



## **PORTFOLIO HOLDER DECISION NOTICE**

### **INDIVIDUAL DECISION BY THE LEADER OF THE COUNCIL**

### **TOPIC – STRENGTHENED LOCAL ENTERPRISE PARTNERSHIPS**

### **PROCEDURAL INFORMATION**

The Access to Information Procedure Rules – Part 4, Section 22 of the Council's Constitution provides for a decision to be made by an individual member of Cabinet.

In accordance with the Procedure Rules, the Head of Legal Services (Interim), the Chief Executive and the Strategic Director: Resources are consulted together with Chairman and Vice Chairman of The Overview and Scrutiny Committee and any other relevant overview and scrutiny committee. In addition, all Members are notified.

If five or more Members from those informed so request, the Leader may require the matter to be referred to Cabinet for determination.

#### **Contact Officers:**

**Case Officer:** Laura Taylor ltaylor@winchester.gov.uk

**Democratic Services Officer:** Matthew Watson mwatson@winchester.gov.uk

### **SUMMARY**

#### **The Local Economic Partnership (LEP) Review**

“Strengthened Local Enterprise Partnerships” was published by the Ministry of Housing, Communities and Local Government on 26<sup>th</sup> July 2018 and sets out the conclusions of the Government Policy Review and includes a number of changes that Government will work with LEPs to implement. The Industrial Strategy published in November 2017 confirmed that the Government remains firmly committed to LEPs. HMG is committed to work with LEPs to bring forward reforms in

- Leadership
- Governance
- Accountability
- Financial reporting
- Geographic boundaries

HMG believe there is a need for greater clarity on where LEPs should focus their energy with the changes being implemented to achieve greater consistency across

LEPs and to ensure that LEPs are ready to drive forward Industrial Strategies for economic growth. This includes a focus on the foundations of productivity and identify priorities across people, infrastructure, business environments and places. LEPs will have a specific role in relation to skills and develop stronger labour markets and skills governance through Skills Advisory Panels

The Industrial Strategy stated that Government would work to strengthen LEPs to ensure they are securely placed to drive growth and to harness distinctive area strengths to meet the Government's Grand Challenges:

Artificial intelligence and big data – putting the UK at the heart of the AI and data revolution;

Clean growth – maximising the advantages for UK industry of the global shift to clean growth;

The future of mobility – being a world leader in shaping the future of mobility

Meeting the needs of an ageing society – harnessing the power of innovation to help meet the needs of an ageing society) in the context of the Shared Prosperity Fund (in brief the replacement for EU Funds post BREXIT).

The key issues for LEPs to address include

- An Annual Delivery Plan by April 2019 and an end of year report
- Progress on developing Local Industrial Strategy
- Legal personality by April 2019. (Awaiting further Government guidance)
- Appoint a Deputy Chair, with defined term limits, by 28 February 2019
- Strengthening Board - private sector two thirds and Gender to be equal by 2023 with one third women by 2020
- Secretariat independent of local government to support Chair and Board in decision making
- Identify single accountable body by Spring 2020
- Hold an Annual General Meeting open to the public
- Revised Local Assurance Framework put in place for the 2019-20 financial year. (Awaiting further Government guidance)
- Ensure external scrutiny and expert oversight (Awaiting further Government guidance)
- Government priority to remove overlaps

There are two key milestone dates:

By 28 September 2018: the LEPs are required to advise Government how they will meet geographical expectations, and the Council's view on proposals has been sought.

By 31 October 2018: An Implementation Plan must be submitted to the Ministry of Housing Communities and Local Government (MHCLG) setting out how LEPs will fulfil the recommendations, outlining the approach to be taken on leadership, organisational capacity, accountability and performance. Timeframes, issues and risks must be identified.

This paper concerns the matter of LEP geography. It important to note that although the focus is on overlaps (belonging to more than one LEP), the guidance states

“Government will ask Local Enterprise Partnership Chairs and local stakeholders to come forward with consider proposals by the end of September on geographies which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers.”

A foot note adds “This will include removing any situation in which a lower tier authority or unitary authority is covered by two Local Enterprise Partnerships whose geographies do not overlap.”

There are indications that LEPs should be of a certain size, suggested 1 million population.

### **The Expectations of Government relating to Geographic Boundaries**

It is understood that through discussions and published documents, the following key expectations have emerged:

- Proposed LEP geographies will best reflect real functional economic areas;
- Split districts within EM3 and Solent will be removed and agreement reached as to which LEP covers each of the 4 split districts;
- Propose wider changes such as mergers;
- Establish LEPs of a suitable size and scale. Government have indicated that most LEPs will be at least 1m population and more of a size of the average current size of LEP of 1.5m. Government are also concerned that LEPs do not become too big to be unworkable. Outside of London LEP at 8.8m, the next largest are SE LEP 4.4m, Leeds 3m and Greater Manchester 2.8m.
- Options must be validated with evidence and data and reasons given if no change to overall geography is proposed (but splits and overlaps must be addressed)
- An expectation that LEPs work with their Accountable body and Local Authority partners to produce the proposal;
- From a recent LEP Chair meeting it is understood the general view from Government and LEP Chairs was that districts should sit within county boundaries unless previous arrangements have accepted this not to be the

case or a strong economic argument can be made. Our Liaison officer has confirmed this position.

Source: 24 July 2018 - Ministry for Housing, Communities & Local Government's [Strengthened Local Enterprise Partnerships](#) document:

With the support of Government, revised boundaries will come into effect by spring 2020 at the latest. Government will support LEPs to collaborate across boundaries where interests are aligned.

Solent LEP are already incorporated so geography is the most pressing point for Solent to address. EM3 must also become incorporated by March 2019 and have set work in place to achieve this. The Government are making available a sum of up to £200,000 per LEP to support the implementation of the LEP Review. This bid must accompany the Implementation Plan on the 31 October 2018.

### **Considerations for Winchester City Council**

Winchester City Council is a split district between EM3 and Solent LEP. The map attached at Appendix 1 and shows the geography across Hampshire and within the Winchester district.

The City Council commissioned two pieces of work in 2016 to support work in economic development. The Council's Corporate Head of Engagement has reviewed those reports and refreshed data where possible to provide an overview of the Winchester district economy with respect to both LEP areas

### **Winchester District – Current position (facts and figures)**

#### Local Plan – Spatial Strategy

Under the current Local Plan and Economic Strategy the District is divided into three sub areas: Winchester Town; South Urban Hampshire; and Market Towns and Rural Area. This is shown in Appendix 3: Map 1 – Winchester District Local Plan Part 1 – Key Diagram.

South Urban Hampshire covers the strategic allocations of North Whiteley and West of Waterlooville and the area close to Welborne strategic development area in Fareham Borough Council, to provide SANG for the development.

Market Towns and Rural Area covers a number of communities that are within the Solent LEP geography; including Bishops Waltham, Colden Common, Denmead, Swanmore, Wickham, and Waltham Chase.

#### Current Boundaries (for the sake of ease these are referenced as Solent LEP)

Wards wholly within Solent LEP	Ward Partially within Solent LEP
Boarhunt & Southwick	Bishops Waltham
Denmead	Colden Common & Twyford
Shedfield	Compton & Otterbourne
Whiteley	Owslebury & Curdrige
Wickham	Swanmore & Newtown

Urban / Rural

The areas of Winchester District that fall within the Solent LEP geography are predominately rural as designated by DEFRA. This is shown in Appendix 3, Map 2. Solent LEP: Urban – Rural classifications 2011.

**Comment:** The mix of communities that fall within two spatial planning areas or are partially within the geography of the Solent LEP may result in a lack of clarity.

The rural nature of the Winchester District areas within the Solent LEP is unlikely to lead to significant investment when in competition with the cities.

### Economies: GVA, Sectors and Workforce

Winchester is the fastest growing economy in Hampshire with highest levels of economic prosperity. With £4.8 billion in total output (Gross Value Added, GVA) in 2015 Winchester was the second largest economy in the Hampshire County Council Area.

The District's three sub areas are of similar size:

- Winchester Town - accounts for about £1.65 billion in total GVA or about 34% of the total economic output (GVA) in Winchester district.
- South Winchester – accounts for £1.59bn or 33% of total GVA
- Market Towns and Rural - account for £1.58 billion of just under 33% of total

South Winchester was the main contributor to economic growth in Winchester district since 2010. This sub-area accounted for approximately 58% of the overall growth in GVA between 2010 and 2015 compared to less than a quarter in Market Towns and Rural and less than a fifth in Winchester Town.

The main employee / GVA concentrations when mapped against the EM3 and Solent LEP high value added sectors shows a much stronger relationship to those within the EM3 LEP area. This is shown in Appendix 4, Diagram 1. Winchester Sub-area Sector Concentrations

EM3	Solent
Finance & Business	Engineering & Marine
ICT & Digital media	
Engineering & Marine	
Aerospace & Defence	

*Note: Solent LEP indicates an emerging priority of creative and tourism in support of urban centres*

### Commuting

Winchester District as a successful economy exerts a strong pull factor on neighbouring labour markets.

The South Winchester sub-area has a medium sized pull factor for labour with a net inflow of over 7,000 workers. However, given the Market Town & Rural sub-area has a net loss of workers, the South Winchester sub-area provides 100% of the net inflows to rural Winchester.

The South Winchester sub-area has a workplace based population of close to 18,000, of which over 14,000 are in-commuters. The largest in-flow is to the South Winchester is from Fareham

### Demography

The South Winchester area accounts for the smallest percentage of the District's population at 17%, yet has the second highest percentage of working age population at 62%, after Winchester town (66%), which includes a large student population that contributes to the higher figure here. Therefore the area places an important role in balancing Winchester economy and demography. These trends are shown in Appendix 4 Diagram, 2a, 2b and 2c

### Demography

For completeness the demographic make up of all 4 sub areas within the district are shown at Appendix 4, Diagram 3.

**Comment:** South Winchester is a significant economic asset to the District and its sectors have greater relationship with those of the Enterprise M3 LEP geography.

The area does draw its workforce from the south, but mainly from Fareham.

### **View from the LEPs**

#### ***Solent LEP***

Following two requests for information, Solent LEP have provided the following information as feedback from the Board meeting on 19 September 2018

- The importance of the border with Portsmouth at Portsdown Hill and defence industries
- The bordering with Fareham and the importance of Solent Business Park to the wider Solent economy in this area. This was also echoed in feedback received from businesses based on the business park relating to commuting patterns for staff which indicate a reliance on labour markets in the East and West of the Solent.
- The importance of the border with Havant and the employment land at Berewood and Brambles Farm.
- The location of the M27 and importance to the wider Solent corridor

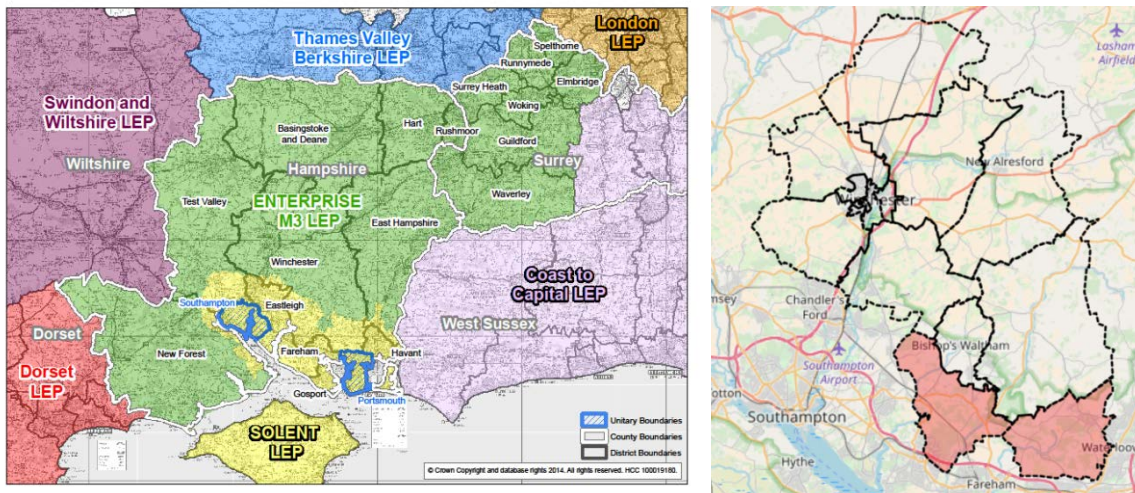
On a more general level, the Board also noted synergies between the Winchester economy and Solent geography, including travel to work and travel to learn patterns, as well as sector-based alignments in emerging priority investment areas for the Solent including the visitor economy, cultural and creative industries and University sector. Data flow information was also provided.

## EM3 LEP

EM3 LEP included the following information in the Joint Leaders Board paper

- Winchester is an administrative centre of Hampshire, the largest district in the mostly rural Central Hampshire and of the largest economies in Enterprise M3 (EM3).
- Experimental data from the Office for National Statistics (ONS) suggests that in 2016 the economy of Winchester generated £4.8billion in Gross Value Added (GVA) or 9% of the overall output of the Em3 area. This is the third highest output share in EM3 shortly behind Guildford (£5.5bn) and Basingstoke (£5.2bn).
- The southern part of Winchester district forms part of Solent LEP. However, the boundary of the Solent LEP area that cuts across the four districts in Hampshire is based on a planning (the Partnership for Urban Hampshire, PUSH) boundary and not on any statistical boundary from ONS. This makes it difficult to collect the precise data for the split parts of the districts.

Figure 1a: Enterprise M3 area, split districts and MSOA geography in Winchester



Source: ONS (2018) and Hampshire County Council (2018)

- For statistical purposes we have used GIS to match as closely as possible the Solent LEP boundary for the four split districts with the Middle Layer Super Output Area (MSOA) statistical boundary from the ONS. As shown in Figure 1 the Solent part of Winchester is well approximated by the two MSOAs.
- As shown in the summary table (Table 1a) some 17% of the total population of Winchester live in the Solent part of the Winchester district. There are two



major business parks in the area. The area accounts for almost a quarter of all Winchester businesses and about 30% of employees.

- GVA data at this level is not available but if we were to weight GVA data by broad industrial sectors by the share of employees in broad sectors the split part of Winchester would account for about £1.6bn of Winchester's GVA or about 32%.

**Table 1a: Winchester – headline data**

Area	Winchester	Split Part	Solent Share of Winchester
Area (KmSq)	660,975	124,367	18.82%
Population	121,965	20,963	17.2%
Business Units	8,370	1,995	23.8%
Employees	81,000	24,500	30.2%
Output (GVA)(million)	£4,844	£1,570.3	32.4%

Source: ONS (2017) and HCC (2018) estimate derived from ONS data

- The area has a relatively large number of high productivity, high value added jobs which is why this relatively small area accounts for a higher share of GVA. Manufacturing accounts for 8.2% of all employee jobs in the Solent part of the district and on this measure, the area is more similar to Solent (8.2%) than Em3 (5.8%). However, the concentration of professional & business services (11.2% of all employee jobs) is far more similar to EM3 (11.1%) than Solent (6.5%). The same is true of another high-productivity sector the ICT, 6.3% in the split area compared to 7.3% in Em3 and 5.2% in Solent.
- Commuting between Winchester and Solent is relatively high which is not surprising given their geographic proximity. However, as shown in Table 1b most out-commuting from Winchester is not to Solent but elsewhere in Hampshire and beyond. Much of the commuting from Winchester to Solent is to Eastleigh and Southampton.
- Much of the in-commuting to Winchester is from Solent LEP (60%) with about 56% of in-commuters from Solent LEP to Winchester coming from Eastleigh and Southampton.

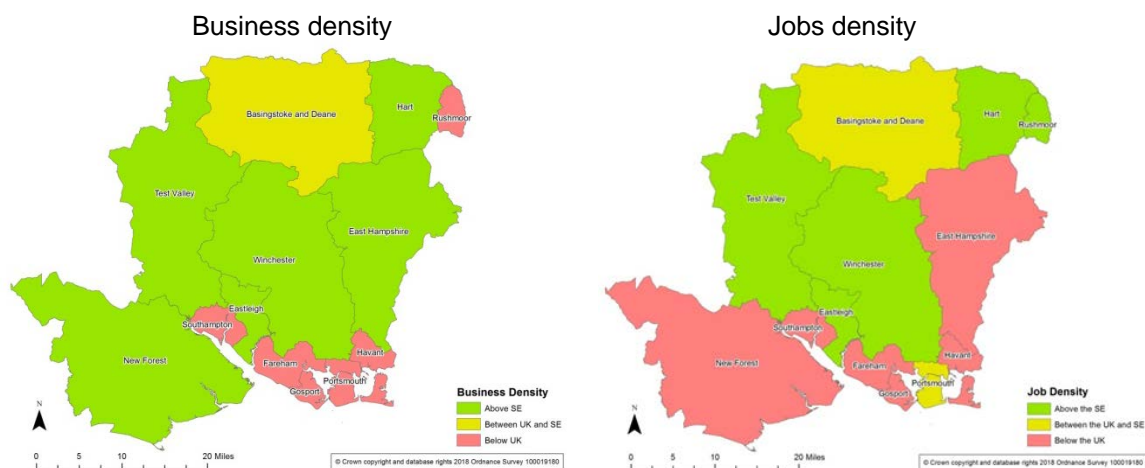
**Table 1b: Winchester – district level commuting with Solent**

Flows	Number	% of all Out/In commuters
Out-commute from Winchester to Solent LEP	11,554	49%
In-commute from Solent LEP to Winchester	25,206	60%
Net-inflow	13,652	

Source: ONS (2011 Census)

- Relatively large in-commuting to Winchester is easily explained by the strength of demand in Winchester and a lack of demand in Solent and especially the main cities.
- As shown in Figure 1b there is a lack of demand in Solent as illustrated by below the national average business and job density. Winchester has 1.28 jobs per resident of working age, or more than double in Gosport (0.53 jobs). Business density in Southampton (the largest city in Solent) is just 0.78 jobs per resident of working age.

Figure 1.19: Business and jobs density across Hampshire – 2017



Source: ONS (2017)

## LEP performance and governance

Each LEP has an Annual Conversation with Government which reviews performance and delivery. These are confidential discussions but do influence the spending power given to each LEP.

The Annual Conversation comments for both LEPs are contained in confidential Appendix 5

The Governance arrangements within each LEP are different.

Solent LEP is incorporated and holds Board meetings in private. Board members represent public and private sector. There is no established process for engaging

Local Authorities in LEP matters who not on the Board. The Solent Growth Forum acts as a scrutiny function and is held after Partnership for South Hampshire Meetings. Leaders are invited to this meeting. An AGM is held

EM3 LEP is not incorporated but has a Board, which meets in private. All matters to be considered by the Board are shared at the Joint Leaders meeting prior to Board consideration. There is a regular meeting of Chief Executives and the LEP. Work to strengthen the scrutiny function has been commissioned. An AGM is held

## Overall Conclusions

The following comments from the Government Guidance help frame the overall conclusions

- “It is essential that communities served by Local Enterprise Partnerships are able to see a single vision and a compelling plan for their area.”
- We need to ensure the Local Enterprise Partnership geographies provide simplicity, accountability and practicability.”
- “We would expect any consideration of geographical changes to consider the most effective size and scale to operate over”.
- “There is no universally accepted approach to measuring or defining functional economic areas and boundaries vary depending on the method used.”
- “It is important that accountability for decisions and responsibility for investment is clear. On balance, Government considers that retaining overlaps dilutes accountability and responsibility for setting strategies for places and so will seek to ensure that all businesses and communities are represented by one local enterprise partnership.
- “Close collaboration between local enterprise partnerships will replace overlapping responsibilities.”

It is broadly accepted that there are at least two functional economic areas in Hampshire. Both LEPs indicate a commitment to knowledge, design, IT, creative sectors but the differentiating factor is the emphasis on marine, maritime and the city economies represented by Solent LEP.

Overall, communities in South Winchester are covered by a mix of boundaries: Wards, South Downs National Park, Local Plan, and two LEP geographies, which leads to a lack of clarity.

The Solent LEP economic policy concentrates on the cities. Therefore Winchester’s rural economy and market towns have little relevance or are unlikely to benefit greatly from economic policy and investment.

The concentration of employee / GVA in South Winchester relates to the employment sectors more readily represented in the Enterprise M3 geography. It does draw its workforce from the south but this is mainly from Fareham.

In order to balance the economy of Winchester and to draw the business value and opportunity into the District, increased relationships between South Winchester and Winchester town and market towns would be beneficial. This is currently constrained by the split district scenario.

For boundary clarity, sector alignment and workforce distribution there is case for the South Winchester area to be excluded from the Solent LEP geography and to be included in the Enterprise M3 geography.

### **DECISION**

- 1. That the EM3 and Solent LEP be advised that Winchester City Council requests to be fully aligned within the EM3 LEP geographic area.**
- 2. That extracts from this decision be sent to the MHCLG as a stakeholder response.**

### **REASON FOR THE DECISION AND OTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

It is for the LEP to make a submission in respect of the Government consultation, however both LEPs have specifically sought views from the Council.

As set out in this paper, LEPs are required to resolve matters of geography and despite a commonly shared view that there are two economic geographies represented by two LEPs, retaining the status quo is not an option. Therefore this option is rejected

LEPs are urged to reach consensus on proposals put forward. Therefore the second option rejected was for Winchester City Council to feature in both submissions, which would allow negotiation when neighbouring LEP submissions were seen.

The third option is for Winchester City Council to relocate into the Solent LEP. For the reasons set out in the report, largely the natural synergy of the wards/part wards with the stated priorities of the EM3 LEP, this option is not recommended

### **RESOURCE IMPLICATIONS:**

The Winchester district area has been provisionally allocated Growth Funding from both LEPs

EM3 have provisionally allocated £5million for the Station Approach work and this is subject to final business case consideration.

Solent LEP have provisionally allocated £15million to the Whiteley Consortium in respect to highway which links to funding for Highway England work on junction 9 M27.

Both LEPs indicate that financial support will be honoured pending successful business case, due diligence and compliance with Growth Fund requirements including delivery timetables. .

### **DATA PROTECTION IMPACT ASSESSMENT**

All data referenced in this paper is from public sources, therefore an Impact Assessment is not required.

### **CONSULTATION UNDERTAKEN ON THE DECISION**

The Government consultation was launched on 24 July 2018 with a response date in respect of geographies by 28 September 2018 and 31 October 2018 for governance matters.

The early likely scope of the review was discussed with all EM3 Leaders and Chief Executives in July 2018 and the proposals to be put to the EM3 Board were shared in full with EM3 Leaders and Chief Executives on 19 September 2018.

In addition, individual discussions were held over the period between the Chief Executive of the EM3 LEP and the Council

A telephone call was held between the Leader of the Council, the Chief Executive and the Chair of Solent LEP Board and the Chief Executive of Solent LEP Board In August 2018. A further call was held on 20 September 2018. A request was made during that telcon for a full Solent Leaders and Chief Executive briefing but this was not arranged. A meeting was held between Solent LEP and local authority Chief Executives on 16 September 2018

The Chief Executive has held informal discussions with other Local Authority colleagues. Group Leaders were briefed on the emerging proposals in early September 2018.

All members have been consulted via this notice.

### **FURTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED FOLLOWING PUBLICATION OF THE DRAFT PORTFOLIO HOLDER DECISION NOTICE**

None

**DECLARATION OF INTERESTS BY THE DECISION MAKER OR A MEMBER OR OFFICER CONSULTED**

Although not an interest, the Leader attends EM3 LEP Joint Leaders' Board and the Solent LEP Growth Forum accompanied by the Chief Executive

**DISPENSATION GRANTED BY THE STANDARDS COMMITTEE**

None required

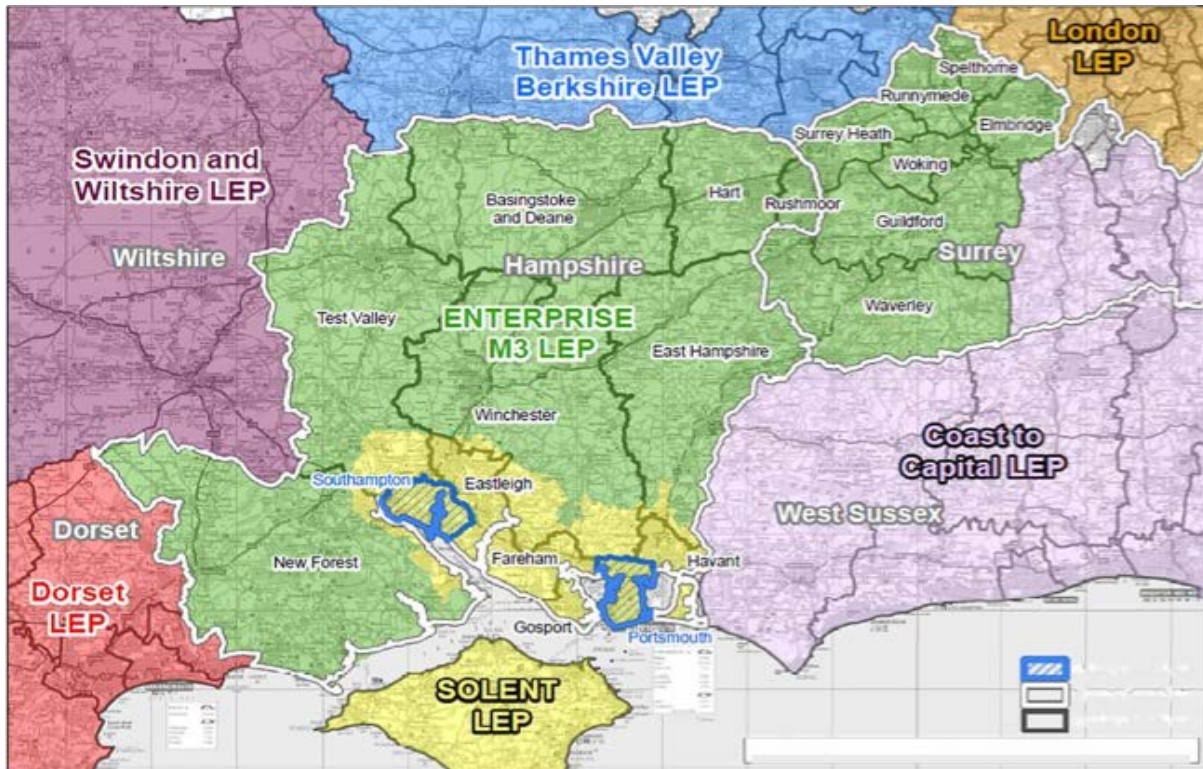
**Approved by: (signature)**

**Date of Decision: 02.10.18**

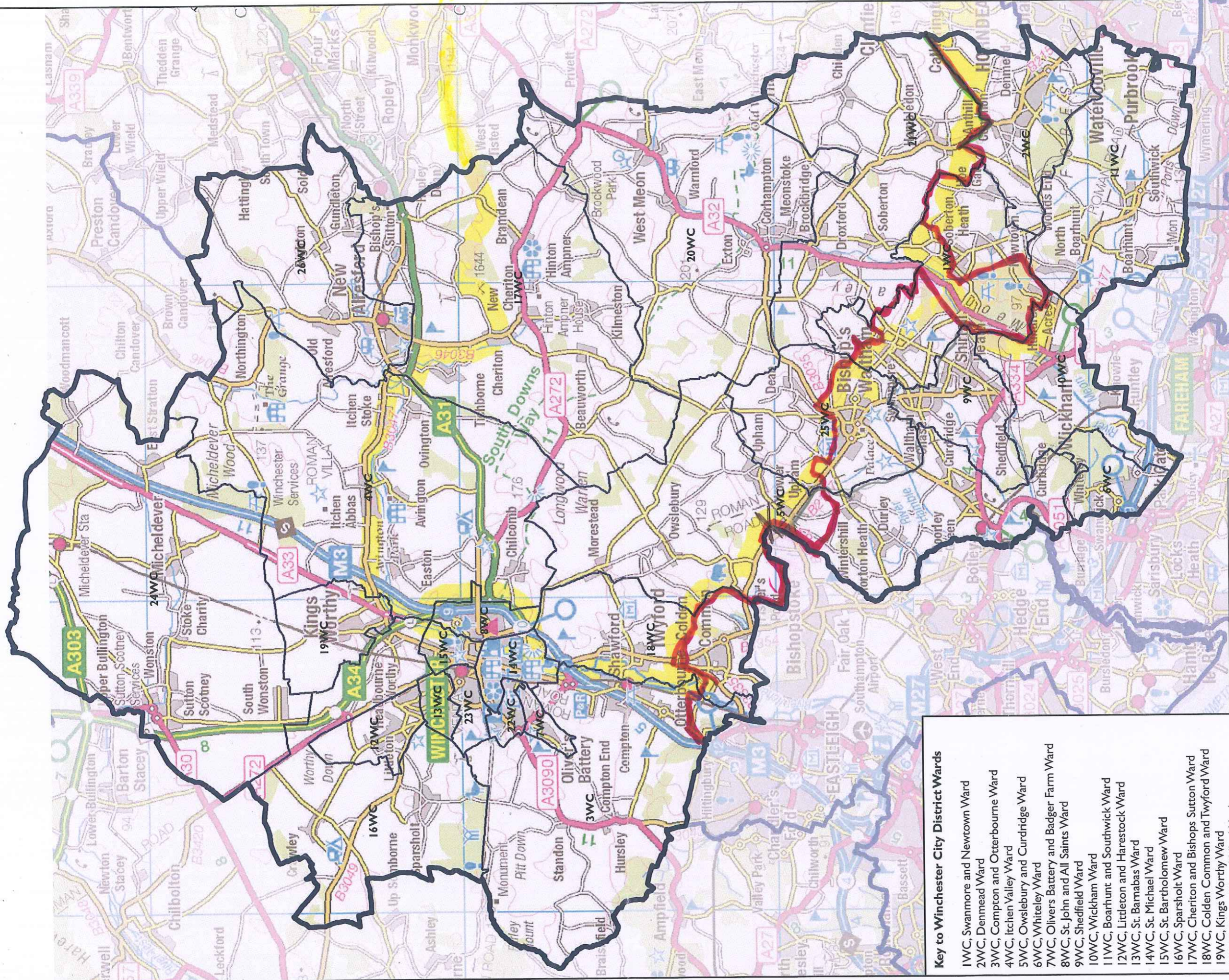
**Councillor Caroline Horrill – Leader of the Council**

**APPENDICES:**

Appendices 1 to 4 (attached)  
Exempt Appendix 5



# Winchester Ward Boundaries



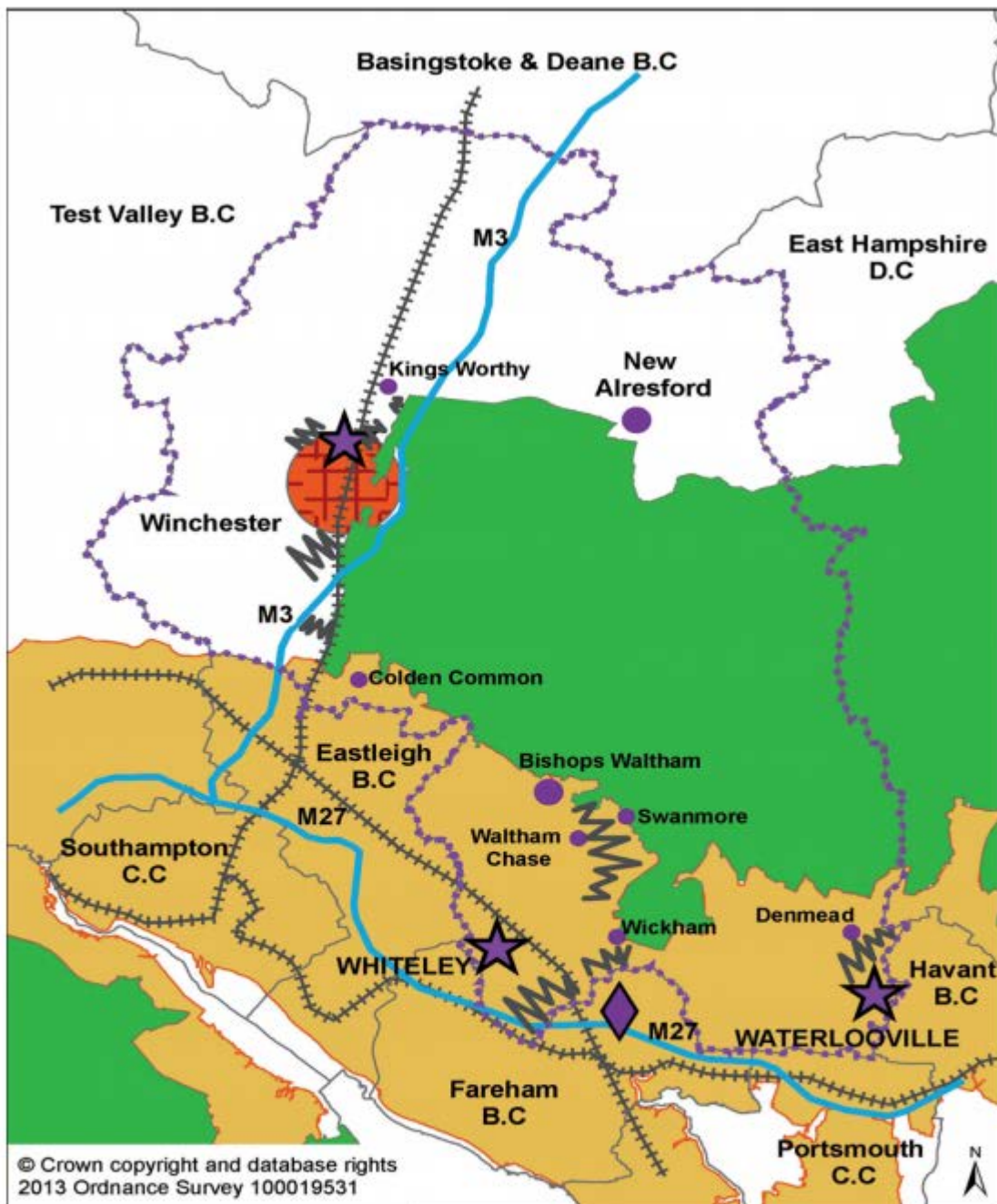
## Key to Winchester City District Wards

- 1WC, Swanmore and Newtown Ward
- 2WC, Denmead Ward
- 3WC, Compton and Otterbourne Ward
- 4WC, Itchen Valley Ward
- 5WC, Owslebury and Curridge Ward
- 6WC, Whiteley Ward
- 7WC, Olivers Battery and Badger Farm Ward
- 8WC, St. John and All Saints Ward
- 9WC, Shedfield Ward
- 10WC, Wickham Ward
- 11WC, Boarhunt and Southwick Ward
- 12WC, Littleton and Harestock Ward
- 13WC, St. Barnabas Ward
- 14WC, St. Michael Ward
- 15WC, St. Bartholomew Ward
- 16WC, Sparsholt Ward
- 17WC, Cheriton and Bishops Sutton Ward
- 18WC, Golden Common and Twyford Ward
- 19WC, Kings Worthy Ward
- 20WC, Upper Meon Valley Ward
- 21WC, Droxford, Soberton and Hambledon Ward
- 22WC, St. Luke Ward
- 23WC, St. Paul Ward
- 24WC, Wonston and Micheldever Ward
- 25WC, Bishops Waltham Ward
- 26WC, The Alresfords Ward









## Legend

- Hampshire Wards
- Test Valley District Boundary

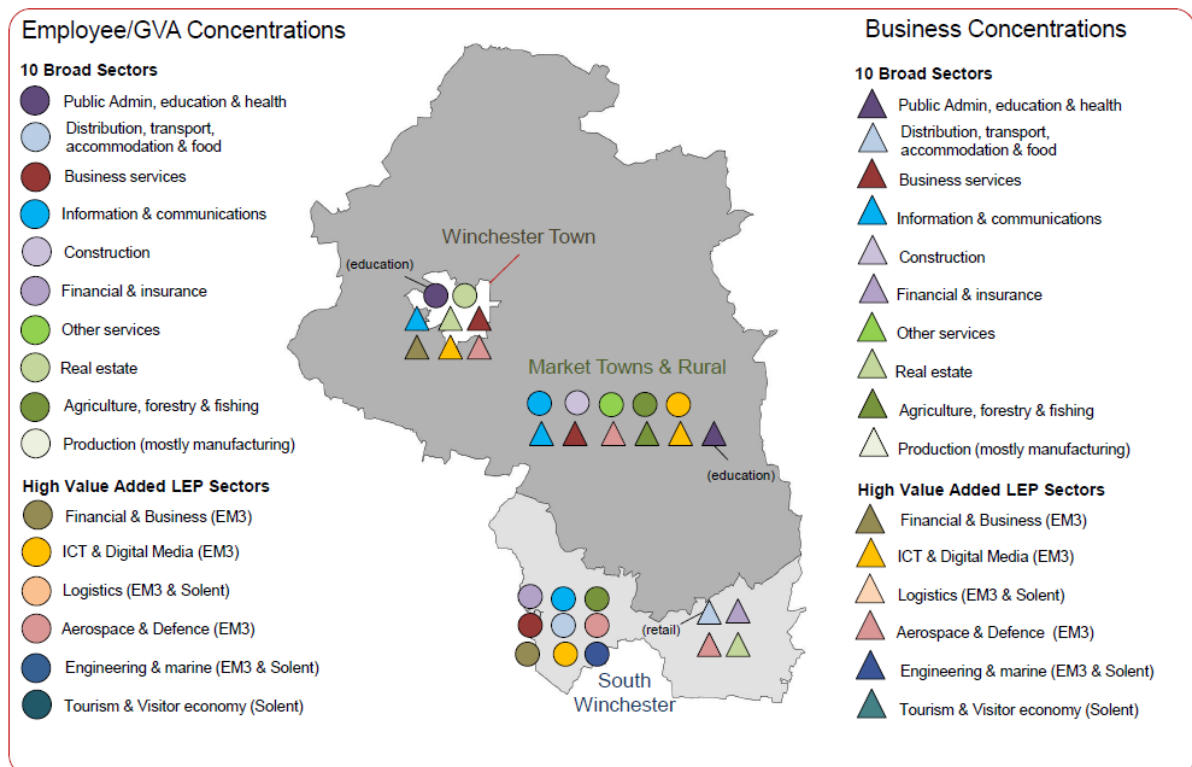




**Key:**

- |   |                            |   |  |
|---|----------------------------|---|--|
|  | Winchester Town            |  | Winchester District Boundary               |
|  | Other Large Settlements    |  | National Parks                             |
|  | Strategic Allocations      |  | Partnership for Urban South Hampshire Area |
|  | Strategic Development Area |  | Settlement Gap                             |





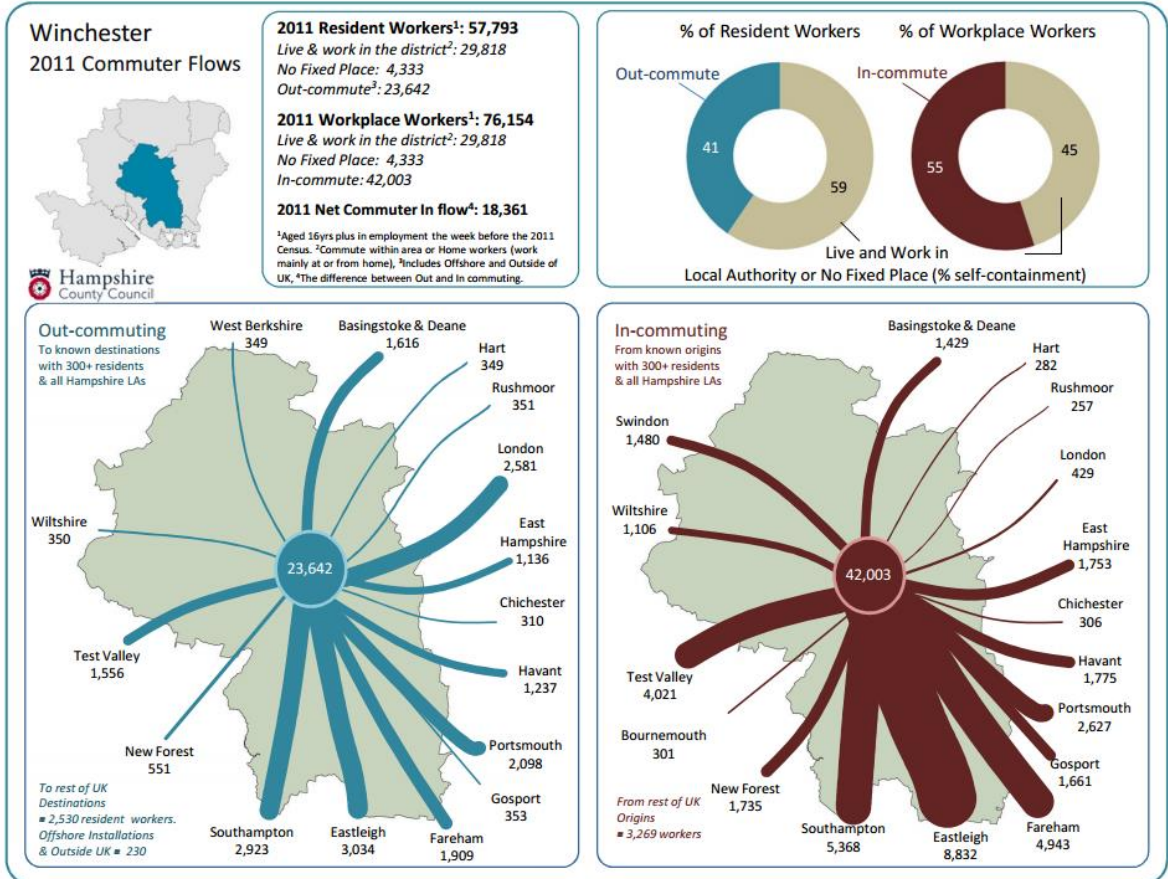
Source: ONS

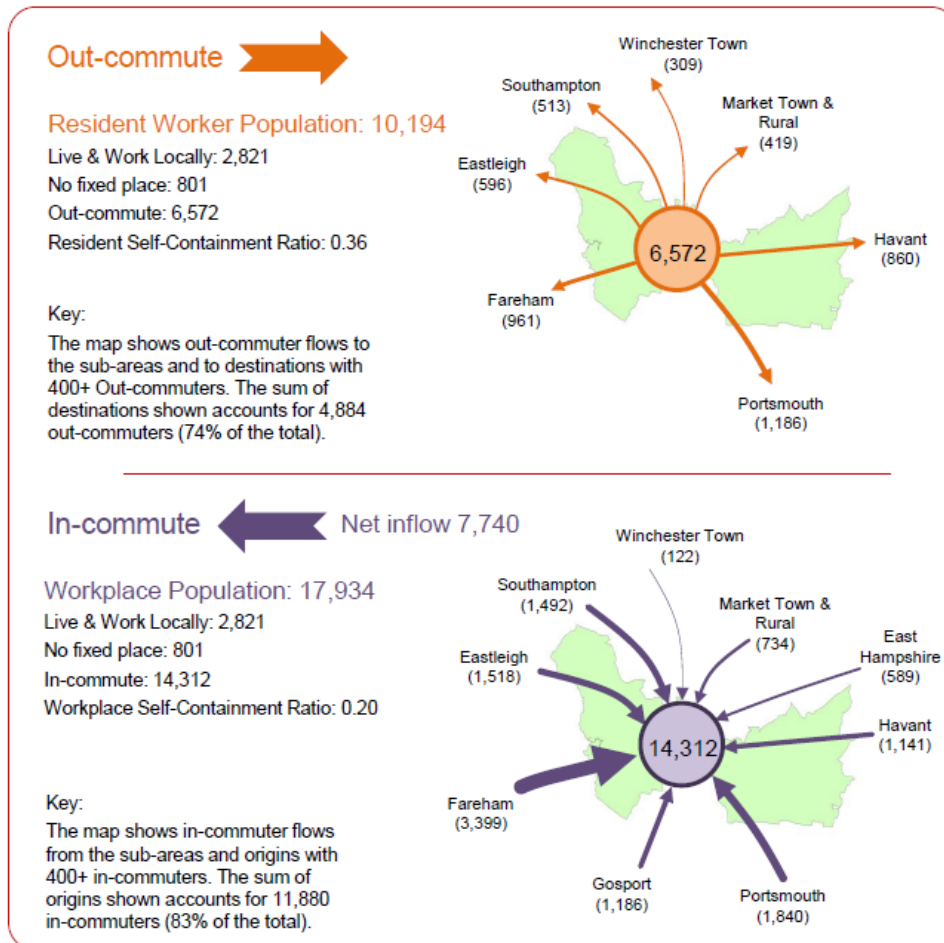
Sector employee/GVA and business concentrations are relative to the national (GB/UK) average, where local concentration is at least 20% above the national average. Some sector concentrations are based on smaller employee/businesses than others.

**Diagram 2. Census Commuting Flows**

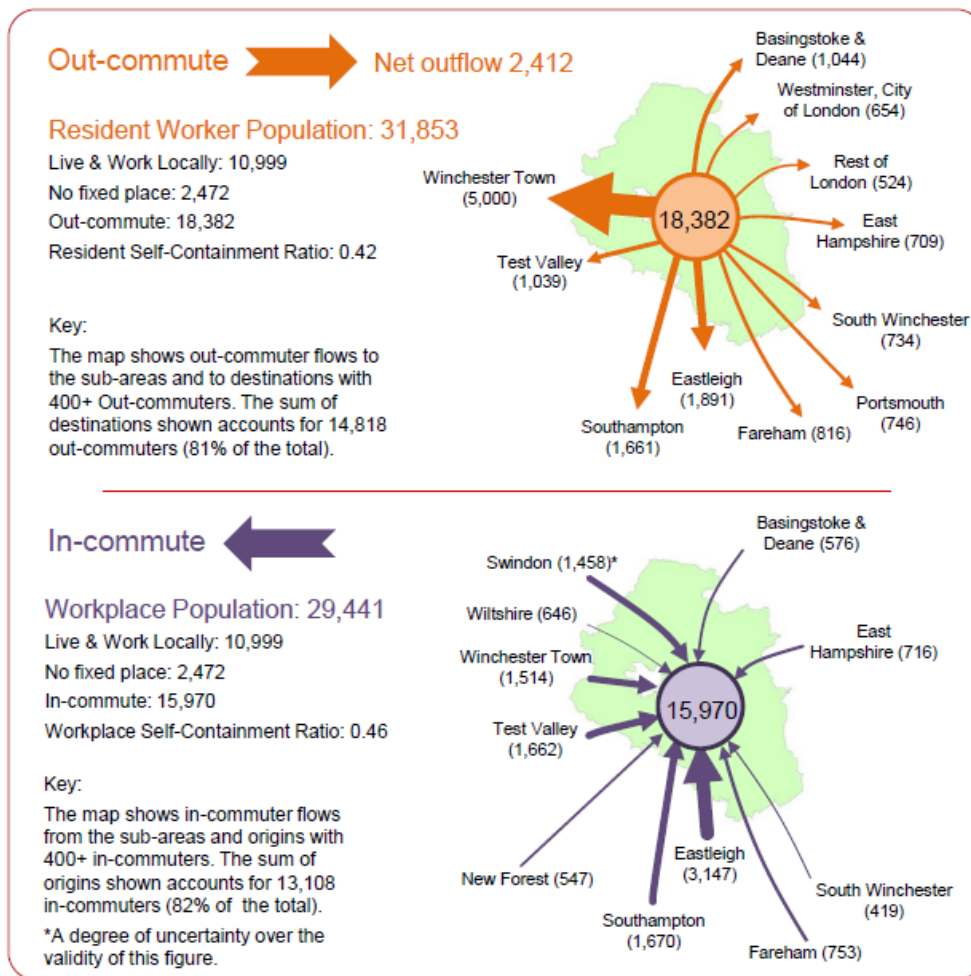
**Appendix 4**

Winchester District

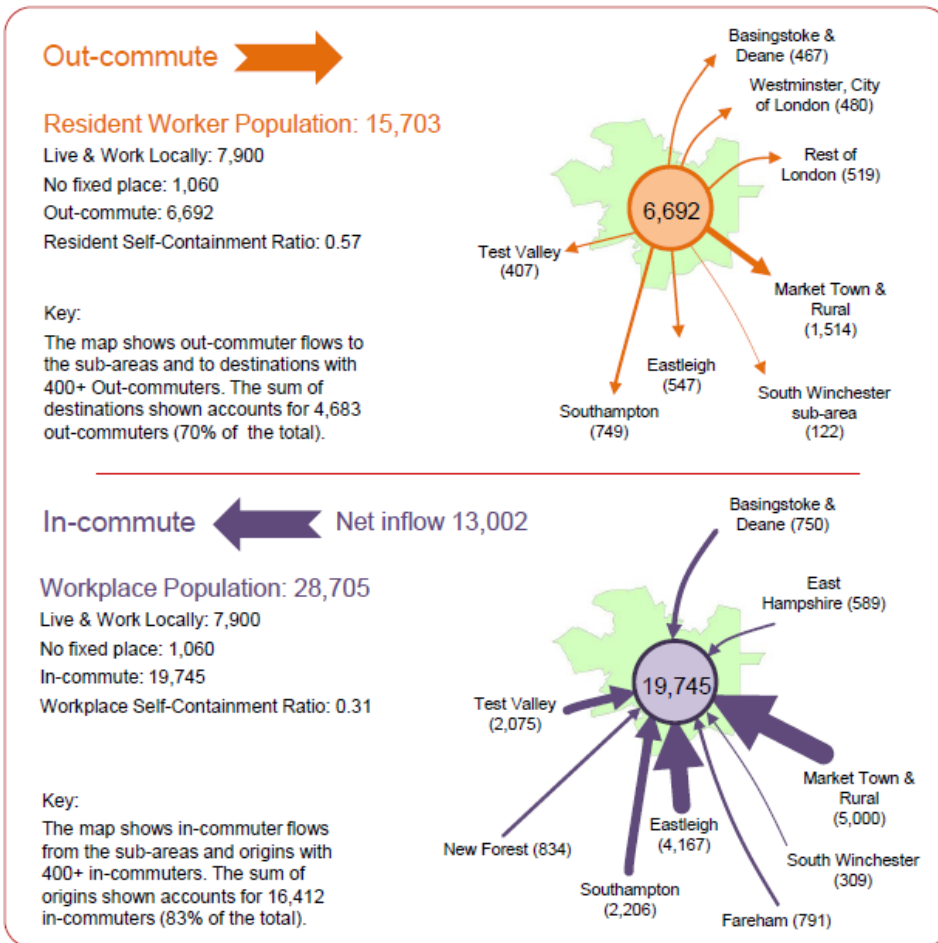




Source: ONS 2011 Census



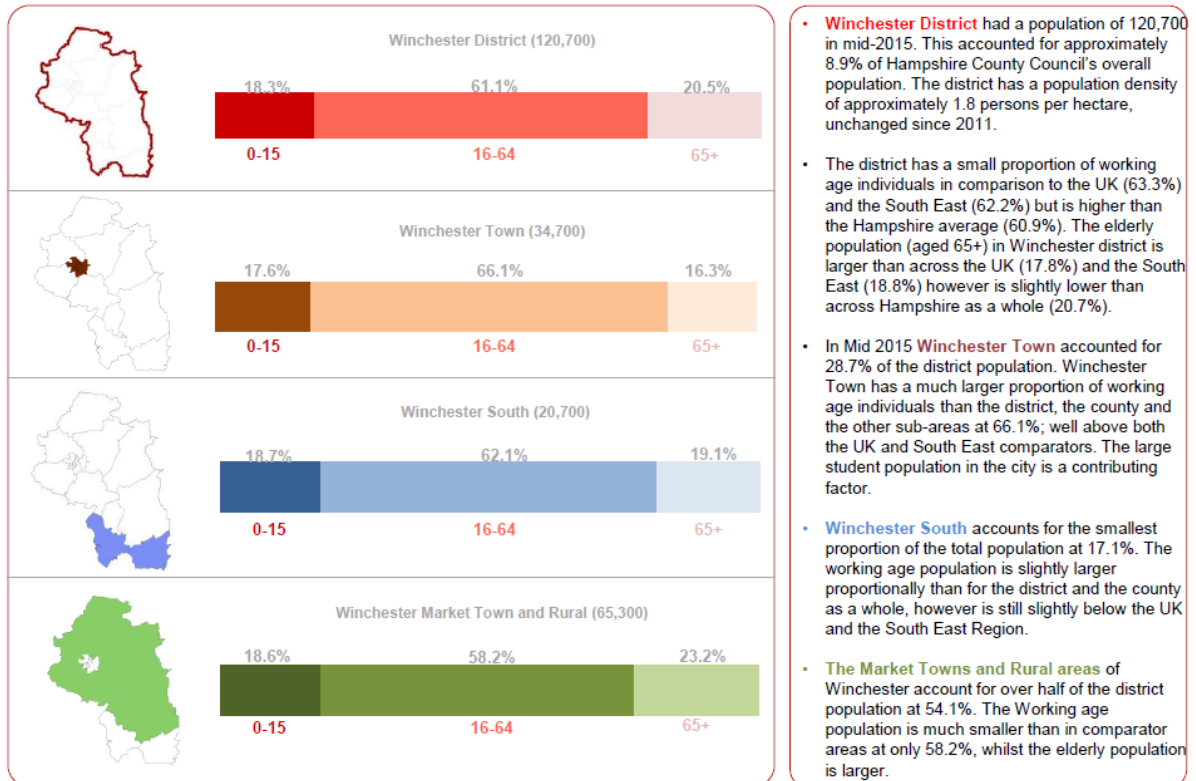
Source: ONS 2011 Census



Source: ONS 2011 Census

## Appendix 4

Diagram 3. Demography – population and working age population



Source: ONS, Mid Year Estimates, 2015