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NOTICE OF MEETING

Meeting	Economic Development Sub Committee
Date and Time	Wednesday, 27th June, 2018 at 10.00 am
Place	Wellington Room - HCC
Enquiries to	members.services@hants.gov.uk

John Coughlan CBE
Chief Executive
The Castle, Winchester SO23 8UJ

FILMING AND BROADCAST NOTIFICATION

This meeting may be recorded and broadcast live on the County Council's website. The meeting may also be recorded and broadcast by the press and members of the public – please see the Filming Protocol available on the County Council's website.

AGENDA

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

All Members who believe they have a Disclosable Pecuniary Interest in any matter to be considered at the meeting must declare that interest and, having regard to the circumstances described in Part 3 Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore all Members with a Non-Pecuniary interest in a matter being considered at the meeting should consider whether such interest should be declared, and having regard to Part 5, Paragraph 2 of the Code, consider whether it is appropriate to leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with the Code

3. DEPUTATIONS

To receive any deputations for the meeting.

4. CHAIRMAN'S ANNOUNCEMENTS

To receive any announcements that the Chairman may have.

5. ECONOMIC DEVELOPMENT ANNUAL REPORT - 2017/18 (Pages 3 - 14)

To receive the Economic Development Annual Report from the Assistant Director for Economic Development.

6. HAMPSHIRE ECONOMY DASHBOARD - 2017/18 (Pages 15 - 16)

To receive the Hampshire Economy Dashboard from the Assistant Director for Economic Development.

7. COMMISSION OF INQUIRY - ECONOMY THEME

To receive a verbal update on the commission of Inquiry.

8. FARNBOROUGH AEROSPACE CLUSTER

To receive a verbal update on the Farnborough Aerospace cluster.

ABOUT THIS AGENDA:

On request, this agenda can be provided in alternative versions (such as large print, Braille or audio) and in alternative languages.

ABOUT THIS MEETING:

The press and public are welcome to attend the public sessions of the meeting. If you have any particular requirements, for example if you require wheelchair access, please contact members.services@hants.gov.uk for assistance.

County Councillors attending as appointed members of this Committee or by virtue of Standing Order 18.5; or with the concurrence of the Chairman in connection with their duties as members of the Council or as a local County Councillor qualify for travelling expenses.

HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Cabinet Advisory Sub-Committee for Economic Development
Date:	27 June 2018
Title:	Economic Development Annual Report – 2017/18
Report From:	Assistant Director for Economic Development

Contact name: David Fletcher

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1. Introduction

Over the last six years, significant progress has been made in transforming the Economic Development activities of the County Council, with key milestones including:

- A structure focused on the 3 key priorities of business growth, regeneration and tourism;
- Recruitment of specialists in key sectors including aerospace & defence, marine & maritime, digital;
- Successfully positioning the County Council as a key delivery partner for LEPs, District Councils and others;
- Developing an ethos of championing and supporting the private sector.

Below, we highlight some of the progress and key achievements secured in 2017/18. In this critical pre-Brexit period, it is particularly significant that the Economic Development function continues to see multi-national corporates committing to investing in major projects in Hampshire.

During 2017/18, 1340 jobs were created or safeguarded and investment of £54M leveraged as a result of projects supported by the County Council's Economic Development function (this is excluding the recent Gulfstream announcement).

2. Business Growth

Recognised as a critical priority for the economic development function, this area of activity encompasses:

- Supporting the growth of Hampshire's key business sectors;
- Relationship management of the strategically important companies in Hampshire;
- Attracting new high quality business investment into Hampshire;

- Facilitating effective support to both start ups and small medium enterprises in the County.

2.1 Marine & Maritime Sector

Recent research confirms the significance of the marine & maritime sector to the south coast of Hampshire, contributing at least £5.5bn GVA to the local economy and creating employment of the order of 120,000 jobs. This is therefore a critical sector for Hampshire County Council to support, which we are doing both on a cluster-wide basis and by engaging with individual businesses.

Recent feedback from a number of marine businesses at a roundtable hosted by Hampshire County Council at the National Oceanography Centre in Southampton confirmed that significant challenges included a perceived lack of regional sector leadership and the need for more flexible premises for marine sector businesses incorporating shared facilities such as lifting gear, waterside access, etc.

2.1.1 South Coast Marine Cluster

The South Coast Marine Cluster (SCMC) was formed in Spring 2016 (with Hampshire County Council as a key partner) following a DIT funded programme which provided the seed funding to enable the South Coast geography to combine and promote its marine assets at several international events and delegations.

“The combination of world class marine and maritime focused research assets across the south coast of England is unrivalled globally” – Kevin Forshaw, Co- Chair, South Coast Marine Cluster.

Other partners include public authorities, local enterprise partnerships and higher education and research institutions (such as the National Oceanography Centre).

Key objectives of SCMC are to:

- Facilitate commercial opportunities by creating better links between ocean- based value chains and providers of enabling technologies and support;
- Provide support to develop and export innovative and globally competitive products and services and attract investment to the area;
- Raise awareness of the importance of the Ocean Economy both regionally and nationally and champion the importance of growth to our regional economies.

A full time SCMC Coordinator has been recruited (Sheldon Ryan), funded by Dorset, Heart of the SW and Cornwall LEPs and contributions from partners in Hampshire including the County Council.

For more information about South Coast Marine Cluster visit <https://southcoastmarine.org.uk/>.

2.1.2 Saab Seaeye

Hampshire County Council has worked with Saab Seaeye's senior management team to support their application to the Solent LEP Innovation Fund, to develop a large test tank and engineering facility for marine robotics technology at Whiteley, in Fareham. This is a significant capital investment project (circa £35M total including the new build facilities) that will enable Seaeye to develop its next generation underwater work vehicles. The facility will be for collaborative use so that Seaeye can continue to develop industry leading engineering and technology solutions and win further international customers. The project will create up to 75 new jobs locally and deliver a truly unique facility for the UK.

The support of the Solent LEP has been offered subject to due diligence, and start on site is anticipated later in 2018.

2.2 Aerospace and Defence Sector

Almost a quarter of the UK aerospace and defence sector is based in the South East, and in this 'pre Brexit' era, Hampshire County Council has embarked on a multiple partner initiative to more effectively promote and support this leading export sector.

2.2.1 Farnborough and the South Aerospace & Defence Cluster

Hampshire County Council's Economic Development team is working in partnership with others to develop a number of activities as part of the aerospace initiative. The first phase is an in-depth study which will highlight the specialisms which add value to the cluster competitiveness and distinctiveness across the South of England.

Interviews have been undertaken with key aerospace sector business leaders in Hampshire, and during June 2018 a roundtable is being hosted to verify that we have established a coherent view of the challenges and opportunities for the sector, and how the public sector might best support future growth, especially given its significance from a UK productivity and export perspective.

Key partners in the project include Farnborough Aerospace Consortium, Farnborough International, University of Southampton, Grant Thornton, Rushmoor Borough Council and Enterprise M3 Local Enterprise Partnership.

The evidence base demonstrates that 87% of aerospace and defence businesses in the wider Farnborough area are involved in some form of R&D activity.

2.2.2 Gulfstream

Hampshire County Council's Economic Development team has played a leading role in securing in Farnborough a major investment by leading US business aviation company Gulfstream.

It was announced at EBACE, the business aviation conference in Geneva, at the end of May 2018 that Gulfstream are to locate their new maintenance, repair and overhaul (MRO) facility at TAG Farnborough Airport, and that this new centre will become operational in 2020.

Gulfstream initiated a competitive site selection process in 2015, benchmarking at least 6 alternative airport locations across the UK, and Hampshire County Council, in partnership with Enterprise M3 and Rushmoor Borough Council, developed a public sector support offer to sit alongside the commercial proposition from TAG Farnborough Airport.

Construction of the new 200,000 sq ft facility will commence next year, on a site within a short distance of the new Farnborough conference and exhibition centre, which opened this year. This major investment will ultimately bring around 400 jobs into Hampshire.

"We are delighted that Gulfstream has selected TAG Farnborough Airport as the location for its new MRO facility. We welcome this investment which will benefit the regional economy and underpin the airport's role in supporting jobs and economic development. As Europe's leading business aviation airport and a London gateway, we are well placed to meet the specific requirements of Gulfstream and its customers," said Brandon O'Reilly, CEO TAG Farnborough Airport.

3. Regeneration and Development

This is another critical priority for Hampshire County Council's Economic Development function, especially in relation to ensuring that we have a pipeline of appropriate business premises available to support economic growth.

This is an agenda which requires effective partnership working between the County Council, District Councils, LEAs, Homes England, the private sector and other relevant partners.

3.1 Farnborough International Conference and Exhibition Centre

Hampshire County Council's Economic Development function has played a central role in facilitating the public sector support to ensure the successful delivery of the new £33M permanent exhibition and conference centre in Farnborough.

The Farnborough International Airshow is one of the largest airshows globally, in 2014 orders announced exceeded \$200bn, but in order to ensure that this major trade show for the aerospace sector retained its

international status, it was clear that a new permanent facility would need to be developed.

A partnership of Hampshire County Council, Rushmoor Borough Council and Enterprise M3 LEP provided a commercial loan facility of £14M, which sat alongside a traditional bank loan facility via Barclays, to enable delivery of the new 20,000 sq m centre.

Completion of the new building was achieved in February 2018, which has provided the opportunity to host events such as Southern Manufacturing and a major corporate conference for Vodafone, in the lead up to the FIA 2018 which takes place in July.

The County Council's Economic Development team is working closely with Farnborough International to support their ongoing sales efforts to secure a robust events programme over the years to come, above and beyond of course the bi-annual airshow.

3.2 Solent Enterprise Zone at Daedalus

Hampshire County Council has played a significant role in the delivery of the 500 acre Solent Enterprise Zone, with Economic Development acting as 'client' within the County Council and co-ordinating contributions from Engineering Consultancy, Strategic Transport and Property Services.

Key elements which the County Council has delivered include:

- Daedalus East infrastructure – including internal roads, utilities, creation of serviced development plots - £8M package of works;
- Daedalus East – speculative building – 25,000 sq ft industrial unit (now let to PropTech) - £2M package of works;
- Runway resurfacing - £1.5M works package;
- Daedalus Drive – waterfront access road and associated utility improvements - £7M works package.

The latest phase of works undertaken by Hampshire County Council was Daedalus Drive completed in 2017. Through the Engineering Consultancy team we are continuing to support Fareham Borough Council in relation to the design of the infrastructure works for Daedalus West.

- CEMAST – the leading engineering and manufacturing training facility (run by Fareham College);
- Fareham Innovation Centre – with Phase 1 fully let, a Phase 2 has just been completed;
- Key employers moving on site such as UTP and PropTech;
- At the waterfront, Homes England progressing plans for 200 new homes in partnership with Wates.

3.3 Whitehill & Bordon

Hampshire County Council is a key partner in the delivery of this major regeneration project bringing new jobs and homes to this town with a strong military heritage. The Army's relocation from Whitehill & Bordon frees up approximately 300 hectares of land, 70 hectares of which is available for development.

From an Economic Development perspective, we are supporting the Economic Growth element of the delivery plan, which amongst others includes the following elements:

- Tech Forest (Louisburg Barracks) – 2.9 Hectares of land for new build office and industrial development being marketed by Homes England, adjacent to the new Future Skills Centre and BASE Bordon Innovation Centre (the latter operated by Oxford Innovation). These development sites are part of the wider EZ3 Enterprise Zone being promoted by Enterprise M3 LEP;
- Quebec Barracks – includes new community and enterprise centre to encourage start ups and small business growth in the town (8,000 sq ft);
- Whitehill & Bordon Enterprise Park (formerly Prince Phillip Barracks) – currently offers employment space on a temporary basis. The Whitehill & Bordon Regeneration Company are currently progressing major plans to regenerate the town centre, with the ultimate vision to deliver a food store, 6 screen cinema, circa 70,000 sq ft of retail and restaurants, a business work hub and circa 30,000 sq ft of offices.

3.4 Waterside

The Waterside is the term used to describe the area along the west coast of Southampton Water, and encompasses development opportunities from Totton through to Fawley.

Hampshire County Council's Economic Development team is working with the various land owners / controllers, New Forest District Council, New Forest National Park Authority and others to determine the optimum route to deliver sustainable development long this peninsula-like part of Hampshire, which could contribute significantly in terms of both housing and the marine & maritime sector.

The private sector, in the guise of ABP, Fawley Waterside, Barker Mills Estates, Solent Gateway and Exxon Mobil, have commissioned Deloitte to develop a shared vision for the area, which is recognised in the emerging New Forest local plan as a key location for housing and employment opportunities.

Working closely with Hampshire County Council colleagues across strategic transport and planning, the Economic Development team will continue to strive for this part of Hampshire to make a significant contribution to the local economy, whilst recognising the challenges associated with protecting the natural environment and ensuring that local transport infrastructure can accommodate current and future demand, particularly in relation to the A326.

3.5 Hampshire Development Portfolio

In 2017/18 we have undertaken a refresh of the Hampshire Development Portfolio, which exists to provide a comprehensive analysis of the significant development land suitable for either commercial or mixed uses within Hampshire. The portfolio is owned and produced by Hampshire County Council and kindly sponsored by Lambert Smith Hampton. The target audience of the publication includes those with interests in development or investment of business property and of course occupiers seeking significant development land or built space.

The Hampshire Development Portfolio can be viewed at <http://www.investinhampshire.co.uk/eng/key-development-sites>.

4. Tourism

4.1 Visit Hampshire Website

A new look Visit Hampshire website was launched in May 2017, embracing an image-led and contemporary approach to design that has been extremely well received by the industry and consumers. The website has incorporated revenue generation opportunities which allow Hampshire tourism businesses to increase their exposure in high traffic areas of the website. Since its launch the site has received 885,000 visits and major increases in page views for key landing pages.

Cycling in Hampshire and Visit Test Valley microsites have also been developed with external funding.

4.2 Jane Austen 200

2017 marked the 200th anniversary of Jane Austen's death providing an opportunity for Hampshire to celebrate the author's life and work, with a full programme of exhibitions, events, performances and talks. The Visit Hampshire team created a major PR campaign around Jane Austen 200, and deliberately linked it to Visit England and Visit Britain's "Year of Literary Heroes". A large number of press visits by both domestic and international travel media were hosted, and the report estimates news reached 370m people globally. Most national news titles featured Jane Austen's Hampshire in their news or travel sections over the year, with national broadcast media coverage featuring on BBC Radio 4 and BBC Breakfast. These all helped to raise a broader awareness of Hampshire as a tourist destination, as well as reinforcing its specific heritage links with Jane Austen. The value of this coverage is estimated at £2.5m (Advertising Value Equivalent).

A Tourism South East report estimated that an additional net of 265,000 visitors were attracted to Hampshire specifically because of the Jane Austen 200 events and activities in the summer of 2017. This resulted in an additional 70,000 bed nights in Hampshire, and a total economic impact of £21 million.

4.3 Discover England Fund

The Discover England Fund (DEF) is a £40m, 3 year Visit Britain programme to support the development of domestic tourism product across broad geographies and themes that will appeal to international markets. In 2017/18 the Visit Hampshire team successfully bid with partners for three projects: *England's Literary Greats* (£185,000); *US Connections* (£500,000) and *Mayflower 400 Cruise Market Development* (£80,000). England's Literary Greats focused on promoting Jane Austen's Hampshire to the US travel trade in partnership with Shakespeare's England and Nottinghamshire's DH Lawrence/Byron connections. This project was recently awarded £115,000 of extension funding from Visit Britain which will enable deeper promotion of Jane Austen to US markets in 2018/19.

The US Connections project runs from 2017/18-2018/19 and is enabling a number of counties and destinations across England to explore which themes appeal to a range of US visitor markets. For Hampshire, the focus is particularly military heritage (WWII, D-Day) and migration (transatlantic liners, Mayflower). Engagement with the 2020 Mayflower 400 anniversary and associated projects are providing the Visit Hampshire team with opportunities to promote Hampshire's wider offer to US markets, including the lucrative cruise market.

5. Economic & Business Intelligence Service

A key element of our wider Research & Intelligence work is the Economic & Business Intelligence Service, which provides economic analysis for both the County Council's use and for external partners on a charged basis.

Below we highlight some key commissions in 2017/18:

- *The Farnborough & the Southern Aerospace & Defence Cluster Study* - EBIS undertook work to provide an evidence base for the Aerospace & Defence initiative in two distinct stages – an initial 'macro' analysis of the cluster and more recently a stage 2 'micro' analysis which identified individual businesses in the cluster, including those which demonstrated high growth characteristics;
- *Local Economic Profiles* – In 2017/18 we prepared economic profiles for both Winchester City Council and New Forest District Council, the evidence bases generated also including more detailed analysis covering several themes such as skills & occupations, commuting, deprivation, economic output & growth, land-based sector, economic projections and economic prosperity;
- *Enterprise M3 LEP* – Several categories of data and evidence have been generated for the LEP including regular monitoring dashboard for the LEP Board and monthly reports on the labour market and the local economy;

6. Partnership Working

Much of the work of the Economic Development function is dependent on positive and collaborative partnerships. Here we highlight some more significant such relationships.

6.1 Enterprise M3 Growth Hub

Hampshire County Council has been a founding partner of this Growth Hub which has now been fully operational for 2 years. We were instrumental in influencing the key focus being high growth companies, especially in some of our key sectors including aerospace & defence, ICT/digital and life sciences. High growth businesses are provided with access to a dedicated Growth Champion. To date, approximately 400 Hampshire based businesses have been actively supported by the Growth Hub including Morgan Innovation in Petersfield, Dawes Highway in Andover and Chillistick in Basingstoke. We have facilitated specific support to New Forest based businesses through free business clinics which have proved to be highly successful and oversubscribed.

6.2 Business South

Hampshire County Council and Business South have continued to enjoy a fruitful strategic partnership, with highlights this last year including a South Africa focused business event at the Ageas Bowl, with the South African High Commissioner to the UK being the guest of honour. We have worked particularly closely with Business South through their Regenerate South work stream, which brings together Champions with a specific interest and involvement in the built environment.

6.3 Hampshire & Isle of Wight Business Alliance (HIBA)

Hampshire County Council's Economic Development function now hosts a shared post with this network of business organisations including Hampshire Chamber of Commerce, IOD, EEF, FSB and others. A successful initiative from this partnership has been the Business Engagement Forum, which on a quarterly basis brings together the County Council's Economic Development Sub-Committee and the HIBA Board.

7. Recommendations

7.1 To receive and note the Economic Development Annual Report for 2017/18

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
People in Hampshire live safe, healthy and independent lives:	no
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	no

Section 100 D - Local Government Act 1972 - background documents

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

Document

Location

None

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

This report does not require any decisions so its impact will be neutral.

2. Impact on Crime and Disorder:

This report does not require any decisions so its impact will be neutral.

3. Climate Change:

This report does not require any decisions so its impact will be neutral.

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Economic Overview

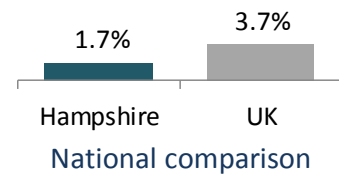
Economy



Annual Change

£49.7 billions

GVA £ billions (2016)



Sluggish growth in economic output (GVA) in 2016

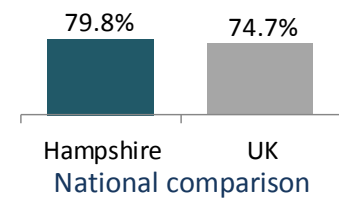
Labour Market



Annual Change

905,600

In employment (2017)



Employment reaches record high in 2017. Hampshire has the highest employment rate amongst all shire counties.

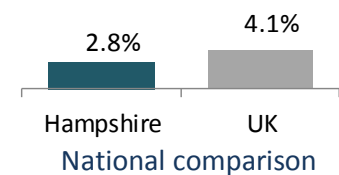
Labour Market



Annual Change

26,900

Unemployed (2017)



Unemployment fell to the lowest rate on record in 2017 and one of the lowest rates in the country.

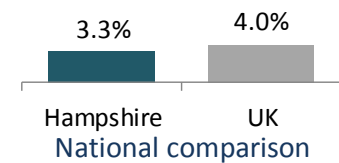
Businesses



Annual Change

85,770

Businesses (2017)



Large business population but the overall business growth lagged the UK average in 2017.

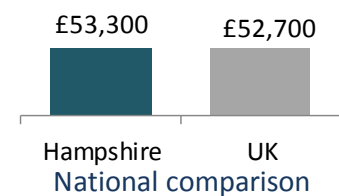
Productivity



Annual Change

£53,300

GVA per Job (2016)



More productive than UK average but growth in 2016 lagged the average. A wide productivity gap with several economies in South East England.

Hampshire (Hampshire County Council, Portsmouth City Council and Southampton City Council areas)
Source: ONS: 2016 and 2017 (latest data)..

Sectoral Overview



Marine & Maritime

Businesses



110

Annual Change

1.3%

% Annual Growth



3,375

Business 2017

Employees



1,000

Annual Change

3.3%

% Annual Growth



29,000

Employees 2016



Aerospace & Defence

Businesses



115

Annual Change

2.6%

% Annual Growth



4,470

Business 2017

Employees



2,000

Annual Change

5.1%

% Annual Growth



41,000

Employees 2016



Tourism & Visitor Economy

Businesses



40

Annual Change

1.2%

% Annual Growth



5,985

Business 2017

Employees



1,000

Annual Change

1.1%

% Annual Growth



86,000

Employees 2016