



Report to the Partnership for Urban South Hampshire Joint Committee

Date: 14 September 2010

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Economic Development Director

Subject: ECONOMIC DEVELOPMENT STRATEGY UPDATE

SUMMARY

In the autumn of 2009, DTZ and Oxford Economics (OE) were commissioned to update and refresh the PUSH economic development evidence base and strategy, including an assessment of the impact of the recession on the sub-region.

At the July Joint Committee the Draft Economic Development Strategy together with two accompanying papers on the Economic Evidence and the Growth scenario were presented as the basis of consultation. Members approved the draft strategy for consultation and this report provides an update on the progress of the Strategy, and reports on the consultation, which commenced on 21 July 2010, and is due to conclude on 21 September 2010. The July report also advised that work that was ongoing in relation to two supplementary papers; the Headline Sustainability Appraisal and Employment Land Sites.

The Headline Sustainability Appraisal is now in final draft and is presented to the Joint Committee for consideration and a progress update on the Employment Land Sites and Premises is presented for members information.

RECOMMENDATION

It is RECOMMENDED that the Joint Committee:-

1. NOTES the update on the development of the Economic Development Strategy and progress of the consultation;
2. NOTES the update on development activity in South Hampshire during 2009/10 and the update report from DTZ on Employment sites and premises in South Hampshire; and

3. APPROVES the final Headline Sustainability Assessment as a basis for bringing a consideration of sustainability issues into the preparation of the Economic Development Strategy.

Economic Development Strategy – Progress update

1. Following the approval of the Draft Economic Development Strategy for consultation an extensive consultation process commenced on 21 July 2010, for a two month period, concluding 21 September 2010. The consultation framework is attached at Annex 1 for members information. It has been promoted via the PUSH website and through direct mailing to key partners, businesses and through various one to one meetings with partner agencies. In addition to the above, there was a dedicated event for the business community held on 30 July 2010, at the Rose Bowl, attended by 132 delegates from a cross section of business communities, together with Higher and Further education Leaders.

Delegates were asked to consider the seven transformational themes of the draft strategy during the round table discussions. The responses from the discussion together with other responses from the consultation will inform the final economic development strategy document and a summary of these responses together the final Economic Development strategy will be come to back to Joint Committee for consideration at the next meeting on 9 November 2010.

2. Work has also commenced on the preparation of a high level Implementation Plan. Preliminary meetings have already been held with a number of partners and these discussions will carry on during September and October. The Delivery Panels are also beginning to develop plans in response to the transformation actions proposed in the draft strategy. These will also be reported to the Joint Committee in November 2010.

Employment sites and Premises in South Hampshire: Demand and Supply analysis

3. DTZ and Oxford Economics were commissioned in autumn 2009 to update and refresh the PUSH economic development evidence base and strategy, including an assessment of the impact of the recession on the sub-region. A further element of this commission was to consider the requirement for employment floorspace to facilitate the delivery of the EDS and assess the potential for identified key employment sites across the sub-region to meet this requirement. The aim for this work was to:

“Test whether the emerging EDS is deliverable in terms of the likely availability/supply of sites and premises and also to test whether the likely portfolio of employment development sites will have the capacity to deliver the employment floorspace requirements of the emerging EDS”.

The report attached in Annex 3 provides an update on the methodology employed and early stage findings of this research.

4. It sets out a summary of the method employed to assess the future employment floorspace requirements to facilitate the ambitions for the South Hampshire sub-region as set out in the PUSH Economic Development Strategy and PUSH Preferred Scenario. The method employed to assess future requirements has been developed to align with the guidance published in *Employment Land*

Reviews: Guidance Note, ODPM, and December 2004 and to reflect the realities of the commercial property market and patterns of land use. This includes three critical elements:

- An allowance for net projected changes in employment to ensure a larger workforce and economy can be accommodated;
 - An allowance for replacement, recognising the need to update property to meet modern occupier requirements; and
 - An allowance for choice to ensure the market is able to work effectively and occupiers and developers can find suitable opportunities.
5. The report also describes the method and results of the assessment of supply. This has been undertaken to understand the availability of future land and floorspace supply that is likely to be available over the period 2006-2026 to support the forecasted requirements. In the context of the Economic Development Strategy, this understanding is essential for three reasons:
- To enable a comparison of the available supply of strategic sites against forecasted requirements in order that enough supply can be provided of the right type and quality at the right time
 - To enable, and provide evidence for, the allocation of new sites in planning policy wherever necessary
 - To establish a portfolio of strategic sites available for economic development and to identify priority sites where intervention by PUSH can help bring them forward for development and meet the strategic objectives of the strategy.
6. In identifying a portfolio of strategic sites, the assessment has focused on evaluating and assessing the deliverability of sites across South Hampshire over the period 2006-2026 and the assessment of deliverability will be divided into the following two components:-
- Site Condition and Suitability – involving an assessment of the qualitative aspects of the sites, including market potential and interest, physical characteristics, and fit with planning policy
 - Site Capacity and Phasing – comprising an examination of the floorspace capacity of each site by use class and how this is likely to be phased across five year periods to 2026.
7. Planning Officers from each local authority within PUSH have been involved at each stage of the assessment process, with each authority providing comments on an initial long list of sites and on the draft assessment results for both deliverability components. DTZ's overall findings for both pieces of work continue to be shared with Planning Officers and their comments are being taken into account as the report develops towards conclusion. It is expected these consultations will continue during September and the report should be finalised in October and will be reported to the Joint Committee in November as part of the final Economic Development Strategy.

8. In addition to the DTZ work, statistics just released in an Information Note from Hampshire County Council (see Annex 2) show that because of the recession, employment floorspace and house building completions in South Hampshire in 2009/10 were lower than in the previous year. A similar trend is reported with dwellings under construction, new starts and planning approvals which all continued to fall in the same period. Employment floorspace under construction and permissions on new sites held at last years level, however new employment floorspace starts were reduced significantly which suggests that completions figures in future years will further be reduced for both house building and employment floorspace.
9. PUSH's previous economic development strategy included a target to provide an additional 2 million square metres of employment floorspace in South Hampshire in the period 2006-26. The work completed to date, coupled with this information update strongly suggest that future requirements to meet the needs of the Economic Development Strategy will be lower than the total requirements for employment floorspace as set out previously.

Headline Sustainability Assessment

10. As part of the work to refresh the Economic Development Strategy PUSH and DTZ identified the need to ensure that sustainability considerations were integrated into the drafting of the Economic Development Strategy update as far as possible, and extended the scope of DTZ's work to include a headline sustainability assessment.

Following discussions between PUSH and DTZ, the following key sustainability themes were identified for consideration within the headline sustainability appraisal:

- Land Use & Environmental Quality
- Climate Change (Adaptation) & Flooding
- Energy & Carbon
- Cultural & Historic Assets
- Demographic Change
- Deprivation
- Labour Market & Skills

The key aim of this component of work is to ensure that the Economic Development Strategy is sustainable and future-proof by highlighting any major conflicts with the sustainability agenda. Much work has been undertaken at both Local Authority and PUSH level in relation to sustainability issues. The aim of this element of work was to consider the scenarios from the Economic Development Strategy (preferred scenario and baseline scenario) against the available suite of evidence, identify areas of concern, and suggest potential mitigation options to feed back into the EDS. The findings are set out in Annex 4.

11. Overall, the comparison between the Economic Development Strategy preferred scenario and baseline scenario is generally positive. The thrust of the strategy development is around improving economic and social sustainability by securing growth, engaging and investing in the workforce to improve labour market outcomes and focusing development on the cities. The Sustainability Appraisal has shown that the proposed policy options will largely enhance economic, social and environmental sustainability.

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Annexes:-

- 1 - [push draft economic development strategy consultation](#)
- 2 - [Information note: Development activity in South Hampshire during 2009/10 and future prospects](#)
- 3 - [Employment Sites & Premises in South Hampshire: Demand and Supply Analysis](#)
- 4 - [Headline Sustainability Assessment v3.0](#)

Enquiries:

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