because there are other sites available in flood zone 1 that could presently accommodate the quantum of development (at least 100 dwellings on each site) they fail the sequential test. Planning permission has recently been refused on one of these sites, with failure to meet the sequential test a reason for refusal. However, as part of the emerging Core Strategy, the sites will be allocated in the Local Development Framework, because both are required if the City is to meet its targets both for overall new housing numbers and for the proportion of affordable housing, which both these sites would deliver. It is this exception testing as part of the application of PPS25 that needs to be addressed in the short term.

The PUSH strategy is for residential development in the urban areas to come forward first. The establishment of a protocol that details the application of PPS25 to these sites until the adoption of the Core Strategies will prevent delay in the delivery of housing for reasons of process rather than substance.

Comment [A4]: Mike -- can you check my proposed changes – the case study needs to reflect more the agreed enabling measure.

8.32 PUSH therefore wishes to work with CLG/DEFRA/EA to complete a protocol by the end of October 2008 that details how PPS25 will be applied in the PUSH area to deliver sustainable development, particularly in the cities of Portsmouth and Southampton, until adoption of the relevant core strategies. The protocol will be based on the PUSH Strategic Flood Risk Assessment and will draw upon the updated Practice Guide. It will cover, in particular:

⁵⁶ The Partnership for Urban South Hampshire: Strategic Flood Risk Assessment, Final Report (December 2007), W S Atkins Ltd.

- the application of the sequential test;
- the application of the exception test;
- windfall sites; and
- the design criteria that need to apply to developments.

Impact of the Enabling Measures

- 8.33 It is almost impossible to quantify the delays to the delivery of housing that a solution around these propositions would overcome as, by their nature, unidentified sites are not identifiable in advance. However, throughout the PUSH area it is estimated that some 3,800 dwellings would be expected to be delivered through unidentified brownfield sites in flood zones 2 & 3. In Portsmouth alone this figure is estimated to be 2,600 dwellings. Whilst these sites will in all probability eventually be delivered, they will be delayed whilst going through the LDF allocation process. These figures do not include sites that are neither formally nor informally identified. A solution based around the proposed protocol would ensure that development on unidentified sites is not delayed by waiting for each site to be allocated in the development plan.
- 8.34 PUSH local authorities and the Environment Agency share a common objective to reduce overall flood risk. Any proposed development in a location identified as being at risk of flooding would be subject to a specific flood risk assessment which would be taken into account in any planning decision. The risk we are focusing on in the present context is the risk to delivery of new housing and its wider contribution towards our economic growth objectives.
- 8.35 The effect of the enabling measure is that potential areas for development in South Hampshire will be sequentially tested (by agreement between PUSH and the Environment Agency as per the protocol) on the basis of the Strategic Flood Risk Assessment, such that an agreement can be reached about which areas development can take place in and what design criteria would need to apply to make them safe. Consequently, individual planning applications coming forward in those areas agreed for development under this process would be deemed to have already passed the sequential test in the spirit of paragraph D8 of PPS25 and in line with paragraph 4.32 of the new Practice Guide. Without agreement to this enabling measure, there is a risk that individual housing sites would be delayed, slowing residential development rates and thus making it difficult to meet overall housing targets as part of PSA20; or that amount of development that needs to be delivered on greenfield sites. .

9 Creating Quality Places

- 9.1 PUSH aspires to make South Hampshire an exciting and rewarding place to live and work. Quality of life in both existing and new communities depends not just on houses, jobs and transport. It also depends on the availability of the right facilities, about feeling safe and being in a pleasant, well-designed built environment that has adequate provision to meet the leisure and recreation needs of residents. All communities should have a distinct identity, a feeling of 'place', shaped by the facilities and services they offer, by the local character, culture and heritage, and by the environment within which they sit.
- 9.2 Our sub-region has superb natural and historic assets, and a strong heritage and cultural base. Our strategy is to plan for the sub-region in a way that recognises the relationships between the urban fabric and the natural environment, and retains a sense of place.

Creating quality places outcomes

- Good design. This will be at the top of our agenda to create a sense of place in every new development and regenerated community.
 - An enhanced and thriving natural environment that maintains the integrity of important sites and habitats, provides an accessible network of green spaces and maintains separation between settlements, and the distinctiveness of communities.
 - Enhanced quality of life through a diverse and vibrant cultural and sporting offer, using culture and heritage to create a sense of identity and distinctiveness.
 - A thriving creative businesses sector and a healthy visitor economy.
- 9.3 Details of the actions to deliver these objectives are contained in Chapter 6 of and Appendix 6 to the PUSH Business Plan. These objectives and actions will contribute towards delivery of national PSA 21 (on more cohesive, empowered and active communities) and complement PSA 22 (on a sustainable legacy from the 2012 Olympiad).
- 9.4 For the purposes of the first South Hampshire Agreement, PUSH is not proposing the inclusion of outcomes and enabling measures relating to Quality Places. There are issues here, particularly regarding the investment priorities of national and regional cultural agencies, that we will wish to return to in a future iteration/extension of this Agreement.

10 Funding Arrangements

- 10.1 This South Hampshire Agreement is a fundamental element of the delivery mechanisms for the PUSH Business Plan. It has been achieved through collaboration and negotiation in the partnership between its signatories. All partners are aware and understand the leverage that funding streams from partner organisations can bring to bear on the transformational outcomes being sought.
- 10.2 In agreeing the targets for inclusion in MAA's, the Government expects partnerships to consider how delivery of targets will be resourced. Individual partners will align their mainstream resources to support the delivery of this South Hampshire Agreement.
- 10.3 In addition to the resources in Table 12, PUSH revenue expenditure in support of the Business Plan and SHA will exceed £3m over the period 2008-11 (including £0.9m core funding by PUSH authorities). As well as this financial resource, the PUSH local authorities and partners contribute a significant amount of resources in kind through professional advice, dedicated officer time and support to the delivery of these transformational outcomes.
- 10.4 For the PUSH Local Authorities this means a commitment to [alignment of staff & activities in Econ Dev't, Adult Learning, Strategic Planning & Transport, Sustainability, Housing Policy and Regeneration](#). Indeed many of these are already involved in PUSH programmes and will remain so.
- 10.5 In addition Portsmouth and Southampton City Councils and Hampshire County Council are committed partners in Transport for South Hampshire and similarly expect to play a full part in its future development. That will include the alignment of initiatives and, if practical, to the secondment of staff to the TfSH unit.
- 10.6 However, for the purpose of this document, the following table summarises the key funding streams associated with the outcomes covered by this Agreement.

Outcome	Sources of funding	2008-11 Funds	Comment
1 – Collaboration	SEEDA ⁵⁷	Approx. £48m	SEEDA Corporate Plan 2008-11
2 - Employment & Skills	JCP and LSC	£6.2m	LSC "Train to Gain" budget
3- Innovation	SEEDA	Between £1.5m-2m (subject to consultation and contract)	From April 2009 (part of SEEDA Corporate Plan £48m total 2008-11)
4 – Delivering land for economic development and employment	New Growth Point Funding; PUSH	£9m capital; £0.04m revenue	Includes £2.4m capital for land acquisitions for SHSEZ; £4.1m access to Tipner; £2.5m access to Drivers Wharf / Meridian; £40k for development of SPV options for 10/08.
5 – Effective Business support	SEEDA funding in BL	£0.36m	Figure from Business Link for S Hants as part of Hants & IOW contract (part of SEEDA Corporate Plan £48m total 2008-11)

⁵⁷ See Appendix 3.

6 – Sustainable Highways Interventions	SEEDA, DfT, HA, DCLG	£3m for the Evidence Base; For Active Traffic Management, funding to be determined.	Development of Evidence Base £3m. To be determined in collaboration between DfT, HA and TfSH.
7 – Non Transport Infrastructure	New Growth Point funding	£1.9m capital, £0.3m revenue	Relates to capital environmental schemes (Spice Island – drainage; Carbon Zero Homes; Local energy network). Development of proposed tariff worth approx. £72m pa.
8 – Delivering housing to support economic growth	New Growth Point Funding	Indicative Figure -- figure £5.5m capital, £0.6m revenue	MAA requests revenue resources to develop SPV capacity building for Estate Renewal – Implementing the project will require capital funding from EP/Housing Corporation – figures to be assessed as project develops

11 Governance & Accountability

- 11.1 PUSH recognises that the delivery of the SHA is dependant on the engagement, ownership and resources of a broad range of key stakeholders. Over the last 6 months, the governance and accountability arrangements have been reviewed and tested with partners to ensure that all key stakeholders are engaged.
- 11.2 All of the main stakeholders involved in implementation of Business Plan outcomes, together with other public and private sector stakeholders, have been involved in the development of the Business Plan, Economic Development Strategy and this Agreement. These include PUSH authorities, Jobcentre Plus, Learning and Skills Council, Business Link, SEEDA, Hampshire Economic Partnership, Business Southampton, Portsmouth Partnership). This has been achieved through a series of workshops and input to the relevant sections of this SHA.
- 11.3 A principal focus of this work has been to engage key stakeholders in the discussion around the development of the SHA and importantly how key contributors can both influence and be held to account for its delivery. There was an early recognition that the SHA is not a freestanding delivery mechanism but contributes significantly to the transformation agenda established by the PUSH Business Plan. In that context it is proposed that the governance and performance management of the SHA should be an integral part of the governance arrangements for PUSH, the Joint Committee and its Scrutiny Committee and thereby an integral part of the performance management of the PUSH Business Plan.
- 11.4 It is proposed that the SHA will be approved not only by PUSH, but by each constituent local authority, and signed by the Leaders of those authorities. The SHA will also be signed by other Agency partners.

The Joint Committees: PUSH and TfSH

- 11.5 The eleven local authorities participating in PUSH have (since November 2007) formed a Joint Committee under the Local Government Acts 1972 and 2000 to direct and monitor the initiative. This ensures that PUSH is democratically accountable. The Joint Committee comprises the eleven Council leaders or their representatives, who have been delegated powers and functions as specified in the Joint Agreement to be exercised on behalf of their Councils in the Joint Committee. The scope of the Joint Committee's activities is determined by the Joint Agreement (its constitution) and the Business Plan. Representatives from SEEDA, SEERA and the Government Office for the South East are co-opted (non-voting) members and we are exploring the option that representatives of Jobcentre Plus, Learning & Skills Council and Business Link should also be appointed. The Joint Committee is presently supported by a PUSH officers' group that includes the lead officers for each of the theme groups currently established. There is also a Scrutiny Committee for the PUSH Joint Committee.
- 11.6 Transport for South Hampshire (see page 45) is also constituted as a separate Joint Committee comprising the three strategic highways authorities. (One reason why PUSH and TfSH are separate Joint Committees is that the districts who are members

of PUSH do not have strategic transport functions.) TfSH leads in the delivery of the strategic transport objectives in the SHSRS. The PUSH Programme Board and TfSH Executive Board have some common membership to ensure the two organisations' work is complementary and well-integrated.

- 11.7 The Chief Financial Officer function for both the PUSH and TfSH Joint Committees and the PUSH Scrutiny Committee is discharged by Hampshire County Council and the Monitoring Officer function for both the Joint Committees and the PUSH Scrutiny Committee is discharged by Southampton City Council.

Management of delivery and performance

- 11.8 PUSH is evolving its own structures to support a stronger focus on delivery. This includes:

- a newly-configured **Programme Board** which will coordinate the overall work programme and monitor progress;
- establishing a number of **delivery panels** comprising representatives from local authorities and other partners, each charged with overseeing the implementation of a thematic chapter in the Business Plan;
- creation of a **Business Group** to secure better engagement with business and universities, and to provide advice to PUSH. The diagram overleaf shows the proposed Governance model.

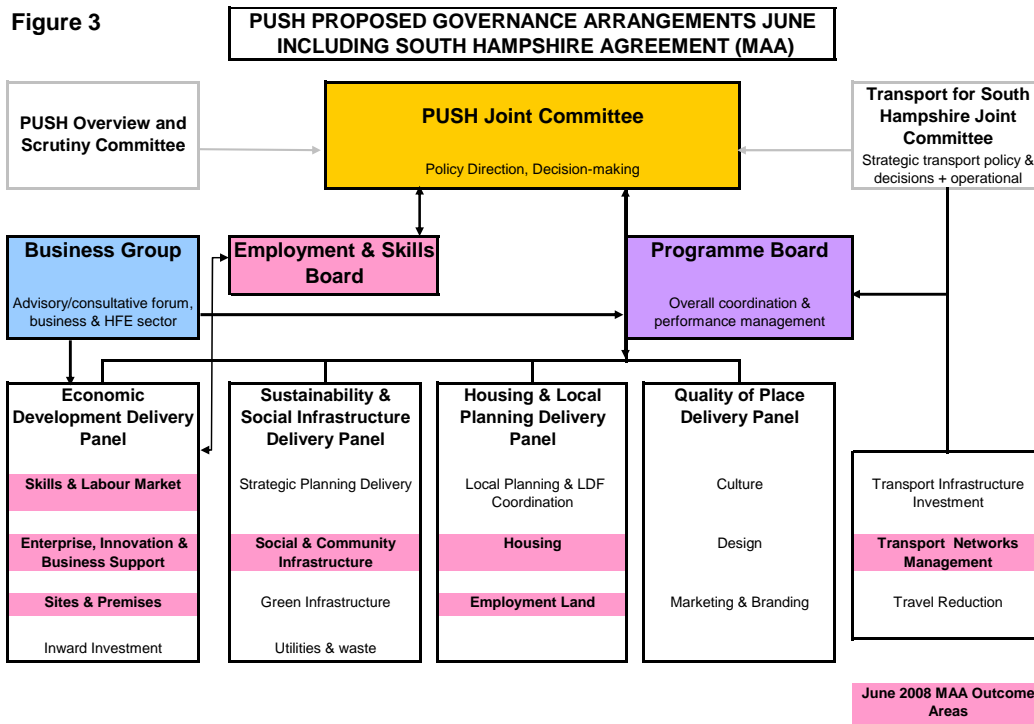
- 11.9 The new structure is shown in **Figure 3** overleaf.

- 11.10 The **Programme Board** will be the key body for ensuring delivery and performance management of the Business Plan and the SHA. The Board will comprise senior lead officers for each thematic work stream and senior managers from the partner agencies (that is, the signatories to this SHA). It will also include representatives from the private sector and universities nominated from the Business Group.

- 11.11 In addition to the main structures, the Business Plan envisages the continuation or creation of a number of other boards, mechanisms and special purpose vehicles (SPVs). These include SPVs on inward investment, employment land and estates regeneration; an Employment & Skills Board; an infrastructure delivery board; and project boards for strategic schemes such as SHSEZ (one already exists), the SDAs and urban extensions. The composition, remit and establishment of these bodies are being progressed (these are identified tasks in the Business Plan).

- 11.12 The configuration of the **Employment and Skills Board** will be determined in early Summer 2008. It is proposed there will be a direct link to the Joint Committee via councillor representation on the Board as well as links to the Economic Development Panel.

Figure 3



11.13 The new structures will formally commence in September 2008, but transitional and shadow arrangements are being put in place.

Governance and performance management of the SHA

11.14 In terms of governance, it is proposed that the PUSH Joint Committee will delegate “day to day” responsibility for implementation and monitoring delivery of the SHA to the Chairman of the Programme Board, with a requirement that a report will be brought to each meeting of the Joint Committee on the progress of the SHA. Such report should also be considered by the PUSH Scrutiny Committee and each authority may well also wish to place such report on its own decision making agenda for its Executive. This ensures that the SHA is core business for the Committee, is managed effectively, maintains the democratic accountability so essential to PUSH and enables each authority in signing up to the SHA to maintain its own overview of delivery. Whilst the delegation from the Joint Committee will be to a specific officer, in practice the delegated function will be carried out by the Programme Board. The exact composition of the Programme Board will be confirmed in September 2008: one possibility is that the Chairman or another member of the Joint Committee might sit on the Programme Board.

11.15 In terms of performance management, the partners to this agreement recognise that they must be accountable for delivery of the agreed outcomes. This means in effect being “jointly and severally” responsible. Although the PUSH Joint Committee will be considering whether to appoint partner Agencies as non-voting members, the Agencies have confirmed that the Programme Board is the appropriate forum for

oversight and management of the SHA. The reporting mechanism to and from the Joint Committee, combined with the role of scrutiny and any monitoring pursued within the individual authorities, will ensure that the Programme Board is held to account, and that any actions requiring political direction or decisions will be the subject of appropriate recommendations and approvals.

12 Relationship With The Local Area Agreements

- 12.1 Each of the upper tier local authorities are developing their second round Local Area Agreements. Whilst these are seen as being LA- and not PUSH-led there are implications with regard to the contribution they can make to the delivery of the PUSH Business Plan and the South Hampshire Agreement. The MAA and LAAs are seen as complementary
- 12.2 For ease of reference the following table indicates those indicators from the table in Paragraph 4.3 on page 24 and the appropriate LAA targets.

Table 13

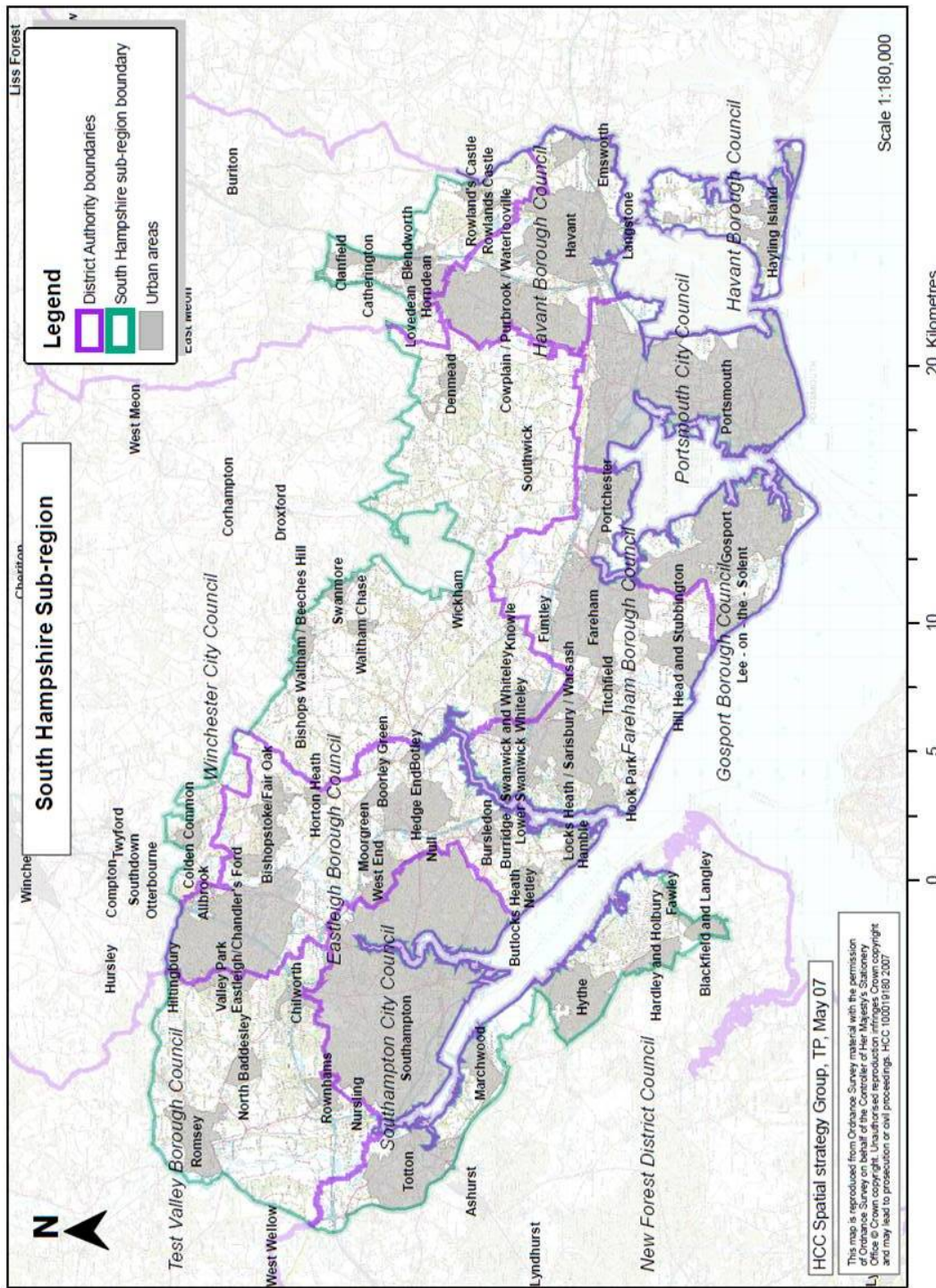
KPI		National Indicator	With Business Plan / MAA	Local Area Agreement		
				HCC	SCC	PCC
1.	GVA/resident	n/a	£41,100	n/a	n/a	n/a
2.	Total employment	n/a	606,958	n/a	n/a	n/a
3.	Employment Rate	NI151	79.8%	82.5%	74%	76.6%
4.	Working age residents qualified to level 2 and above	NI163	386,000 (+8.7%)	+ 5.5%	n/a	+5.5%
5.	Working age residents qualified to level 3 and above	NI164	273,800 (+ 12.4%)	+ 4%	5%	n/a
6.	Net Additional Homes	NI154	4,000	n/a	815	735
7.	Transport	NI167	147,000	n/a	n/a	n/a

- 12.3 As the table demonstrates, where the MAA and LAA indicators overlap there is added value in the MAA proposals.

13 Milestones & Forward Look

- 13.1 In the main body of this Agreement, the Outcomes and Enabling Measures have where appropriate identified the milestones to be met and the risks to be managed.
- 13.2 However this submission of the South Hampshire Agreement is the first step in developing and implementing a range of transformational outcomes with enabling measures in support of the PUSH Business Plan. In the preparation of this submission a number of additional outcomes were identified but deferred to allow full consideration and engagement with appropriate partners and Government Departments and agencies.
- 13.3 Subject to approval of this South Hampshire Agreement it is proposed to bring forward a further iteration in the refresh process in Spring 2009 which, subject to the outcome of discussions, would propose the following further outcomes:-
1. Development of South Hampshire as a knowledge hub through promotion of a leading edge ICT infrastructure, including fibre to new premises, upgraded speeds to existing premises and enhanced wireless networks.
 2. Development of funding mechanisms to support the timely provision of regionally and sub-regionally significant infrastructure and employment land, with SEEDA and other partners.
 3. Explore potential for alignment of the Higher Education Innovation Fund (HEIF) with innovation and business support priorities in South Hampshire.
 4. Promotion and support for innovation in new markets, products and services that support adaptation to climate change and initiatives that integrate local demand and supply of energy, with energy efficiency.
 5. Support development and overcome transport constraints on economic growth by increasing the modal share for Public Transport and the active modes, thus reducing car travel & congestion.
 6. To overcome transport constraints (congestion, poor accessibility and deteriorating journey time reliability) on economic growth, the performance of the existing transport networks must be optimised and dependency on travel by car reduced.
 7. Identify the support PUSH needs to help make new and existing communities "quality places", with the highest standard of cultural and sporting provision for residents and visitors alike.
 8. To introduce an investment strategy for the water industry in South Hampshire which will ensure infrastructure keeps pace with the planned growth in housing and employment land.
 9. To explore approaches to reducing worklessness by targeting some 4,000 long term benefit dependant people each year and get them back into work.
- 13.4 There are presently a number of enabling measures linked to these draft outcomes that require further development and discussion with appropriate bodies before submission.

Appendix 1 – Map of South Hampshire



Appendix 2: Evidence Base: Key Elements

This appendix summarises key findings from DTZ's research on Drivers for Growth, together with other complementary analysis.

South Hampshire's Economy 2006-2026: Economic Drivers and Growth

(i) Industrial Structure

- 1.1 Key areas of employment growth in the sub-regional economy are expected to be in the Business Services; Distribution, Hotels and Restaurants and Public Services sectors. There is expected to be a decline in the manufacturing sector because of sectoral shifts to deliver higher productivity growth. There will be a re-distribution of employees across the sectors as some grow and some decline, with estimates of net additional employees in the sub-region ranging from 52,000 to 91,000.

	2006		2026		Change 2006-2026	
	Number	% of workforce	Number	% of workforce	Number	% point change
Agriculture	1,000	0.2	800	0.2	-200	-0.1
Energy	1,200	0.3	600	0.1	-600	-0.1
Manufacturing	50,100	11.2	30,500	6.0	-19,700	-5.2
Construction	19,900	4.4	22,100	4.4	2,200	-0.1
Distribution	120,100	26.7	139,100	27.4	19,000	0.6
Transport	27,000	6.0	28,300	5.6	1,300	-0.4
Business Services	86,500	19.3	129,300	25.5	42,800	6.2
Public Services	119,000	26.5	128,700	25.3	9,700	-1.1
Other Services	24,500	5.5	28,500	5.6	4,000	0.2
Total	449,300		507,900		58,600	

NB Numbers may not sum due to rounding
Source: DTZ Economic Drivers and Growth Combined Report (January 2007)

- 1.2 To complement this picture, a more recent analysis shows the concentration of employment in regionally significant sectors. The sectors listed (as a sub-set of the whole South East economy) reinforce DTZ's findings about key economic sectors:

Regionally Significant Sectors	South East	PUSH	LQ
Advanced Engineering	53,300	13,000	2.1
Aerospace and Defence	9,200	4,400	4.1
Environmental Industries	41,100	5,700	1.2
Financial and Business Services	883,400	90,000	0.9
Healthcare technologies	50,800	4,200	0.7

Regionally Significant Sectors	South East	PUSH	LQ
Logistics	247,400	26,610	0.9
Marine technologies	4,900	3,100	5.4
Media technologies and communities	87,800	9,100	0.9
Property and construction	163,500	23,200	1.2
Tourism	291,500	32,800	0.9
Whole Economy	3,668,700	434,800	

Source: ABI/NOMIS 2006

Notes:

1. All ABI figures rounded to the nearest 100. ABI 2006 has a much lower employee count than the 451,000 in 2005 due to change in methodology. Figures for 2006 should be viewed with some caution, particularly when comparing to earlier years.

2. Sectors identified by SEEDA, sector definitions by Roger Tym & Partners. Certain sectors overlap.

- 1.3 In purely numeric terms, the PUSH area has considerable numbers employed in the regionally significant sectors of Financial and Business Services, Tourism. Logistics and Property and construction, similar to the South East as a whole.
- 1.4 However when location quotients (a measure of an industry's concentration or specialization in one geographical area relative to a larger area) are taken into account, then compared to the South East regional averages Marine technologies (540%) and Aerospace and defence industries (410%) stand out, as does Advanced engineering as a whole, although to a lesser degree (210%). The degree of localised concentration in these regionally significant sectors reflects the naval and defence, manufacturing and marine related strengths associated with the area. Healthcare technologies (70%) has the least concentration in the PUSH area amongst the regionally significant sectors.
- 1.5 Knowledge based activities are considered important drivers of future growth, and allowing for the limitations of the 2006 ABI, there are an estimated 83,000 such jobs in the PUSH area. Whilst this represents a significant number of workers, one in five of the total, a 90% location quotient suggests the PUSH area has a lower concentration in this sector compared to the South East region. Growing these sectors therefore is an essential ingredient in closing the gap between South Hampshire and the South East.

(ii) Occupational Structure

- 1.6 Unlike industrial structure, occupational change is more evenly spread across all occupations. DTZ found that the requirement for Process, Plant and Machinery Operatives is the only one showing a reduction in employees and this reflects the forecast decline in traditional manufacturing employment. Conversely, the large-scale employment growth in service-based activities (especially Business Services) drives the requirement for growth in occupations such as Managers and Senior Officials; Professional Occupations; Associate Professional and Technical Occupations and Administrative and Secretarial Occupations. Growth in Sales and Customer Service Occupations reflect the importance of the continued development of the sub-region's leisure and tourism sector.

Table A3: Forecast Growth in Occupations in South Hampshire						
Under the PUSH Preferred Scenario						
	2006		2026		Change 2006-2026	
	Number	% of workforce	Number	% of workforce	Number	% point change
Managers and Senior Officials	74,500	16.6	84,400	16.6	9,900	0.0
Professional occupations	59,600	13.3	69,800	13.7	10,200	0.5
Associate Professional and Technical	61,700	13.7	71,300	14.0	9,600	0.3
Administrative and Secretarial	59,500	13.2	70,400	13.9	10,900	0.6
Skilled Trades Occupations	40,200	8.9	40,800	8.0	700	-0.9
Personal Service Occupations	33,900	7.5	37,300	7.3	3,400	-0.2
Sales and Customer Service Occupations	44,500	9.9	52,200	10.3	7,700	0.4
Process, Plant and Machine Operatives	24,200	5.4	23,200	4.6	-1,000	-0.8
Elementary Occupations	51,300	11.4	58,600	11.5	7,300	0.1
Total	449,300		507,900		58,600	0

Note: Figures may not sum due to rounding

Source: DTZ Economic Drivers and Growth Combined Report (January 2007)

(iii) Skills Requirements

- 1.7 Workforce skill developments are of major importance for the future growth of the South Hampshire economy. The development of the “Knowledge Economy” will place ever more emphasis on the requirement for higher level skills, particularly at NVQ 4+ Level (additional requirement ranges from 17,000 to 31,000 people) and NVQ 3. However it will also be very important that there is an increased number of people at all skill levels. This will help to ensure participation in the workforce and promote inclusion whilst also maintaining flexibility in the labour supply, which could otherwise constrain economic growth.

Table A4: Growth in Demand for Skills Levels in South Hampshire 2006-2026						
Under a 2.5% Annual Increase in GVA						
	2006		2026		Change 2006-2026	
	Number	% of workforce	Number	% of workforce	Number	% point change
NVQ Level 4 and above	131,300	29.2	151,100	29.8	19,800	0.5
NVQ Level 3	69,200	15.4	78,200	15.4	9,000	0.0
Trade Apprenticeships	27,900	6.2	30,200	6.0	2,300	-0.3
NVQ Level 2	74,600	16.6	84,900	16.7	10,400	0.1
Below NVQ Level	67,000	14.9	75,300	14.8	8,300	-0.1

Other qualifications	37,600	8.4	41,600	8.2	4,000	-0.2
No qualifications	41,800	9.3	46,500	9.1	4,700	-0.1
Total	449,300		507,900		58,600	

Note: Figures may not sum due to rounding

Source: DTZ Economic Drivers and Growth Combined Report (January 2007)

(iv) Land and Property Requirements

1.8 The key area of growth in the economy is Business Services and this is reflected in the future additional requirement for commercial land. Other sectors with large requirements will be Distribution and Retail & Leisure, again a reflection of the importance of leisure and tourism to the South Hampshire economy. However the decline in manufacturing employment does not mean a reduced requirement for floorspace. The continued transition from Traditional to Advanced Manufacturing, with increased output as a result of new technologies and increased use of machinery is likely to sustain demand for floorspace. This will mean a requirement for different types of floorspace and the key is the need to safeguard sites in South Hampshire for manufacturing use that are appropriate for advanced manufacturing.

Table A5: Indicative Net Additional Floorspace/Land Take Requirements						
For South Hampshire 2006-2026 Under the PUSH Preferred Scenario						
Sector Employment	Employment Change	Use Class	Employment Density (m2 per worker)	Gross External Floorspace (m2)	Site Coverage of Buildings	Land Take (ha)
Manufacturing						
Distribution	4,700	B8	80	379,300	35%	110
Retail & Leisure	14,200		30	426,700	35%	120
Transport & Communications	1,300	B8	80	106,800	35%	30
Business Services	42,800	B1a	25	1,069,000	35%	310
Public Administration	1,900	B1a	19	37,000	35%	10
Other Services	4,100	Various	25	101,900	35%	30
Total				2,120,800 ⁵⁸		610

Note: Figures may not sum due to rounding

Source: DTZ Economic Drivers and Growth Combined Report (January 2007)

(v) Future Housing Requirements

1.9 DTZ also looked at future housing requirements to support economic growth. Based on the preferred scenario, an additional 74,000 homes would be required over the 20 year period. This did not take account of housing requirements attributable to other factors, such as existing unmet demand, particularly for affordable housing. In its

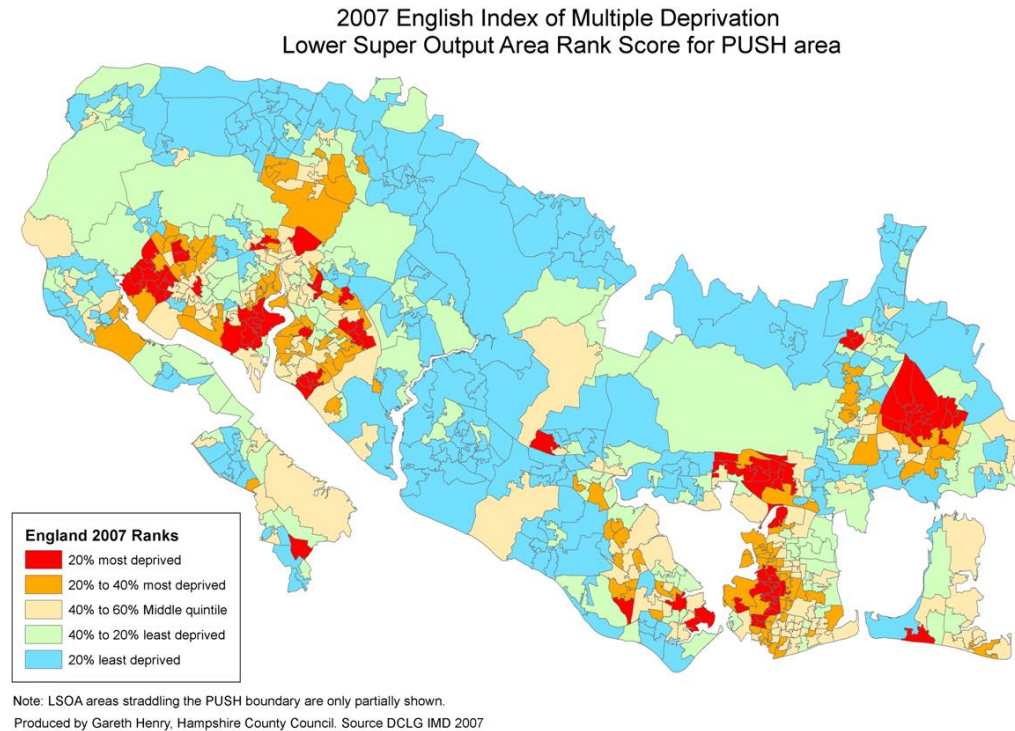
⁵⁸ The total employment floorspace proposed in the South East Plan is slightly lower than DTZ's projection, at 1,965,000 m2.

evidence to SEERA, PUSH identified that the current backlog for affordable housing provision stood at around 5,000, taking the total requirement for new housing to close to the 80,000 new homes proposed by SEERA in July 2005⁵⁹.

Table A6: Future Dwellings Requirement in South Hampshire related to employment growth					
Under the PUSH Preferred Scenario					
	2006-11	2011-16	2016-21	2021-26	2006-26
Dwellings Requirement	16,400	17,000	15,200	25,500	74,000
Source: Anglia Polytechnic University, using the Chelmer model.					
NB Figures may not sum due to rounding.					
Source: DTZ Economic Drivers and Growth Combined Report (January 2007)					

Multiple Deprivation in South Hampshire

1.10 The 2007 IMD local authority rankings placed Portsmouth and Southampton as being the most deprived of all the PUSH local authorities, followed by Havant and Gosport. Winchester and Fareham rank among the least deprived of all authorities in the country and this is highlighted by the significant areas of light blue denoting less deprivation on the map below.



⁵⁹ South Hampshire’s Sub-Regional Strategy: Final Advice to SEERA – Background Report: Housing (December 2005).

1.11 At the more local level, the IMD map identifies seven significant clusters of deprivation in the PUSH area, together with a number of additional smaller pockets. Four of the seven significant clusters are located in **Southampton**. Two are west of the River Itchen: one to the west of the city centre in the Millbrook/Redbridge area, the other in the city centre around Bevois Valley, Bargate and Northam. The other two clusters are east of the Itchen in the Thornhill and Weston areas. These correlate closely with areas with high concentrations of local authority-owned housing stock. For instance, the five parades referred to in Section 8 (paragraph 8.8) are located in areas of deprivation as indicated in the table below:

Table A7: Number of LSOAs in 10% most deprived in England

Ward within which the LSOA is situated	Overall most deprived areas	Education, Skills & Training	Crime	Income	Employment	Health & Disability	Barriers to Housing & Services	Living Environment
Bevois	2	1	3	1	1	5		2
Bitterne	2	4	3	2	1			
Harefield		1		1				
Millbrook	2	3	3	2				
Woolston	2	3	2	1	1	1		

1.12 Two more significant clusters are located in **Portsmouth**: one to the north of the city in the Paulsgrove area, and the other in the city centre around Charles Dickens ward. Somerstown, with a population of around 9,000, is ranked in the 10% most income-deprived areas in England, and specifically has 26% of its population in low income households (compared to the city average of 13%). In the 2004 CACI survey, Portsmouth recorded the lowest annual average household income in Hampshire. In addition the area also has historically twice the average level of unemployment (6.2%) in Portsmouth.

1.13 The remaining significant cluster outside of the two cities is in the Leigh Park area of **Havant**⁶⁰. The four wards in which make up **Leigh Park** (Warren Park, Barncroft, Bondfields and Battins) are the four most deprived wards in Hampshire (out of 230, excluding the cities of Portsmouth and Southampton) and the Hart Plain ward which contains Wecock, is the 7th most deprived. Even when including Portsmouth and Southampton, they score 1st, 4th, 5th, 6th and 18th respectively (out of 258). Looking at the wider picture, Warren Park is the 5th (out of 1582) most deprived ward in the whole of the south east and 286th (out of 8414) in England. All five wards are in the 10% most deprived in Hampshire (in both its forms) and the four Leigh Park wards are in the 10% most deprived in the south east. Warren Park is also in the 10% most deprived in England.

1.14 Smaller pockets of deprivation exist in the New Forest (Holbury and North Blackfield); Southampton (West End, Swaythling, Harefield and Shirley), Fareham (Fareham North-West Ward), Gosport (Grange, Leesland and Town Wards), and in Havant (Wecock Estate and Hayling Island West).

⁶⁰ Though located in Havant Borough, the land at Leigh Park is owned by Portsmouth CC.

- 1.15 The diversity of economic conditions in the PUSH area is further illustrated by the Income and Employment deprivation scores. Income deprivation ranges from 48% (LSOA in Charles Dickens Ward, Portsmouth) to 1% (LSOA in Clanfield and Finchdean, East Hampshire), and employment deprivation from 24% (LSOA in Charles Dickens Ward, Portsmouth⁶¹) to 1% (LSOA in Valley Park, Test Valley). Health and Education deprivation also tends to be higher in the more multiply deprived areas highlighting the complex relationships between deprivation and social and economic wellbeing. For example, 38 of LSOAs in the 6 'core' authorities wholly within South Hampshire are in the bottom 10% nationally in terms of Education, Skills and Training domain score.

Economic activity in South Hampshire

- 1.16 Job density is particularly low in Gosport and Havant compared to the regional average whilst economic activity rates are high; the reverse is true for the two cities. These areas are therefore priorities for interventions to raise skills proposed in paragraph 5.24.

Table A8: Job Density and Economic Activity Rates (selected authorities)

Local authority area	Job density (local jobs: working age population) (2006)	Economic Activity Rate (yr to June 2007)
Southampton	0.86	78%
Portsmouth	0.95	79.1%
Gosport	0.53	85.2%
Havant	0.69	85.2%
Eastleigh	0.99	81.4%
Fareham	0.83	81.8%
South East Region	0.87	82%

Source: *Jobs Density: CLREA, University of Portsmouth*
Economic Activity: NOMIS, Office for National Statistics

- 1.17 The same areas are also revealed to have significantly higher than average levels of working age population drawing key benefits:

Table A9: Claimant Count and % working age population drawing key benefits (selected authorities)

Local authority area	Claimant Count (Dec 2007)	% of working age population drawing key benefits (May 2007)
Southampton	1.9%	13.0%
Portsmouth	2.0%	12.7%
Gosport	1.3%	11.2%
Havant	1.9%	13.4%
South East Region	1.3%	9.7%

Source: *NOMIS, Office for National Statistics*

- 1.18 Benefit dependency is a significant indicator for targeting a range of interventions. A more detailed analysis demonstrates within PUSH there are particular wards with considerable levels of benefit dependency (in excess of 20% of working age

⁶¹ Different LSOA to Income, although the correlation between high income deprivation and employment deprivation is naturally strong

population). Whilst some of these wards are more disadvantaged than others and all are significantly higher than the South East average.

Table A10: Proportion of benefit claimants in deprived wards			
Local Authority	Ward Boundary	Benefit Claimants (June 2007)	% of working age population
PCC	Charles Dickens	3,430	38.7%
PCC	Paulsgrove	1,875	23.1%
PCC	St Thomas	1,595	20%
SCC	Bevois	2,265	22.5%
SCC	Bitterne	2,155	29.8%
SCC	Millbrook	1,760	20.2%
SCC	Redbridge	2,075	25.4%
SCC	Woolston	1,905	23.3%
EBC	Eastleigh Central	1,065	20.3%
EBC	Eastleigh South	865	20.5%
GBC	Grange	930	25.2%
GBC	Town	770	32.4%
HBC	Bancroft	825	24.5%
HBC	Battins	1,080	29.7%
HBC	Bondfields	1,060	27.3%
HBC	Warren Park	1,155	30.7%
	South East	486,359	9.6%

Appendix 3: SEEDA Investment In South Hampshire

This Appendix summarises SEEDA's planned programmes and investment in South Hampshire for the Corporate Plan period 2008-11. This document has been created to inform on going discussions with local stakeholders concerning the development of the Multi-Area Agreement for Urban South Hampshire.

Programmes and indicative investments detailed below may be subject to change and do not constitute a financial commitment.

	£(m)
RES Target 1- Global Business & Foreign Direct Investment	
Alphasat (Portsmouth) ⁶²	6.00
Dedicated Investor Development Manager for S Hampshire	0.11
Sector consortia (regional but based in S Hampshire)	0.50
RES Target 3 – Innovation & Creativity	
Enterprise Hubs and other Innovation offers (2008/09)	0.21
Innovation Team pilot in S Hants & IOW (subject to consultation. It is anticipated Innovation Teams will be established in 2009/10) ⁶³	2.00
Solent Synergy (one year only)	0.044
Business Southampton	0.25
Environmental Technologies & Services transformational action	Tbc
RES Targets 4,8 & 9 – Infrastructure, Transport & Physical Development	
Woolston (Southampton), Daedalus (Lee-on-the-Solent), Tipner (Portsmouth) Northern Above Bar (Southampton), Boldrewood (University of Southampton), Trafalgar Gate (Portsmouth), South Hampshire Strategic Employment Zone (Eastleigh), Hythe Marine Park <i>(NB the exact amounts of these projects are still under negotiation)</i>	
Sub total (Physical Development)	28.50
Solent Architecture Centre	0.16

⁶² Greater SE RDA funding package retaining over 500 high technology jobs within the Greater South East region during the development and operation of the satellite, many of which are in Portsmouth

⁶³ Inward Investment funding included as part of Innovation Teams

	£(m)
SMART – Solent-Midlands Advancement of Rail Transport	2.25
RES Target 5 – Enterprise	
Business Link core funding	6.72
Procurement Pilot (and other public bodies)	0.10
RES Targets 6 & 10 – Employment & Skills	
Project IMPACT, Gosport	0.07
Supporting Employability & Skills Board	0.15
Work Readiness Programme (VCS)	0.19
Marine Regional Resource Centre (ESF co-funded with bases in Southampton and Farnborough)	0.43
RES Target 11 – Climate Change & Energy⁶⁴	
Renewables, wave tidal & biomass	Tbc
RES Target 12 – Sustainable Consumption & Production⁶⁴	
Reducing Water & Waste generation – building waste	Tbc
Millbrook Combined Head & Power Feasibility Study	0.02
RES Target 14 – Sustainable Communities⁶⁴	
Migrant workers & community cohesion	Tbc
2012 Legacy Fund	Tbc
Strategic Influencing	
PUSH support (equivalent of Sub-regional Partnership)	0.49
Total	48.194

⁶⁴ SEEDA is currently determining programmes and support for RES target 11-14 which relate to Sustainable prosperity.