



# Report to the Partnership for Urban South Hampshire Joint Committee

Date: 8 June 2011

Report of: Anne-Marie Mountifield, PUSH Executive Director

Subject: Executive Director's Report

## SUMMARY

This report represents an additional method for PUSH business to be reported to the Joint Committee. The Executive Director's report provides an opportunity for issues which are significant, but do not justify a full report in their own right, to be brought to the attention of the Joint Committee for a decision or for information. The report is divided into Parts A and B accordingly.

## RECOMMENDATION

It is RECOMMENDED that the Joint Committee:

1. SUPPORTS the approach to providing executive support to the Solent LEP, and that they AGREE that a contract for services be established for 2011/12 with the Solent LEP, supported by a Memorandum of understanding;
2. ENDORSES the continued work on the Enterprise Zone bid and SUPPORTS the approach taken by the Solent LEP, as outlined in paragraph 9 of this report;
3. ENDORSES the continued work on the RGF round 2 bids and SUPPORTS the approach, as outlined in paragraph 11 of this report;
4. AGREES the allocation of the transition grant, across housing, planning and economic development, in equal parts with each area receiving £30,000, and SUPPORTS the approach to development of the spatial strategy, as outlined in paragraphs 14 and 15 of this report; and
5. APPROVES the revisions to the Housing Market Monitoring Report, dated April 2011.

## Part A: MATTERS FOR A DECISION

### The Solent Local Enterprise Partnership

1. The process for establishing the Permanent Board is now complete, and there will be 14 Board members, with 8 Business representatives, 5 Local Authority representatives and 1 HEI representative.
2. The Local Authority representation was considered by those Local Authority members of the Solent LEP, after the Joint Committee meeting on 9 March 2011 and that at this meeting they agreed to recommend the following appointments to the Permanent Board of the Solent LEP:-
  - Councillor Royston Smith
  - Councillor Ken Thornber
  - Councillor David Pugh
  - Councillor Gerald Vernon-Jackson
  - Councillor Seán Woodward.
3. The Higher Education community have selected Professor John Craven from Portsmouth University as the HEI representative.
4. In relation to the business representation on the Board, the Business founder members of the Solent LEP participated in an election to determine which of the individuals from the private sector that had qualified for and applied for a board member position would sit on the permanent board. This process concluded at the end of April and on 3 May 2011 the following were elected to be Board members:
  - Doug Morrison, Port Director of ABP Southampton;
  - Russell Kew, Chief Executive of Wightlink;
  - Steve Barber, CEO of Xyratex;
  - Philippe Jouy, Managing Director of Warings;
  - Chris Allington, Managing Director of Oxford Innovation;
  - Stuart Hill, COO of Technology Services for IBM UK & Ireland;
  - Ernie Battey, Managing Director of Morgan Sindall Investments; and
  - Gary Jeffries, Managing Director of Hughes Ellard.
5. The Board met for the first time on 20 May 2011, and elected Doug Morrison to be the Chairman of the Solent LEP, and they agreed to elect two Vice Chairmen, one from the business representatives and one from the Local Authority representatives. The creation of the Vice Chairmen positions will be formalised and updated in the articles of association for the Limited Company, and the appointments will be confirmed at the next meeting in June 2011.
6. The Board were also advised that they have received £25,000 from the LEP Capacity funds awarded by Government in May 2011. This will support the development of a communications strategy, to initially include the creation of a new website and a launch event, which is expected to take place in late summer 2011. The commission for the website is proceeding, led by the business Board members. In keeping with the commitment to make best use of the assets that

the area already possesses, they are commissioning SIFE Southampton to create and manage the site. SIFE Southampton is a student-led social enterprise at the University of Southampton which operates to establish a range of commercial and social projects with the intention of expanding student's employability skills and growing them as individuals. WebSIFE is one of the projects operated by SIFE Southampton this year and consists of a range of capable designers, programmers, content writers, and digital marketers who work together to create professional, functional and affordable websites.

7. In addition the Board considered the institutional capacity and supporting infrastructure needed to underpin the Solent Local Enterprise Limited. As a registered company, limited by guarantee, the following is required:

- Company Secretarial services – this is already in place, provided by Paris Smith LLP
- A company Accountant needs to be appointed to manage the financial matters of the Company and to make the appropriate returns to Companies House and the Inland Revenue as well as prepare annual statement of accounts. Portsmouth City Council have agreed to undertake this role
- Executive support is needed both in terms of providing the Board with policy advice and leading the interface with key Government Departments and Civil Servants, Local government and the public sector agencies, and administration to support the Board itself. In the short term for 2011/12 the Solent LEP Board agreed to maximise the synergies that exist with PUSH and the resources/funding that they have committed to this area to date<sup>1</sup>, including the strong working relationships that have been established with central and local government, regional agencies and key public organisations. In relation to this it is proposed that a contract for services with a nominated Lead accountable body (*Portsmouth City Council*) within PUSH be established. PUSH could also consider contributing such value in lieu of payment of part or all of its membership subscription. This recognises that PUSH will continue to play a pivotal role in strategy development and enabling delivery. In addition and in keeping with the new Business Plan for 2011-13 PUSH will also continue to provide a critical single, simplified interface (or brokerage role) with local government and the wider public sector, including a wide range of Government Departments and Agencies, all of whom have important roles in creating the right conditions to facilitate economic growth. This “symbiotic” relationship between PUSH and the Solent LEP will, therefore, be of particular significance as the new arrangements develop and a memorandum of understanding (MOU) will be developed between the Solent LEP and PUSH.

8. It is recommended that the PUSH Joint Committee SUPPORTS the approach to providing executive support to the LEP, and AGREES that a contract for services be established for 2011-12 with the Solent LEP, supported by a Memorandum of Understanding.

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<sup>1</sup> PUSH resources committed to date are circa £9,000 and Executive Director time.

9. The Solent LEP Board also considered the Enterprise Zone initiative. The Government recently announced their intention to establish 21 new Enterprise Zones in Local Enterprise Partnership areas in England. 11 were pre-determined and announced in March 2011, leaving 10 to be agreed via a competitive bidding process. Expressions of interest were invited by the end of April 2011 and on the basis of advice from the Shadow Board, the Solent LEP submitted an expression of interest to establish an Enterprise Zone in the Solent region. In early May 2011 the Department for Communities and Local Government held a workshop on Enterprise Zones. This included providing information on the rationale that central government will use to select the 10 remaining Enterprise Zone sites and it has since been confirmed that the assessment of bids will focus on three criteria:
- The extent to which the proposal will deliver growth
  - Value for money, based on what the proposal will deliver and expected cost within the expected timescale
  - Implementation, ensuring that plans for delivery are robust and support the growth focus of the bid.

Applicants are also expected to have regard to the Enterprise Zone prospectus sent to all LEP's in March 2011 which sets out expectations in terms of the size of area, and it is expected that there will be no more than one zone per LEP. The Solent LEP agreed to the development of a final bid proposition based on the Daedalus site and they endorsed the approach that the bid preparation work be led by PUSH. The Board will consider the final bid when they meet in June 2011.

10. It is recommended that the Joint Committee ENDORSES the continued work on the Enterprise Zone bid and SUPPORTS the approach taken by the Solent LEP, as outlined above.

### **Update on the Regional Growth Fund Round 1 and 2**

11. At the last meeting in March 2011 the PUSH Joint Committee as a key partner in the Solent LEP, supported the approach to bidding for Regional Growth funds (RGF). Members of the Solent LEP Shadow Board approved the submission of five bids as part of an overall package of projects for the Round one of the RGF. The Solent were notified on 12 April that they were not successful in securing funds in round 1, and a summary of successful bids is attached in Appendix A. Round 2 has now been launched and is due to close on 1 July 2011. The second round is open to applications for Projects, Project Packages and Programmes. Programmes differ from projects in that programme proposals will need to demonstrate a clear over-arching investment strategy for a specific geographical area and provide for a collaborative approach to delivering a set of related activities, in the target area, which create sustainable private sector jobs and growth. Currently three bids have been put forward for an expression of interest session, where project leads will be able to discuss their bids with the regional growth fund secretariat. The outcome of these discussions will influence whether each project goes forward as a full bid. The three projects are
- Daedalus regeneration: covering the redevelopment of the site for advanced manufacturing (including aerospace and marine). This bid will

be targeted at an initial phase of investment in the site's infrastructure to help open up the site and build upon and accelerate the private sector investment that has been occurring to help fulfil the site's economic potential. A number of medium sized aviation and marine sector companies (some already on site, some considering moving onto site) have indicated that they are interested in expanding at Daedalus if the barriers to their growth can be removed.

- Platform to Prosperity: The Platform to Prosperity project aims to provide essential infrastructure to support existing and future expansion of the Port of Southampton and to help facilitate significant levels of regeneration within Southampton City Centre, safeguarding and creating jobs in a city with areas of high deprivation.
- Solent Property Investment Fund: This programme proposal would involve the creation of a special purpose vehicle that would be a legal entity capable of holding and distributing funding from public and private sources. The bid is for Regional Growth Funding (as grant, equity or loan) that could be pooled with other funding – for example CIL, European funding and private sector investment - in order to facilitate regeneration, new jobs and new homes and will include the development of an investment strategy for the Solent area, and provide for a collaborative approach to delivering economic growth and regeneration. The Fund's principal targets would be to invest in infrastructure that would unlock significant private sector investment; and accelerate major projects where existing large-scale developer investment is currently stalled. The immediate opportunity for the Fund would be to support the regeneration of the ex-SEEDA Solent property portfolio with a current open market value of £44m and investment requirements of £33m. PUSH is currently negotiating a stewardship agreement with the Homes and Communities Agency (HCA) in respect of SEEDA's portfolio of 12 sites involving redevelopment of [130 hectares]. The principal means of financing will be by using cashflow from disposals to reinvest in development but access to additional funding would enable these sites - and others in the Solent area - to be redeveloped more quickly to deliver homes and jobs.

12. It is recommended that the Joint Committee ENDORSES the continued work on the round 2 bids and SUPPORTS the approach, as outlined above.

### **Transition funding for Growth and Housing Market Renewal Areas**

13. A £5m transitional fund was announced by Grant Shapps on 31 January as part of a wider statement on regeneration and Government support for local growth. The fund is focussed primarily on areas with severe housing market renewal challenges or areas where high levels of housing growth are being taken forward by local authorities on a cross boundary basis.
14. The **objective** of the £5m fund, which will operate over 2011/12 (£3m) and 2012/13 (£2m) is to provide transitional support for areas which have previously received direct Government funding for local delivery capacity and expertise and wish to transfer some of that expertise to a new local authority led partnership, or, where this is a key area of focus, an LEP. The fund is not

intended for single authority growth support, but shared capacity within a multi-authority organisation on a cross boundary basis may be eligible. Further to the Joint Committee approval in March 2011, a bid was submitted to support the development of shared capacity across the areas of housing, planning and economic development. PUSH has been awarded £90,000 for the 2011/12 year to be allocated equally across the three areas of housing, planning and economic development.

15. Further to the adoption of the new Economic Development strategy and preferred growth scenario, in November 2010, work is underway to update the Spatial strategy. It is intended that the updated document will align with the new preferred growth scenario, and secure a preferred spatial strategy to deliver the economic priorities for the Solent area. The transition funds will provide resources for this work and the continued joint working on economic development and planning policy. It is expected that a PUSH Members workshop will be held in September 2011. This will inform and shape the production of a framework under which a draft spatial strategy will be prepared.
16. It is therefore RECOMMENDED that the Joint Committee AGREES the allocation of the transition grant, across housing, planning and economic development, in equal parts with each area receiving £30,000, and SUPPORT the approach to development of the spatial strategy, as outlined above.

### **Housing and Planning Update**

17. The Joint Committee may wish to note that Housing Associations working in PUSH have submitted bids for resources from the HCA for the period 2011-2015. Two workshops were held with Housing Associations, PUSH and the HCA to plan priorities for these bids. The bids reflect priorities identified in the Housing Market Monitoring Report and the Local Investment Plan. Housing Associations will enter into contract with the HCA early in July to draw down these resources and the outcome of this will be reported at a future Joint Committee.
18. At the March 2011 the Joint Committee considered and agreed the PUSH Housing Market Monitoring Report, completed in December 2010. Following on from the meeting queries were raised in relation to housing completion data and they were forwarded to DTZ. They have arranged for the 2010 PUSH Housing Market report to be revised (and this is included in Appendix B) and they have confirmed the following updates:
  - Executive Summary – paragraphs 4 and 5;
  - New Housing Supply (page 14) – paragraphs 2 and 4, and Figure 14; and
  - Appendix A (Total completions for East Hampshire & New Forest, and Private Market Entry Level Rents for all authorities).
19. It is therefore RECOMMENDED that the Joint Committee APPROVES the revisions to the Housing Market Monitoring Report.

## **Part B: MATTERS FOR INFORMATION**

### **PUSH Governance structures**

20. In line with the agreement at the Joint Committee in November 2010, Southampton City Council has become the Lead accountable body for PUSH, with effect from 1 April 2011. As a result the PUSH Financial protocols have been updated to reflect this change, and a copy is attached in Appendix C.
21. Work is largely complete on the transition of the Lead accountable body arrangements, as follows:
  - Finance – There are nominated leads in place at both Hampshire County Council and Southampton City Council to facilitate the transfer of activity in this area and work will conclude once the Joint Committee consider and agree the statement of accounts for 2010/11. In addition the nominated lead for Hampshire County Council will be available to respond to any queries arising from the forthcoming External audit, if required.
  - Human Resources – The PUSH Core team staff was employed by Hampshire County Council and in line with the agreement at Joint Committee in January 2011, they have transferred to Portsmouth City Council from 1 April 2011.
  - Information Technology – this service is being migrated over from Hampshire County Council to Portsmouth City Council and it is expected that all email address and web domain names will remain unchanged. The migration will take place at the end of July 2011. The website will continue to be hosted with Hampshire County Council
  - Accommodation – in line with the commitment to reduce costs and recognising the financial challenges going forward, an options appraisal has been undertaken on the cost of remaining in the PUSH offices at 54 A High Street Fareham. Within the current lease there is an opportunity to vacate the offices at the mid point, September 2011, thereby securing savings associated with the lease costs for the remaining two years to 2013 and associated overheads. This option has been exercised and the core team will re locate to Portsmouth City Council during week commencing 1 August 2011.
22. In relation to the external audit arrangements, the Joint Committee are advised that PUSH has received confirmation from the Audit commission of a new external auditor for a two year period, commencing with the accounts for the year ending 31 March 2011. The audit will be carried out under the Commission's limited assurance approach, which covers bodies whose annual income or expenditure does not exceed £6.5 million

### **Core team staffing**

23. Since your last meeting in March 2011, I can advise that following core team staff have left. Matthew James, SDA Project Manager, on a fixed term contract to 31 March 2011 left on 28 February 2011 to take up a permanent position as an Urban Planner in Hampshire County Council, and Selina Crocombe, the other SDA Project manager concluded her fixed term contract on 31 March

2011. She has since secured a role in Fareham Borough Council. In addition Kishor Tailor concluded his fixed term contract on 31 May 2011 and has taken early retirement

**APPENDICES:**

**Appendix A:** [Summary of Successful RGF Bids](#)

**Appendix B:** [PUSH Housing Market report](#)

**Appendix C:** [PUSH Financial Protocols#](#)

**Enquiries:** For further information on this report please contact Anne-Marie Mountifield (PUSH Executive Director).

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