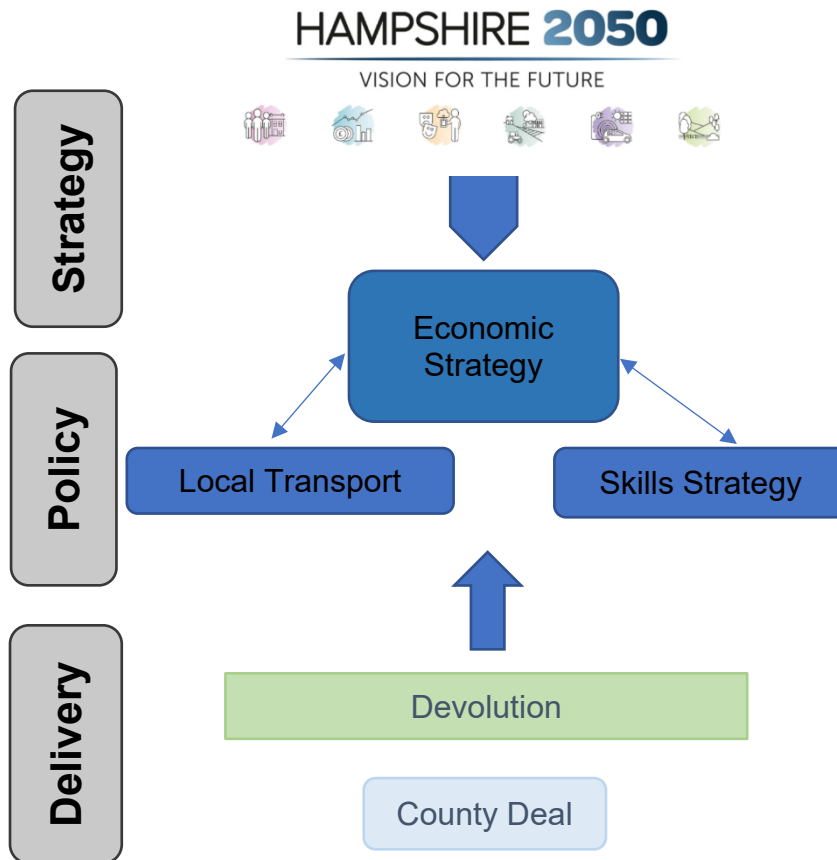


Executive Summary

4. The economic strategy forms a further development of the Hampshire 2050 work, translating the broad economic aspects of this work and the recommendations of the Hampshire 2050 Commission into a policy framework and strategy. This aims to ensure that the economic objectives, contextualised within the wider Hampshire 2050 vision, are fully realised. The strategy also provides the context and framework for further more focussed economic and related strategies and policies to be developed and implemented as well as setting the framework for devolution, which would be the key mechanism to accelerate wider economic growth and benefit realisation.
5. The central mission of the strategy is to improve productivity to drive growth and improved standards of living. A six capitals approach has been developed in line with current Government thinking to ensure the strategy is not just about increasing GVA/GDP, but drives and shapes economic growth for the wider benefit of the people, businesses, institutions, and the environment of Hampshire. In particular the strategy seeks to support improved standards of living and sustainable growth rather than simply focusing only on an expansion of economic output.
6. The geographical scope of the strategy is the Hampshire County Council area, but it is imperative that the strategy also works across multiple scales and speaks to strategic initiatives, operating at different spatial levels. Key is to integrate actions and interventions where possible with the neighbouring areas particularly Southampton; Portsmouth; and the Isle of Wight. It is also important that the strategy frames the County Council's own contribution to the emerging design and development and future negotiation of a devolution arrangement, such as the current proposals for a County Deal.
7. The Strategy essentially seeks to support a place-based economic lens to enhance place leadership across the Hampshire area. It more specifically identifies the potential policy and operational levers including those that the County Council has direct control of, that can be integrated into service planning and used collaboratively between partners to embed within joint economic interventions.

Example Policy Hierarchy



Contextual information

8. The Economic Strategy has been devised in draft to cover the Hampshire County Council area, though recognises the important links elsewhere, particularly with Pan-Hampshire partners. The intention is that this Strategy becomes a joint framework document to engage with willing stakeholder partners in both the public and private sectors to achieve an alignment of delivery to secure beneficial outcomes for the residents, businesses and visitors to the County. It will inform the development of the strategic objectives for devolution, providing a framework for any new devolution deal for Hampshire as well as supporting and guiding activities and interventions in a business-as-usual context that is not dependent on devolution being in place.
9. The Strategy has been developed in the context of changing but uncertain governance and delivery structures, not least in relation of Local Economic Partnerships. The complexity and interconnectedness of the modern economy has become increasingly apparent over the last five years. A series of events, including the vote to leave the European Union, the Covid-19 pandemic, and the war in Ukraine have each revealed connections between commodity markets, population patterns, trade movements, and the prices

faced by consumers. Increasingly, environmental crises around the world are a reminder of how much economic damage natural disasters can cause. Designing an economic strategy for Hampshire needs to respond to this complexity.

10. A strategic approach that only looks at maximising GDP growth will fall far short, with a one-dimensional vision blinding to the connections and sources of value across the county. Instead, we are adopting a six capitals approach. This is a broad-based approach to recognising how many different sources of value there are – physical capital, natural capital, human capital, knowledge capital, social capital and institutional capital. The first step to our Strategy is understanding how to develop these capitals is to recognise our current standpoint.

11. There are both immediate and long-term drivers of change in Hampshire

The immediate drivers are:

- a labour market that is rapidly recovering from Covid, and is struggling to fill jobs, with particular demand in Hampshire for professional roles;
- lagging commercial property markets, particularly for offices which are being less used;
- high and growing inflation, raising costs for both consumers facing cost of living challenges and business struggling to maintain margins; and
- a changing export pattern, which has at least in the short-term been negatively affected by the departure from the EU.

The longer-term drivers are:

- an ageing population, where the proportion of the population who work is falling and will continue to fall in the absence of in-migration from the UK or abroad;
- the actual and projected growth of the IT and construction sectors; and
- the changing climate, which may well lead to increased flooding and damage to natural and physical capital.

12. Hampshire is a closely interconnected economic geography as a County and with its neighbouring areas. Across Pan-Hampshire, boundaries for residents are porous, and in order to deliver economic growth at scale, and deliver better services, it is essential that Hampshire County Council works closely with its neighbours and partners.

13. Hampshire County Council's Strategy aims to grow all our capitals, using the levers at our disposal: our assets, our policies, our programmes and funding, and our partnerships. Global, national and local shifts in economic circumstances mean that the County and its partners – covering an area in Pan-Hampshire of 2.4m people – need a Strategy on how to use their levers to secure growth and prosperity for residents. We focus interventions in the Strategy around four County Council levers – assets, policies, programmes and funding, and partnerships.

14. The devolution agenda builds momentum, with all major political parties committed to a version of Levelling Up, leading over the next ten years to potentially a more decentralised state. Economic geography is also likely to reflect this decentralisation, with movement patterns less oriented around commuting to major cities and more localised work. The Government is likely to push on with innovation investment creating a supportive environment for tech entrepreneurs.

15. There are seven strategic objectives within the strategy, namely:

Internationalisation - With a recent drop in exporting and trade activity across Great Britain, it is ever more important that we embed a strategic objective to ensure *Hampshire's strong sectors drive increasing exporting activity and the area contributes to raising our international competitiveness.*

Environmental Policy- Although Government recognises in current policy that transition in energy, transport, and our built environment is necessary to cut emissions and meet our net zero targets by 2050, we are seeing slow momentum in response to climate need. As well as the clear environmental imperative to reach net zero targets, there is economic opportunity in Hampshire in developing the technology we need to accelerate transition. *The objective for Hampshire is for partners to work with businesses to move from inertial to proactive on achieving net zero.*

Economic Geography - We haven't returned to pre-Covid levels of commuting, but, neither have we seen an end to those commuting patterns to employment centres. We have moved into a hybrid situation, where workers spend some time in workplaces and commuting within Hampshire and into London, and more time at home and in local town centres than before. We can assume that this scenario will persist for some time. In Hampshire, there are therefore opportunities to benefit from increased activity in our high streets and town centres. *As an objective, the aim is to maximise the pull of high streets and town centres through regeneration, revitalising shared spaces, supporting leisure and hospitality activity, and opportunities for business and work spaces.*

Innovation Environment - Hampshire has a strong base of innovation in globally competitive sectors and firms. Government's Innovation Strategy recognises the need to boost innovation by increasing R&D spend, commercialisation, and business access to finance. By connecting knowledge assets – universities and firms – with local start-up and scale-up culture and the right finance and investment opportunities and talent, we can boost growth through innovation and

develop new assets. *Hampshire's aim is to stay nationally competitive, and support growth across the UK.*

Social Mobility - There are persisting pockets of deprivation in Hampshire, where earnings, educational attainment and skill levels are lower, and young people don't grow up with the same life chances as in more affluent communities. Covid has exacerbated inequalities, with slower recovery in employment levels. *Hampshire should offer a range of opportunities for young people to learn and pursue a fulfilling career, with the right placemaking initiatives, affordable housing, and access to skills provision and employment support for every community.*

UK economic performance - Despite a strong economy, productivity growth has slowed here since 2008. A focus on growth can reverse that trend and increase Hampshire's contribution to the Exchequer. *Returning productivity growth to pre-2008 trends would unlock economic growth – increasing output, a strong business rates base, and net contribution to the Exchequer.*

Location of political power - Across Hampshire, partners work collaboratively. The Government's Levelling Up White Paper however sets an ambition for every place in England that wants one to have a devolution deal, and working with Unitary Authority partners to negotiate a Devolution Deal with Government would devolve down powers and funding, to strategically invest in communities, and take decisions closer to residents. *A Devolution Deal would move Government functions and decisions down to Hampshire, and as part of this, partnership working with District Councils and communities on regeneration, can benefit every part of the County*

16. The Strategy framework incorporates physical, natural, human, knowledge, social, and institutional capital. There are key aspects and issues that the strategy considers, namely:

16.1 Hampshire has strengths in physical capital– it is a generally well-connected county, particularly by the road network and has good central rail connections into London, however does have congestion issues.

16.2 Hampshire has a large supply of quality office space - however, there has been recent decline, so understanding where and how the right space should be delivered for future growth will be important.

16.3 A critical issues is securing an accelerated supply of new homes that are affordable for the growing population and improving digital connectivity – speeds across much of Hampshire, particularly in more rural areas, will hinder growth opportunities.

- 16.4 Hampshire has relatively high levels of natural capital, with an abundance of protected areas including two national parks, high woodland coverage, relatively high biodiversity scores and significant areas for carbon sequestration. However, almost half of Hampshire's most notable species are in decline, flood risk is a major concern, and many of the watercourses are of poor quality, with inadequate future water supply in some areas. Hampshire County Council can begin by focusing on decarbonising its own estate and using County Farms to support biodiversity. The future Local Nature Recovery Strategy is a big opportunity to invest in nature and should be developed alongside financing mechanisms such as offsetting around developments. Close partnerships with national parks, farmers, and universities will also be necessary.
- 16.5 Hampshire also has a good supply of human capital. Its training and education system is strong, schooling outcomes are good, and the population is in relatively good health – though this varies a lot across the area. Employment and wage levels are also relatively high, with fewer people off long-term sick. However, an ageing population threatens the long-term supply of human capital, and both young people and EU migrants have been less attracted to the county in recent years. And good schooling is not necessarily reflected in longer-term outcomes with lower skills levels in the adult population and state school pupils slightly less likely to go to higher education. We will support affordable housing developments across our estate to attract the young and integrate health and care assets to prevent people falling out of the labour market. A skills and training programme, delivered in partnership with providers can fill some of the gaps where there is high jobs demand.
- 16.6 The picture for knowledge capital is more mixed. Hampshire has only one university in the County Council area, though there are three more just over the border in Southampton and Portsmouth. There is a large number of digital technology businesses, though spend on innovation lags other areas in the South East – most notably Berkshire, Buckinghamshire, and Oxfordshire. There are major prime businesses – such as in the defence sector – which carry out a lot of research, but less of the collaborative research that defines successful innovation ecosystems. There is provision of innovation and co-working space – though there is a need to develop this further in rural communities. The freeport is also an opportunity to attract innovative business, and we will explore a new start up investment fund to invest in promising local businesses.
- 16.7 Social capital in Hampshire is also generally better than the national average, with indicators such as voting behaviour and crime suggesting a sense of civic pride and attachment to society. The

visitor economy also supports successful cultural and heritage assets in parts of Hampshire. However, many town centres, where much social capital is developed, are struggling. Retail vacancies have increased following the pandemic, creating a sense of decline, and damaging civic pride. HCC will use its town centre assets as part of a meanwhile use programme, and can encourage mixed use schemes that enable towns to move away from a dependency on shopping, to delivering experiences which can grow social capital. A cultural strategy that intentionally looks to nurture cultural assets will also support social capital.

16.8 Hampshire's institutional capital is particularly strong when it comes to the presence of major anchor businesses, the military (where all three branches have major bases) and major port infrastructure. The importance of a new Devolution Deal, which will give greater institutional heft to local governance and unlock new powers and funding cannot be overstated.

17. In each section of the Strategy that considers one of the six capitals a series of possible areas for intervention is set out looking at how the Council can make better use of its assets to deliver change as well as policies levers which either can or should be used to achieve the strategic objectives. The Strategy identifies programmes and funding which will play an important role in relation to each capital and the partnerships most important to delivering them. The interventions are as follows:

17.1 Physical capital

- A programme to tackle derelict sites, starting with the County Council's own estate;
- A proactive transport policy aimed at increasing travel choice and reducing dependency on private cars;
- A coordinated housing retrofit programme;
- Regeneration partnerships with districts and neighbouring unitary authorities; and
- A focus on attracting high-quality office space.

17.2 Natural capital

- A decarbonisation programme including Hampshire County Council's estate;
- Use of county farms and other agricultural assets to support biodiversity;
- Use of Local Nature Recovery Strategy to fight back against biodiversity loss;
- Developing financial mechanisms to recognise the value of biodiversity;
- Continued close working with the National Parks and AONBs;

- A partnership to deliver skills for sustainable farming; and
- A marine protection partnership with local universities.

17.3 Human capital

- Increase the number of affordable housing developments across Hampshire;
- Use HCC assets to integrate services and deliver support where people need them;
- Pilot reforms to strengthen the adult social care workforce;
- Create a Skills Assembly with employers, providers and representatives;
- Review current careers advice and support in schools and colleges;
- Implement a skills and training programme to develop technical skills;
- Undertake a scoping exercise to help identify business skills needs;
- Partner with skills providers to focus on training for older workers; and
- Partner with businesses to focus on good health in the workplace.

17.4 Knowledge capital

- Establish more centres of excellence across Hampshire;
- Scope out the need for more flexible working space and business incubators;
- Continue to drive Business Hampshire's Innovation Ecosystem approach;
- Build on the freeport opportunity to bring in innovative businesses;
- Explore the creation of a new start up investment fund; and
- Partnerships or knowledge network for businesses and universities.

17.5 Social capital

- An asset review to identify meanwhile use projects to rejuvenate town centres;
- Increase the number of affordable housing developments;
- Encourage more mixed-use developments as part of a new town centre model;
- Work with district councils to develop an overarching cultural strategy;
- Use HCC assets to enhance local community and cultural offer;
- Work with district councils to enhance local leisure and cultural assets; and
- Facilitate local town centre/neighbourhood partnerships to inform, consult and promote regeneration plan – encouraging buy in from key stakeholders.

17.6 Institutional capital

- A single devolved investment fund for all existing and future growth funding ;

- Continued investment in local institutions; and
- Deeper collaboration with other authorities, strengthened by a Devolution Deal.

Consultation and Equalities

18. Following completion of an Equalities Impact Assessment, it is considered that the proposal will have a neutral impact on groups with protected characteristics. However, as the Strategy is developed further and subsequently implemented, it will address inequalities in Hampshire, not least through measures aimed at alleviating and tackling poverty and deprivation, which is linked to a number of protected characteristics.

Climate Change Impact Assessments

19. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
20. The tools employed by the County Council to assess impacts on climate change adaptation and mitigation were utilised and found not to be applicable on grounds that the decision relates to a strategic programme rather than specific interventions. The tools will be applied to specific more detailed proposals in the future to assess any impacts and ensure they are reported.

REQUIRED CORPORATE AND 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:	yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents	
<p>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.)</p>	
<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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 by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

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

- The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- 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.

2. Equalities Impact Assessment:

2.1 Following completion of an Equalities Impact Assessment, it is considered that the proposal will have a neutral impact on groups with protected characteristics. However, as the Strategy is developed further and subsequently implemented, it will address inequalities in Hampshire, not least through measures aimed at alleviating and tackling poverty and deprivation, which is linked to a number of protected characteristics.