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NOTICE OF MEETING

Meeting	Cabinet Advisory Sub-Committee for Economic Development
Date and Time	Tuesday 22nd October, 2019 at 2.00 pm
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. MINUTES OF THE PREVIOUS MEETING (Pages 3 - 6)

To approve the minutes from 27 June 2018 meeting.

4. DEPUTATIONS

To receive any deputations for the meeting.

5. CHAIRMAN'S ANNOUNCEMENTS

To receive any announcements the Chairman may have.

6. ECONOMIC DEVELOPMENT ANNUAL REPORT - 2018/19 (Pages 7 - 14)

To receive a report from the Assistant Director for Economic Development, which highlights some of the progress and key achievements of 2018/19.

7. HAMPSHIRE ECONOMIC DASHBOARD 2018/19 (Pages 15 - 16)

To review the Hampshire Economic Dashboard for 2018/19.

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.

Agenda Item 3

AT A MEETING of the Cabinet Advisory Sub-Committee for Economic Development of HAMPSHIRE COUNTY COUNCIL held at the Castle, Winchester on Wednesday 27th June, 2018

Chairman:

* Councillor Rob Humby
* Councillor Mel Kendal
* Councillor Keith Mans

Councillor Roy Perry
Councillor Stephen Reid

* Present

1. **APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Roy Perry and Councillor Stephen Reid. Councillor Keith Mans chaired the meeting.

2. **DECLARATIONS OF INTEREST**

Members were mindful that where they believed they had a Disclosable Pecuniary Interest in any matter considered at the meeting they must declare that interest at the time of the relevant debate 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 was discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore Members were mindful that where they believed they had a Non-Pecuniary interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5, Paragraph 2 of the Code, considered whether it was appropriate to leave the meeting whilst the matter was discussed, save for exercising any right to speak in accordance with the Code.

3. **DEPUTATIONS**

There were no deputations for the meeting.

4. **CHAIRMAN'S ANNOUNCEMENTS**

There were no Chairman's announcements.

5. **ECONOMIC DEVELOPMENT ANNUAL REPORT - 2017/18**

The Sub Committee considered a report from the Assistant Director for Economic Development (item 5 in the minute book), which highlighted some of the progress and key achievements secured in 2017/18.

Members welcomed the news that 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.

The Assistant Director updated the Sub Committee on key activities in the business growth, regeneration and development, tourism and economic & business intelligence workstreams.

It had been announced at EBACE, the business aviation conference in Geneva, at the end of May 2018 that Gulfstream were to locate their new maintenance, repair and overhaul (MRO) facility at TAG Farnborough Airport, and that this new centre will become operational in 2020. The construction of the new 200,000 sq ft facility was to commence in 2019, on a site within a short distance of the new Farnborough conference and exhibition centre, which opened this year. Such a major investment was anticipated to bring around 400 jobs into Hampshire.

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.

Expanding on developments in Farnborough, the Assistant Director explained the importance of ensuring the Farnborough International Airshow (FIA) retained its international status and the need to develop a new permanent facility to support this objective.

A partnership of Hampshire County Council, Rushmoor Borough Council and Enterprise M3 LEP had 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, which was achieved in February 2018 in the lead up to the FIA 2018 which was due to take place in July.

Members were updated on various aspects of tourism across Hampshire, including the 'Visit Hampshire' website and the 200th anniversary of Jane Austen's death in 2017, which had provided an opportunity for Hampshire to celebrate the author's life and work, with a full programme of exhibitions, events, performances and talks.

The Sub Committee agreed that partnership working was a crucial factor in a successful and thriving economy, and were pleased at effective working relationships with Enterprise M3 Growth Hub, Business South and the Hampshire & Isle of Wight Business Alliance (HIBA).

The Assistant Director was thanked for his work and update to the Sub Committee.

6. HAMPSHIRE ECONOMY DASHBOARD - 2017/18

The Sub Committee received an update from the Assistant Director for Economy (item 6 in the minute book) regarding the Hampshire Economy Dashboard 2017/18.

Whilst the economy had seen a very slow growth, the employment rate had reached a record high in 2017 with 905,600 in employment; 5.1% above national average. The business population had been at a good level with a 3.3% increase, but business and production growth had lagged behind the UK.

Looking at sectoral areas, the number of employees had decreased in the tourism and marine and maritime sectors, despite there being an increase in business growth.

Members agreed that achieving a balance between attracting potential employees and having businesses to sustain them was difficult, and having places that were attractive to both live and work were crucial.

Solent Enterprise Zone at Daedalus a good example of a comprehensive regeneration project, including a leading engineering and manufacturing training facility (run by Fareham College), Fareham Innovation Centre, key employers such as UTP and PropTech and Homes England progressing plans for 200 new homes in partnership with Wates on the waterfront.

The Sub Committee thanked the Assistant Director for the Economy Dashboard.

7. COMMISSION OF INQUIRY - ECONOMY THEME

The Sub Committee received a verbal update from the Assistant Director for Economic Development on the Economy element of the Hampshire Commission of Inquiry. Hampshire 2050 will link to national plans, such as the Government's 25 Year Environment Plan and its focus on housing and infrastructure to inform potential economic deals for Hampshire.

The Sub Committee learned that the Vision for Hampshire 2050, Economy was due to be held on Friday 14th September 2018. The Commission of Inquiry would look at the future of the Hampshire economy in the context of Brexit, increasing globalisation and potential digital and automation revolutions.

Further updates would return to the Sub Committee when available.

9. FARNBOROUGH AEROSPACE CLUSTER

The Sub Committee received a verbal update from the Assistant Director for Economic Development on the Farnborough Aerospace Cluster.

Farnborough is home to the national headquarters of the UK's largest aerospace company BAE Systems, US firm Flight Safety International's Flight Training Centre, Boeing's state-of-the-art network-enabled centre for collaboration and experimentation and QinetiQ's Cody Technology Park, Europe's largest science and technology solutions company.

Seven of the top ten global aerospace companies have a presence in the Solent region in south Hampshire including EADS, Boeing, Lockheed Martin and Finmeccanica.

The Economic Development team was working in partnership with others to develop a number of activities as part of the aerospace initiative. The first phase was an in-depth study which would highlight the specialisms which added value to the cluster competitiveness and distinctiveness across the South of England.

Interviews had been undertaken with key aerospace sector business leaders in Hampshire, and during June 2018 a roundtable would be hosted to verify that we had 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 included Farnborough Aerospace Consortium, Farnborough International, University of Southampton, Grant Thornton, Rushmoor Borough Council and Enterprise M3 Local Enterprise Partnership.

The evidence base had demonstrated that 87% of aerospace and defence businesses in the wider Farnborough area were involved in some form of regeneration and development activity.

Chairman,

HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Cabinet Advisory Sub-Committee for Economic Development
Date:	22 October 2019
Title:	Economic Development Annual Report – 2018/19
Report From:	Assistant Director for Economic Development

Contact name: David Fletcher

Tel: 01962 846125

Email: david.fletcher@hants.gov.uk

1. Introduction

In the context of the continuing uncertainty surrounding the proposed exit of the UK from the EU, the County Council's Economic Development function continues to support key businesses in our local economy, promote tourism into Hampshire and facilitate transformative regeneration projects.

This report highlights some of the progress and key achievements of 2018/19.

During 2018/19, around 1300 jobs were created or safeguarded and investment of £100M leveraged as a result of projects supported by the County Council's Economic Development function.

2. Strategic Activities

A critical element of our Economic Development activities is to facilitate and contribute to key strategic agendas. During 2018/19, such activities included:

- *Vision for Hampshire 2050 Commission of Inquiry* – we led on the Economy theme of the Commission, culminating in a hearing in September 2018, with external keynote speakers including Nick Coote of Lambert Smith Hampton, Don Spalinger of the University of Southampton and John Till of thinkingplace;
- *Local Industrial Strategies* – a Cabinet report in April 2019 set out the County Council's thoughts in relation to the local industrial strategies to be developed by the Solent and Enterprise M3 LEPs, which are to be completed by Spring 2020 and are to set out an evidence based distinctive, long term economic vision for each LEP area – we continue to actively contribute to the development of these strategies;
- *Brexit* – clearly a dominant issue affecting business confidence and levels of business investment nationally. We contributed to the

Hampshire: Brexit & Beyond Conference (March 2019) and facilitated a Brexit business and economy recovery event (May 2019) to assist in clarifying future priorities in terms of any immediate business support needs and longer-term opportunities;

- *Business Engagement Forum* – established in 2017 to facilitate more effective engagement between the County Council and the business community, during 2018/19 we have successfully hosted meetings at various venues across the county, including the 49 innovation centre in Lymington, the Ageas Bowl and BASE Bordon innovation centre at Whitehill & Bordon. Issues covered have included key sectors, skills development and the emerging local industrial strategies.

3. Business Growth

3.1 Key Business Investment Projects

Some significant investments made in Hampshire, and supported by the County Council, during this year include the following:

- *Gulfstream* (US company) – construction has now commenced for this new £45M maintenance, repair and overhaul facility at TAG Farnborough Airport, which is due for completion in 2020 and will bring around 400 jobs to Hampshire. As a result of this major inward investment, we are now engaging Farnborough College of Technology in the development of bespoke training programmes to meet the needs of key businesses including Gulfstream, TAG and Airbus. The project is also creating new opportunities for Farnborough based Flight Safety International and the new Farnborough conference centre.
- *Arensis* (US company) – This Los Angeles headquartered company, which provides off-grid biomass energy generation, has invested £15M in a new plant in Andover, creating 40 new jobs.
- *UL* (US company) – this global independent safety science company has invested £10M in an expansion of its Basingstoke operation, making this one of the largest commercial electromagnetic compatibility (EMC) and wireless testing laboratories in the UK, creating 40 new jobs.
- *InCom* (Spanish company) – this composite wind turbine blade engineering and manufacturing company has invested £1.8M in its Andover based facilities, creating up to 40 new jobs.
- *Secure Meters* (Indian company) – this specialist energy monitoring company opened its new UK headquarters in Chandlers Ford in April 2019, representing an investment of around £6.5M and creating 20 new jobs.
- *Asmodee* (French company) – this games design and manufacturing company is relocating from Alton into a new purpose-built UK headquarters and distribution operation at Whitehill & Bordon,

safeguarding around 120 jobs and creating up to 30 new jobs (new facility due for completion).

3.2 Internationalisation

A critical priority at any time, but even more so in the context of Brexit, is the need to ensure that a good proportion of our business base is serving international markets. Export driven businesses tend to be more innovative and more productive, hence bringing other benefits to the local economy beyond new income into the UK.

It is therefore crucial that we ensure that appropriate businesses in Hampshire have the opportunity to explore the potential of such overseas markets. With this in mind, Hampshire County Council agreed to become a key partner in the staging of the inaugural UK India Business Summit, organised by the India Business Group, which took place at the IOD in London on 29 May 2019. Around 120 delegates, including key business leaders from Hampshire, engaged with senior representatives of the India government and business community, to explore mutually beneficial investment and trade opportunities.

This followed a UK India business event hosted by Hampshire County Council and India Business Group at the Ageas Bowl in August 2018, to coincide with the Test Match between England and India.

3.3 Disruptive technologies

The Economic Development team has recently instigated a series of roundtable workshop style events to bring together key players with an interest in autonomous systems, such as Thales, L3 ASV and the University of Southampton. As well as being a key growth area for the UK, we need to better exploit the collective expertise in Hampshire to optimise the business growth opportunities associated with autonomy and other disruptive digital technologies. Work is ongoing to develop a coherent narrative around our key capabilities within the local cluster.

4. Regeneration and Development

We continue to develop positive collaborative relationships with local partners, including District/Borough Councils, to drive the development of employment space to enable economic growth. Some key examples of progress made are summarised below:

- Waterside – one of the most significant regeneration opportunities in Hampshire, with around 2,000 acres between multiple sites controlled by Fawley Waterside, ABP, Barker Mill Estates and Solent Gateway, plus the refinery owned and operated by Exxon Mobil. Efforts have been focused on developing appropriate overall governance arrangements and a collective narrative to support making the

economic case for public sector support. The outline planning application for Fawley Waterside has now been submitted.

- Station Approach – the County Council is supporting the development of proposals for this critical flagship 140,000 sq ft grade A office development adjacent to Winchester rail station. As well as strategic transport developing a city centre wide movement strategy, the Economic Development function has supported Winchester City Council's endeavours to attract £5M of grant funding from Enterprise M3 for the site preparation and public realm works, and is also assisting in the efforts to attract interest from potential development partners.
- Aldershot – we are working closely with Rushmoor Borough Council to progress their regeneration plans for the town centres in both Farnborough and Aldershot. In Aldershot, proposals have progressed to develop a games hub to support the emerging local cluster of digital companies, bringing back into use the old Aldershot Town Hall building (a County Council owned asset). Once again, this is a project supported by funding from Enterprise M3 LEP.
- 49 Innovation Centre, Lymington – this new managed workspace centre was officially opened late in 2018, bringing back into use the old National Park HQ of South Efford House, and providing much needed provision of such space in this rural location. Funding support was provided by Hampshire County Council, New Forest District Council and Enterprise M3 LEP.
- Cartwright Drive, Segensworth – the Economic Development team supported the development of a new 40,000 sq ft industrial unit on this site of which the County Council has freehold ownership, which has now been let to Percival Aviation, the aircraft interiors company.

5. Tourism

Visit Hampshire is the brand under which Economic Development promotes tourism for the whole of Hampshire. Working closely with Visit Britain/Visit England and local partners, we promote Hampshire as a visitor destination both to UK domestic and overseas markets. Key developments during 2018/19 included:

- *Visit Hampshire website* – further development of the website, in terms of search engine optimisation and content, has enabled us to increase website visitors by 46% in 2018/19 to an annual total of almost 1.1 million. In terms of the audience profile for the website, London remains the key domestic market, and 37% of overseas visitors to the site are from the US. Two years ago, new paid opportunities were developed for Hampshire tourism businesses to gain further exposure on the Visit Hampshire website to prospective visitors to the County. The revenue generated by the paid placements in 2018-19 has covered the annual cost of running the website.

- *Discover England Fund* – we continued to benefit from the £1m of external funding secured from Visit Britain for the *England's Literary Greats*, *US Connections* and South Coast Cruise Market Development projects to develop and promote additional inbound tourism from the United States. This has resulted in Hampshire featuring in significantly more tour operator itineraries in our most valuable overseas market.
- *ICC Cricket World Cup* – In 2019 England and Wales is hosting the Cricket World Cup for the first time in 20 years. Visit Hampshire/ Hampshire County Council is an event partner, working alongside Southampton City Council and Eastleigh Borough Council to support the organisation and promotion of the 5 matches at the Hampshire (Ageas) Bowl. In return, our 30sec Hampshire promotional video is shown at each match and on worldwide TV live feeds; the Visit Hampshire logo is prominently displayed on the pitch and LED boards around the ground; and promotional content features in match programmes and tournament media activity.
- The tourism PR contract has generated 36 pieces of coverage across online and printed media. Titles including The I, The Times and Guardian covered topics such as Jane Austen, Hampshire's vineyards, gardens and more.

6. 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 2018/19:

- *Vision for Hampshire 2050 Commission of Inquiry* - EBIS has provided significant input alongside other colleagues in Research & Intelligence, and especially focused on the Economy theme, preparing a substantial evidence base for the Economy hearing in September 2018;
- *Solent LEP* – We have been commissioned to generate Quarterly Economic Bulletins for Solent LEP, culminating in an Annual Socio-Economic Review.
- *South East England Councils (SEEC)* – EBIS was asked to prepare a detailed economic assessment of the South East, to highlight key opportunities and threats and create a stronger evidence base for Government engagement.

7. Looking to the Future

At the time of writing we are already approaching the end of Q1 of 2019/20. Here we highlight some key opportunities and agendas as we look forward.

- *Brexit* – the Assistant Director for Economic Development will be chairing the Business & Economy working group which reports into the Brexit recovery governance of the HIOW Resilience Forum, bringing together key authorities and other stakeholders to ensure we can support any businesses affected by our ultimate exit from the EU, especially if under a no deal scenario;
- *Place story for Hampshire* – already referenced as a key outcome of the Commission of Inquiry, we are now appointing specialist consultancy thinkingplace to facilitate a stakeholder led process to develop a coherent place narrative for Hampshire. It is anticipated that the initial stages of this work will be concluded by late 2019;
- *Business Hampshire website* – we are close to completing work on a brand new website to promote Hampshire as a business location to potential inward investors and to enable greater engagement within our existing business community and key sectors;
- *5G and Digital connectivity* – an agenda gathering momentum and profile nationally and globally, Economic Development is working with Enterprise M3 LEP and other local authorities as part of a consortium engaged with the Future Cities Catapult to explore 5G enabled opportunities both for public services and wider technological innovation;
- *Central South* – we are supporting work being led by the Southern Policy Centre to explore to what degree there is a coherent strategy for the Central South region (broadly the combined Dorset, Solent and Enterprise M3 LEP areas), especially in relation to the economy, infrastructure, skills, spatial planning, etc. This work will culminate in a conference in September 2019;
- *Maritime UK Solent* – we are having initial discussions with Solent LEP in relation to developing a more effective approach to promoting the needs of the marine and maritime sector in the South of Hampshire.

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:

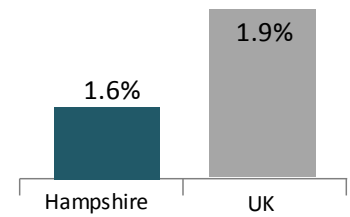
This report does not require any decisions so its impact will be neutral.

Economic Overview

Economy



£50.8 billions



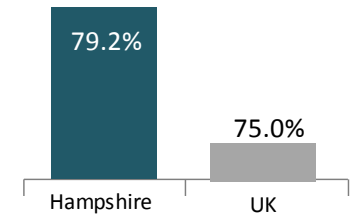
Annual Change
Economic growth in the largest economy in the South East region lagged the UK average in 2017 but growth was ahead of the South East average

GVA £ billions (2017)
National comparison

Labour Market



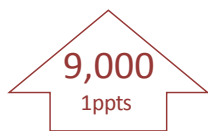
901,300



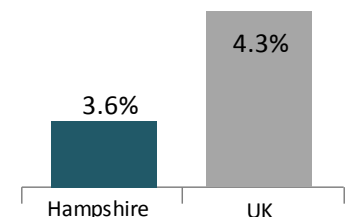
Annual Change
Employment dips in 2018 following exceptionally strong growth in the previous year.

In employment (2018)
National comparison

Labour Market



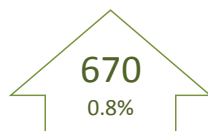
33,600



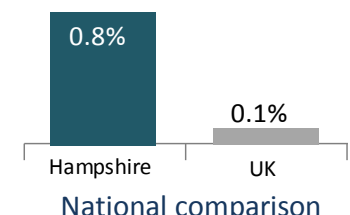
Annual Change
Unemployment increased in 2018 but the rate remains well below the UK average

Unemployed (2018)
National comparison

Businesses



86,440



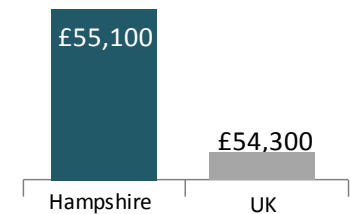
Annual Change
Large business base with sluggish growth in 2018 but nevertheless significantly faster than the UK average.

Businesses (2018)
National comparison

Productivity



£55,100



Annual Change
More productive than UK average with exceptionally strong growth in labour productivity in 2017 but productivity growth driven by fewer jobs (productivity jobs)"

GVA per Job (2016)
National comparison

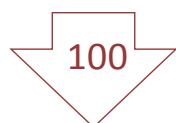
Hampshire (Hampshire County Council, Portsmouth City Council and Southampton City Council areas)
Source: ONS: 2017 and 2018 (latest data). 'ppts' percentage points.

Sectoral Overview



Marine & Maritime

Businesses



Annual Change



% Annual Growth



Business 2018

Employees



Annual Change



% Annual Growth

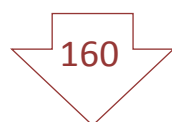


Employees 2017



Aerospace & Defence

Businesses



Annual Change



% Annual Growth



Business 2018

Employees



Annual Change



% Annual Growth



Employees 2017



Tourism & Visitor Economy

Businesses



Annual Change



% Annual Growth



Business 2018

Employees



Annual Change



% Annual Growth



Employees 2017