



**Item 9**

# **Report to the Partnership for Urban South Hampshire Overview and Scrutiny Committee**

**Date: Wednesday, 26 May 2010**

**Report of: Gloria Ighodaro, Programme and Information Manager and Anne Marie Mountifield, Executive Director**

**Subject: Emerging PUSH Performance 2009-10 Report**

## **SUMMARY**

This report provides an initial summary of PUSH's performance for 2009/2010 against the previously agreed key strategic outcomes using an exception based approach as the basis for performance management. This is in line with the reporting cycle agreed at the 19 May 2009 Joint Committee meeting.

## **RECOMMENDATION**

That the Overview and Scrutiny Committee NOTES the latest performance information (for the 2009-2010 financial year) against the measures previously adopted by the Joint Committee.

## **INTRODUCTION**

1. In November 2008, the Joint Committee agreed that performance monitoring and reporting would be conducted on an exception basis every 6 months to monitor progress in delivering against the outcomes specified in the PUSH Business Plan and to satisfy the reporting timescales and requirements of the South Hampshire Agreement (MAA).
2. At the meeting of the Joint Committee on 19 May 2009, the Committee approved further revisions to this process. In order to be as effective as possible the year end performance report for 2009/10 has been produced for the June 2010 meeting of the Joint Committee and the 26 May 2010 meeting of the Overview and Scrutiny Committee to better coincide with the availability of data. This report and its Appendix A represent the latest edition of the performance framework, and where possible, charts progress made to date against key indicators, and where appropriate, draws attention to key achievements and/or concerns arising from the data.

## **IMPACT OF THE RECESSION**

3. Whilst the recession continues to have a significant effect on performance against previously agreed targets as reflected in some of the data presented in the supporting Appendix to this report; the South Hampshire sub-region has fared well compared with to other City Regions, and sub-regional working has delivered a number of performance improvements in key areas. PUSH remains committed to its long term economic and regeneration goals and to the delivery of the housing, infrastructure, employment and skills levels, facilities and services necessary to achieve them. However, PUSH is equally clear that the recession has put some of its short term targets at risk and made others unachievable in the short term.
4. The work commissioned by PUSH, undertaken by DTZ/ Oxford Economics, is reviewing the economic evidence base and aims to address the impact of the recession on the achievement of current objectives and provide evidence for any necessary revision of the targets that will underpin a future sub-regional strategy. At the same time, Centres for Cities have completed an assessment that considered how PUSH and its partners can deliver on the aspiration to close the growth gap with the South East. Their conclusion suggests that South Hampshire had fared relatively well in recession, compared to the UK as a whole. However, they indicate that the next five years will see a much tighter fiscal climate, which will place a premium on effectiveness and efficiency at all levels of policy making.
5. The absolute targets PUSH originally set itself in some cases are now less meaningful as a result of uncertain economic circumstances. In some cases, regional and national comparators have been included in the Appendix to give a picture of the sub-regions' performance in relation to the situation elsewhere.

## **EXCEPTION REPORTING**

6. In line with previous decisions, this report draws attention to 'exceptions' to the expected/planned trajectory of delivery against agreed outcomes, relating specifically to those targets that are marked red or amber. For some themes

exact targets and measures still require finalising and work is ongoing in these areas, primarily due to the lag in data.

## **ECONOMIC DEVELOPMENT**

7. The recession continues to have an impact on the overall economic outcomes that PUSH is seeking to achieve. There is a lag in the data and therefore some of the performance is reported on the basis of data available in autumn 2009.
  - Experian forecasts suggest that the South Hampshire economy shrank by -4.4% between 2008 and 2009 (slightly faster than the -4.2% in the South East) though there were significant differences across the sub-region. The decline in output was greatest in the manufacturing and construction industries, in line with regional and national trends;
  - Business Start-up activity has been greater than expected although the available figures are based on 2008 returns; new Start-ups and VAT registered businesses have exceeded the targets for 2011. The recent recession will not doubt have an impact on the 2009 returns, and the recent surveys indicate that the business conditions in the South East improved over the 3 months to October 2009, but Hampshire was the only South East county where a greater proportion of businesses reported worsening performance than reported an improvement. It is anticipated that the 2009 data will be available for the next Performance report in autumn 2010;
  - The labour market within the PUSH area has remained relatively stable during the recession, with the decline in economic activity and employment being broadly in line with the South East average. PUSH has responded effectively to the economic downturn and there have been a number of key interventions that the Partnership has undertaken (under the auspices of the Employment and Skills Board) that have delivered achievements as follows:-
    - a) The creation of a multi-agency task force which was established in March 2009. It has responded to major redundancies and acute skills shortages in the advanced manufacturing, automotive and marine sectors; and
    - b) The delivery of the Adult Network prototype, an advanced adult careers service, bringing in resources of £400,000 that has facilitated 213 residents taking up entry level, level 2 and level 3 training and 149 residents progressing back into work.
  - Within the Future Jobs Fund, it brought in additional resources of £3.8m to the PUSH area and to date has created 128 jobs for 18-24 year old unemployed young people.
8. There remain significant disparities in the economic performance across the sub- region, with the cities of Portsmouth and Southampton and older urban extensions of Havant and Gosport still performing at a lower level. However, the key interventions delivered by PUSH through the ESB and multi-agency task force has seen the gap in economic performance start to close between the

top and bottom wards in the sub-region, particularly in relation to at the employment rates and claimant counts.

9. In terms of the skills base the latest results are based on the published data relating to the year 2008/09. Good progress continues to be made towards achieving the targets. The skills system has increasingly focused on the needs of the sub-regional economy and critically the skills of the resident workforce, with take up of vocational training at a significantly higher level than any other growth area in the South East. This again reflects the work of the Employment and Skills Board, which has sought to secure a well co-ordinated, multi-organisational approach to skills and training provision that meet the needs of employers and the sub-regional economy. Notable achievements include;

- Apprenticeship provision showed a significant increase in the number of starts, including the creation of a pilot in Marine, resulting in the provision of 60 places for 16-18 year olds in local employers in the sector over the two year period that will conclude in March 2011. It should be recognised that in comparison to the South East as a whole, over 30% of total starts were located in the PUSH sub-region;
- The focus on higher skills and GVA growth generated a need to improve Level 4 attainment. PUSH secured a high number of training opportunities at Level 4 through the enabling measures agreed in the MAA (July 2008) for Train to Gain. This flexibility has resulted in a redirection of Train 2 Gain resources and over 40% of Level 4 starts in the South East, were again in the Urban South Hampshire area, with a focus on technical level skills in Engineering and Manufacturing. Whilst the work commissioned by PUSH on the review of the economic evidence base has yet to be finalised, emerging evidence suggests that over the period 2005-08 the percentage of the working age population who hold NVQ 4+ has increased, and at a faster rate than in the South East;
- The PUSH percentage skills levels have increased at most levels and the trajectory shows that PUSH is on course to achieve the targets for 2011 and more importantly is closing the gap with the South East, particularly at Level 2, and importantly there has been a notable fall in the % of the resident population with no qualifications. These improved results are due to the concerted efforts of the partnership to target skills resources to the areas of greatest need and supports and endorses the focus on the two Cities and older urban extensions, during the current economic downturn;

10. In relation to Inward Investment, during 2009-10, through the efforts of partners in the PUSH area, Seven Direct investments were recorded creating 157 jobs. Productivity and skills remain the critical issues. Other significant achievements include:-

- Improved employer engagement facilitated by PUSH and Hampshire Economic Partnership (HEP);
- The creation of a PUSH wide inward investment service, and the establishment of an Inward Investment Board; and

- Extensive consultation programme involving a wide range of partners on the review of the economic evidence based work to support the revision of the economic Strategy.

## **TRANSPORT (as advised by TfSH)**

11. TfSH have had a productive year and have successfully progressed transport Schemes and studies. PUSH has assumed an enabling role in this area funding these key studies. The Access to Strategic Sites survey data is complete and the Evidence Base tender has been awarded to a team led by MVA Consultancy. The data collection programme has already commenced on the Sub-Regional Transport Model Suite.
12. Other aspects of input towards the Access to Strategic Sites include a series of corridor feasibility studies that have been completed, including 'Access to Gosport', and studies that inform the next steps in delivering the Wider Bus Rapid Transit network for South East Hampshire and access to strategic sites. In relation to delivery PUSH has committed Capital investment from Growth Point funding with a view to 'unlocking' key strategic sites. This has included the resourcing of the design and project management of access proposals for the Tipner regeneration site to the motorway which have progressed as part of the western corridor transport project for Portsmouth. Meanwhile the M27, Junction 5, Phase 1 improvements are under construction and this expected to be complete in the next few months. Funding has been sought from the Regional Transport Board to compliment the grant from PUSH 2010/11 to progress phases 2 and 3 of this important junction improvement scheme.
13. The TfSH Joint Committee has also agreed that work is required to harmonise the different data sets that are collected on trip making and the use of various transport modes between the different authorities. Usable indicators need to be created for the sub-region to enable progress and changes to be monitored and suitable targets to be set.
14. TfSH have established a working group with officers from the three authorities, together with the transport operators and Government agencies, to develop both 'relative' and 'absolute' targets and indicators. It is expected that these will be assembled into common data sets for the principal indicators that can provide a 'dashboard' of performance and trends in the future. It is planned to conclude this complex exercise, which will involve changes in the way traffic and travel data is collected and reported, in time for approval by the TfSH Joint Committee in September 2010.

## **HOUSING AND PLANNING**

15. In relation to the housing completion targets, progress is broadly in line with expectation. Statistics show that despite the recession, employment floorspace and house building completions in South Hampshire in 2008/09 were slightly higher than in the previous year. However, there is concern about delivery in 2009/10 and the following years. Although the figures are not yet available, preliminary data suggests that it is likely that there will be a shortfall in 2009/10. The next available performance data for 2009/10 will be available in the autumn of 2010. This data will be reported on at the next PUSH performance reporting cycle and an impact assessment will be undertaken in line with the evidence

emerging from the completions figures for 2009/10 and any key considerations emerging from the DTZ work.

- Based on the 2008/09 performance data, PUSH continues to face the challenges around balancing the housing supply and specifically reducing the number of 1 and 2 bedroom flats being built. In 2008/09 81% of housing built were 1 and 2 bedroom flats compared to the national average of 53%;
- The number of 3 and 4 bedroom dwellings being constructed within the sub-region is still decreasing. This can be attributed as a direct affect of the recession. The major reduction in private sector construction activity as a result of the economic climate is becoming more evident in emerging figures. There will need to be an increasing emphasis on the type of housing and the quality of the areas' stock if the sub-region is to serve as an attractive area for knowledge workers; and
- The number of LDF Core Strategies which have been adopted has not reached the target. Both Southampton City Council and New Forest District Core Strategies were adopted in October 2009 and January 2010 respectively. There is an expectation that others will be adopted by the end of 2011 and PUSH could achieve 80% of its target if there is no further slippage in Core Strategy timetables.

16. Progress has been made against business plan objectives and there has been a shift in emphasis towards delivering key elements of the business plan (particularly in urban regeneration) as follows:

- Development of employment floorspace and house building in 2008-09 were both slightly *higher* than in the previous year, and the number of homes built in South Hampshire since 2006 is slightly ahead of that required by the South East Plan; There is currently a review of employment sites to include the size of floor space and type, This is been assessed in light of the contraction in economic activity that has taken place since 2008, taking into account the length of time it may take to secure a return to previous levels of economic activity, and any impact that may have on the demand for employment space and land supply requirements;
- The Rowner estate regeneration project, a joint public-private venture involving the HCA, is underway which addresses one of the South's severest pockets of deprivation. PUSH has committed a £2.425m contribution in 2008/09 and £975k in 2009/10 and work has now begun on Phase One of the Rowner Project at the lower end of Howe Road. A detailed planning application for Phase Two which includes the new Tesco supermarket and other retail units will be submitted later in the year;
- Approval has been given by the HCA for the preparation of an outline business case for £125m of PFI credits for the Somerstown estate renewal project in Portsmouth. PUSH has committed a total of £3.145m from the capital funds for the period 2008/09 to 2010/11. This has enabled the purchase of Wellington street car park which will pave the way for the development of 19 new homes;

- Land acquisition for the major Tipner urban regeneration site in Portsmouth is complete. Regional Transport Board funding of £25m is being sought towards the cost of creating access to the M275;
  - Estate regeneration has been piloted at Hinkler Parade in Southampton and a total of £2.77m PUSH funding is committed to this (£80,000 in 2008/09; £1.45m in 2009/10 & £1.24m planned in 2010/11) The Estate Regeneration programme is an initiative to renew and regenerate priority neighbourhoods across Southampton. Comprehensive redevelopment is planned to deliver up to 1000 new homes and improved local retail and community facilities over a five-eight year period, with ambition to deliver 3000 new homes over a longer term programme;
  - a common framework for affordable housing across the sub-region has been agreed;
  - using funding from the Regional Housing and Regeneration Board two strong private sector renewal partnerships have been put in place to improve the condition of homes in the private sector in the PUSH area;
  - work has commenced on master planning the Fareham SDA, a proposed eco-town, and feasibility work is in progress in respect of the other proposed SDA near Hedge End;
  - The Housing and Planning Delivery Panel is part-funding research into the likely impact of planned urban development on sites of European importance for nature conservation, and the measures needed to mitigate any impact. That work is well underway for completion in summer 2010. Research into the future demand for hotel accommodation and where within South Hampshire that might best be located, is due to be completed in June 2010. It will help shape Local Development Documents; and
  - The focus of planning projects completed during the year was on informing and supporting the preparation of Local Development Documents. A background report which explains the derivation of the targets in the PUSH Employment Floor space Policy Framework was published, and will help PUSH authorities to defend the employment floor space provision in their LDF. A protocol was drawn up which sets out a process for formulating PUSH representations on draft Local Development Documents (LDDs). It balances speed of response with adequate political oversight, and has enabled PUSH to make supportive representations on many draft LDDs.
17. In July 2009, the Homes and Communities Agency (HCA) announced PUSH as one of the 3 areas to pilot the 'single conversation agenda' in the South East region. The Local Investment Plan is part of the 'Single Conversation' process being introduced by the HCA aimed at better aligning their policies and resources with the aims and objectives of growth areas and local authorities. The HCA aims to respond to the Local Investment Plan with a Local Investment Agreement setting out the resources that they propose to deploy across South Hampshire in the period 2011-14.

## SUSTAINABILITY AND COMMUNITY INFRASTRUCTURE

18. The strategic outcome for mitigating climate change continues to be an important area of work. The current CO<sub>2</sub> emission measure may need to be revised in light of further ARUP Report and joint work with HCC on Climate change strategy to be completed by December 2010. Current water consumption in the PUSH area is 165 litres per head per day (l/h/d). Whilst this is 35 litres above the PUSH target of 130 l/h/d good progress is being made. Furthermore the PUSH area compares reasonably to the regional consumption of 160 l/h/d and 156 l/h/d nationally. Building water efficient homes is an essential part of the water resources strategy towards achieving reduced household water consumption. Work is currently underway to establish monitoring arrangements.
19. During 2009/10 the Delivery Panel was successfully established with a wide range of partners representing environmental and community infrastructure partners in South Hampshire. The Panel has met on a regular basis to consider and progress the following key themes.
  - **Multi Area Agreement (MAA) and Memorandum of Understanding (MOU)** - The refresh of the PUSH MAA was undertaken during the year and the opportunity was taken to include an Environmental Chapter in the document that was referred to Government. This sets out the key environmental outcomes that PUSH is working towards and asks of government that key agencies are flexible and creative in working with PUSH on implementing the spatial strategy with the overall intention of securing environmental gains. This approach is developed in more detail through a MOU which has been signed between PUSH, Government, Natural England and the Environment Agency which recognises that compromise on particular issues can be justified in some circumstances where there are wider environmental gains that can be delivered through joint working;
  - **Strategic Flood Risk Assessment** – Following the preparation of a sub regional appraisal of flood risk supported by detailed mapping information the data has been centralised in a web based accessible format for use by all PUSH authorities in preparing their Local Development Frameworks;
  - **Green Infrastructure Strategy** – A Green Infrastructure Strategy has been prepared to cover the South Hampshire sub region. This sets out a policy framework for new and enhanced green infrastructure to mitigate the impacts of housing growth and ensure a high quality of life for residents in South Hampshire. The draft strategy has been subject to consultation with stakeholders and is anticipated to be finalised and approved by the Joint Committee in June. Work on implementation will then commence;
  - **PUSH Policy Framework on Environmental Sustainability** – Following the approval of this Policy Framework by the Joint Committee in 2008 work has been progressing to embed the policy principles in Local Development Frameworks. To date 2 local authorities (Southampton and New Forest) have adopted Core Strategies with this policy in place. This is an excellent

outcome and suggests that a consistent and robust policy will be embedded in all Core Strategies across PUSH in due course;

- **Climate Change Strategy** – PUSH is working jointly with Hampshire County Council and the other Hampshire Districts to develop a common Climate Change Strategy. The mitigation aspects of this are closely based on the Energy Study that PUSH undertook in 2008. 2 key Leaders workshops were held in 2009 including relevant partners to establish the vision for the strategy and agree potential projects to deliver mitigation and adaptation. The Strategy is anticipated to be completed by the end of 2010; and
- Work on two key drainage projects in Portsmouth has progressed with funding from PUSH. A response to the consultation on the draft Community Infrastructure Levy (CIL) was submitted to the Government and work assessing its potential application to PUSH has commenced. Discussions with the Environment Agency regarding a joint approach to minimising flood risk are progressing. A response to the proposal for a new reservoir at Havant Thicket, included within Portsmouth Water Company's Business Plan, has been submitted to the forthcoming public examination.

## **QUALITY PLACES**

20. Appropriate outcome measures have now been developed for this theme and are listed in the supporting Appendix. The newly established indicators aim to measure the physical quality of the built and historic environment (to track the quality of new development in PUSH relative to national standards), measure the health of the cultural, sporting and visitor economy within PUSH (by tracking levels of employment and visitor spend) and indicators which track Adult Cultural and Sporting Engagement in PUSH. Additionally, indicators have been established to measure residents' perceptions of quality of place and track changes in perceptions through time and relative to the rest of the SE region.
21. Although appropriate data has been collated and aggregated for the sub-region, there is not yet a consistent stream of data available to come to any conclusions by which to measure increased performance in the sub-region. With regards quality of place measures the target would be an upward trend in terms of perceptions of quality of place and to sustain a level of perceived quality of place which is above the South East average. In respect of participation in cultural activity the targets will be set relative to regional average in the light of base line data. Furthermore, for the strength of the cultural economy the target will be an upward trend in employment growth and visitor spend within the sub-region which would subsequently see a move towards the regional average. And finally, with regard to the historic and built environment targets will be established to track the quality of new development in PUSH relative to national standards. A clearer picture of PUSH's relative performance targets will emerge over the course of time as more data becomes available.

## **EXTERNAL FUNDING**

22. Within the context of the impact of the global economic downturn, the UK public sector, and local government in particular, is facing a significant reduction in Government funding. With funding cuts anticipated from 2011/12, and national

political priorities focussed on reducing the public debt and protecting health and education, other public services will need to work creatively to deliver more for less, consider service reprioritisation and look to innovative funding arrangements to deliver the outcomes they are seeking,.

23. The primary challenge for PUSH relates to providing more certainty of delivery for major infrastructure and high quality development. The Government's decision to cut the 2010/11 New Growth Point Fund resulted in PUSH receiving some £4 million less than expected this financial year. This has had a major impact on PUSH's ability to resource its business plan going forward and has made the case for alternative funding solutions and potential financial flexibilities even greater. The remit of External Funding Delivery Panel is even more crucial in anticipation of severely constrained Government and Developer funding capacity in the future.
24. In January 2009, an External Funding workshop organised jointly by PUSH and Transport for South Hampshire was held, aimed at raising awareness of the critical issues and options on funding for infrastructure in the sub region; defining the challenges for delivery of the South Hampshire Strategy aspirations in respect of infrastructure and development and enabling a joint Investment strategy between PUSH and TfSH. Amongst the options discussed were Asset Backed delivery Vehicles (ABV) and Tax Incremental Funding (TIF) and Accelerated Development Zones. Since the workshop, the Panel has met and have begun progressing ways in which PUSH could become more agile and opportunistic in its use of funding to maximise delivery of key objectives.
25. Progress made to date include the following:
  - Established Terms of Reference for the Delivery Panel.
  - A set of aims and objectives that include:-
    - a) developing a Strategic Investment Plan for South Hampshire incorporating both PUSH and TfSH requirements;
    - b) identifying and exploring potential funding models to deliver key priorities within the Strategic Investment Plan and make recommendations to the PUSH Joint Committee on strategic funding choices;
    - c) building up a portfolio of "ready to go" projects within the Strategic Investment Plan utilising appropriate funding options, and report to Joint Committee when projects have financing available; and
    - d) securing funding flexibilities through the MAA and discussions with various Government Departments.
  - A draft work plan to take forward a number of work streams including overarching activities; the development of a Strategic Investment plan; immediate Investment opportunities and a portfolio of funding models.
  - Panel representatives along with the PUSH Executive Director are currently seeking agreement to work with Her Majesty's Treasury (HMT)

towards piloting a single appraisal process for spending proposals across different Whitehall departments facilitating moves towards a single allocation process; and

- PUSH is also seeking a positive exploration with HMT of potential measures that would assist with transformational shift of focus for investment and accountability with Central Government commencing in April 2010 leading to firm proposals for new approaches and/or pilots by the end of 2010. Approaches including a move to a single capital pot for Government funding at PUSH level based on agreed long-term outcomes; an agreed methodology to be used in the FIP+ (Family Intervention Project) proposals for savings made to be acknowledged as savings that is then reinvested to sustain the programme if value for money is demonstrated.

## **CONCLUSIONS AND RECOMMENDATIONS**

26. Although the recession has had an impact on performance against a number of PUSH's targets, PUSH has also improved significantly on targets including total employment, skills levels, percentage of working age economically active business support and regeneration. In relative terms South Hampshire reflects well in comparison to both regional and national figures showing that South Hampshire continues to demonstrate some resilience to the impacts of the recession which will no doubt have been assisted by actions PUSH and its partners have taken to respond to the recession. However, GVA growth rate, Housing supply targets and claimant counts continue to suffer as a result of economic uncertainty. It is important to highlight that there is emerging evidence to suggest that the sub-region is closing the gap in performance (compared to the South East) in many indicators and that the collaborative approach between Local Authorities and Partners, under the auspices of PUSH has secured a positive momentum in many of the key areas of growth and regeneration.
27. PUSH remains committed to its long term goals and have refocused its short term efforts and investment in areas that mitigate the impact of the recession and lay the foundations for improved performance as the economy emerges from recession. Skills levels and business support targets continue to reflect well as a result of strategic interventions such as the establishment of the Employment and Skills Board and Inward Investment Board. Increased demand for Business support services has resulted in higher than expected hybrid market penetration levels. This is supported by SEEDA's snapshot survey for winter/spring 2010 which concluded that overall business performance has been good.
28. In going forward, PUSH faces distinct challenges with regards up skilling the unskilled and attracting skilled workers into employment sectors if it is to succeed in closing the growth gap with the South East. The refresh of the economic evidence base and the finalisation of sub-regional strategies (Green Infrastructure and Climate Change) will further serve to provide PUSH with a robust basis to establish informed targets for developing measures or areas affected by wider economic circumstances. Equally the move towards more active engagement in delivery (as well as strategy), as demonstrated in the interventions in employment and skills and estates renewal and urban regeneration has not only added value to the work of the individual Partners and

agencies, but more importantly it has taken a significant step towards delivering the ambition of closing the gap in economic performance between areas within the sub-region and at a regional level between Urban South Hampshire and the South East.

29. It is recommended that the Overview and Scrutiny Committee NOTES the latest performance information (for the 2009/10 financial year) against the measures previously adopted by the Joint Committee.

**Appendices:** [Appendix A - PUSH Annual Performance report – 2009/2010 \(June Update\)](#)

**Background Papers:** None

**Reference Papers:** None

**Enquiries:**

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