

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	21 September 2015
Title:	Devolution: update on progress
Reference:	6944
Report From:	Chief Executive

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1. Executive Summary

1.1. The purpose of this paper is to provide the Leader/Cabinet with an update on progress made since 16 July to develop a joint bid for a devolution deal between Hampshire and Isle of Wight, including Hampshire County Council, Portsmouth and Southampton City Councils, Hampshire's 11 District Councils and Isle of Wight Council, Enterprise M3 and Solent Local Enterprise Partnerships, New Forest and South Downs National Park Authorities and Government.

2. Contextual information

2.1. Council at its meeting on 16 July 2015 considered a report of the Cabinet/Leader outlining the position of the County Council with regards to devolution. Council agreed the proposed approach to take forward negotiations with Government to agree a devolution deal on the basis of the HLOWLGA agreement of 19 June and the 'Wider Hampshire' model, and that authority be delegated to the Leader and Chief Executive to develop these negotiations.

2.2. 'Wider Hampshire' covers Hampshire County Council, Hampshire's 11 District Councils, the two cities of Portsmouth and Southampton and Isle of Wight Council and is referred to as 'Hampshire and Isle of Wight'. This report provides an update on progress since 16 July.

3. Progress Update

3.1. Work during July focused on the preparation of a Statement of Intent (SOI) outlining proposals for a devolution deal across four main themes: significantly accelerate housing delivery, raise productivity in both EM3 and Solent LEP areas, invest in infrastructure and transform public service

delivery. The joint SOI was submitted to Ministers on 31 July and is included in appendix one to this report.

- 3.2. On the basis of the SOI, officers from across the local authorities and two Local Enterprise Partnerships have worked closely together with officials from government and key partners, including representatives from the eight Clinical Commissioning Groups across the area and NHS England (Wessex), to develop the SOI into a formal prospectus. This work has been overseen by a representative group of Council Leaders to ensure the presentation of the prospectus to Government by the 4 September Treasury deadline. Bids submitted by this deadline will be considered as part of the Government's Comprehensive Spending Review (CSR).
- 3.3. On 4 September Government received bids for devolution deals from approximately 25 areas and is committed to taking forward negotiations with a handful of these with a view to agreeing deals by the Spending Review announcement on 25 November. A select number of areas are likely to be accelerated and announced ahead of Party Conferences whilst those that are unsuccessful in negotiating a deal by 25 November will be taken forward to spring 2016. Officials have encouraged Hampshire and Isle of Wight to aim for a 25 November deal.
- 3.4. The Prospectus is a focused document which makes a compelling case for devolution to Hampshire and Isle of Wight to increase the productivity of our economy and public services. It will outline proposals under four themes: Boosting Business and Skills for Work, Accelerating Housing Delivery, Investing in Infrastructure and Transforming Public Services. An early draft was considered by all 15 council Leaders, both LEP Chairmen and key partners at a special meeting on 26 August. At this meeting it was unanimously resolved that the two National Park Authorities should join the partnership as full members.
- 3.5. The final Prospectus was submitted on 4 September to the Chancellor of the Exchequer by the Leader of the County Council on behalf of all 19 members and other supporting parties.
- 3.6. The submission on 4 September does not obligate partners to any of the content of the prospectus document but keeps Hampshire and Isle of Wight in the process and opens up the opportunity to enter into formal negotiations with the Government during the autumn. A devolution deal (if agreed) would mark the start of a 'devolution journey' where we would expect to receive further and deeper devolution of powers and freedoms through future phases, as has been the case for Manchester.
- 3.7. During formal negotiations with Government in early autumn, partners will commence initial preparatory work for a formal Governance review. Following an anticipated successful outcome on 25 November, there will be a further period of consultation with both stakeholders and the public on possible governance arrangements (informed by the detail of the deal 'ask'). Depending on when the Cities and Local Government Devolution Bill receives Royal Assent, it is anticipated that the formal Governance Review will be finalised by June 2016.

3.8. On the basis of the outcome of the review, Hampshire and Isle of Wight will publish a draft Governance Scheme for consideration and approval by the constituent authorities. Following publication of the final Governance Scheme, it is anticipated that the earliest an Order could be made by the Secretary of State to establish a Combined Authority, should this be the preferred governance arrangement, would be February 2017 with the Combined Authority commencing formal operation in April 2017. An indicative timeline is included in appendix two of this paper.

4. Finance

- 4.1. Improving the efficiency and effectiveness of local public services in Hampshire and Isle of Wight is central to the focus of our devolution Prospectus, which is to maximise the productivity potential of our area and deliver better value for our residents and businesses. Through proposals to transform public services, we are committed to delivering greater efficiency, scaling up successful business processes and platforms, pooling resources and risk taking and strengthening communities, neighbourhoods and localities to enable 21st century public service infrastructure, capable of doing more for less.
- 4.2. It will be important to ensure that where partners are required to compromise on proposals during negotiations, changes to Government's commitment are reflected in Hampshire and Isle of Wight's commitment to what will be delivered in return.
- 4.3. In view of Hampshire County Council's current savings target and anticipation of a challenging CSR, the Council will need to continue to pursue an ambitious transformation agenda to deliver the budget reductions required, of which devolution can be only a part.

5. Performance

The full impact of a devolution deal on the County Council's performance will become clearer as the detail is negotiated with Government; however, emerging proposals support our ambition to improve the overall quality of life for communities by improving performance of all councils and both Local Enterprise Partnerships. It will be important to ensure that collaborating more closely with other councils in areas where the County Council's performance is already strong helps to raise the performance of neighbouring authorities whilst supporting the County Council to excel further.

6. Consultation and Equalities

- 6.1. The purpose of pursuing a devolution deal is to improve the overall quality of life for the communities within Hampshire and Isle of Wight. Following agreement of the devolution deal, partners will undertake a detailed and comprehensive stakeholder and public consultation as part of the Governance Review. The equality impacts of the deal will be considered fully as part of this consultation.

7. Recommendation

- 7.1. That the Cabinet notes progress to date towards a devolution deal for Hampshire and Isle of Wight.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	Yes
Maximising well-being:	Yes
Enhancing our quality of place:	Yes

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Devolution - Positioning the Council	Cabinet	22 June 2015
Devolution - Positioning the Council	Council	16 July 2015
Direct links to specific legislation or Government Directives		
<u>Title</u>		<u>Date</u>
Cities and Local Government Devolution Bill		Currently making its passage through Parliament.

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.)

DocumentLocation

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:

1.3. The purpose of pursuing a devolution deal is to improve the overall quality of life for the communities within Hampshire and Isle of Wight. Following agreement of the devolution deal, partners will undertake a detailed and comprehensive stakeholder and public consultation as part of the Governance Review. The equality impacts of the deal will be considered fully as part of this consultation.

2. Impact on Crime and Disorder:

2.1. The impact of devolution proposals on crime and disorder will be more clearly understood following negotiations with Government and potential agreement of a deal in November. However, proposals are being developed in line with our shared ambition to improve the overall quality of life for the communities within Hampshire and Isle of Wight. For example, emerging proposals relating to an integrated package to support the long term unemployed into work are intended to help reduce crime and disorder.

3. Climate Change:

3.1. The full implications of the devolution deal with regards to climate change will be become clearer following negotiation on detailed proposals during the

autumn. Draft proposals are being considered to enable Hampshire and Isle of Wight to contribute fully to UK carbon reduction targets whilst reducing the cost of energy, through a combination of increased renewable energy generation and demand reduction.

The Rt Hon Greg Clark MP
Secretary of State for Communities and Local Government
2nd Flood NW, Fry Building
2 Marsham Street
London
SW1P 4DF

31st July 2015

Dear Greg

Hampshire and Isle of Wight Devolution – Statement of Intent

We are pleased to submit the attached Statement of Intent outlining our proposals for a devolution deal for Hampshire, the Isle of Wight, Portsmouth and Southampton that will see all 15 local authorities working with our two Local Enterprise Partnerships and the private sector to deliver economic growth. Transformational change lies at the heart of our approach; we hope you will agree that our proposals are bold and ambitious and that Hampshire and Isle of Wight is a credible and sustainable partner with whom Government can do business.

With the support of Government, Hampshire and Isle of Wight will:

1. **Significantly accelerate housing delivery**, including starter and rural affordable homes, and accelerate brownfield development through a joint investment fund; a Hampshire and Isle of Wight Land Board; and a joint strategic planning approach building on partners' existing powers.
2. **Raise productivity** in both Enterprise M3 and Solent LEP areas through investment in our world-class marine and aerospace clusters and university research centres; integrated skills arrangements to support the employer-led development of a highly-skilled workforce; a consolidated business support programme; new innovation and growth hubs; and new Enterprise Zones.
3. **Invest in the infrastructure we need** to provide better access to our global gateway ports and airports supporting the wider UK economy, and to London and the Thames Valley; enable large-scale housing delivery; boost digital connectivity for business and in rural areas; and secure greater energy self-sufficiency.
4. **Transform public service delivery** by creating a new model for health and social care integration; sharing more services, premises and staff locally; and delivering a secure financial future for the Isle of Wight.

We now invite Government to work with us to explore the full potential for devolution in our area. We have started to engage with your officials on the detail of our proposals and will continue to work with them over the coming weeks. A refined set of detailed proposals will be set out in a further letter to you by 4th September for consideration as part of the 2015 Spending Review. If we can take this first step together, you will find us ready to discuss further initiatives in due course.

We have either already secured each Council's or LEP Board's agreement to progress our proposal or are scheduled to do so¹. We have also taken the opportunity to brief many of our Members of Parliament on this work, and they are proving very supportive.

Yours sincerely

Councillor Roy Perry	Leader of Hampshire County Council
Councillor Jonathan Bacon	Leader of Isle of Wight Council
Councillor Donna Jones	Leader of Portsmouth City Council
Councillor Simon Letts	Leader of Southampton City Council
Councillor Clive Sanders	Leader of Basingstoke & Deane Borough Council
Councillor Keith House	Leader of Eastleigh Borough Council
Councillor Seán Woodward	Leader of Fareham Borough Council
Councillor Mark Hook	Leader of Gosport Borough Council
Councillor Stephen Parker	Leader of Hart District Council
Councillor Michael Cheshire	Leader of Havant Borough Council
Councillor Barry Rickman	Leader of New Forest District Council
Councillor Peter Moyle	Leader of Rushmoor Borough Council
Councillor Ian Carr	Leader of Test Valley Borough Council
Councillor Stephen Godfrey	Leader of Winchester City Council
Geoff French	Chair of Enterprise M3 Local Enterprise Partnership
Gary Jeffries	Chair of Solent Local Enterprise Partnership

Hampshire and Isle of Wight Statement of Intent

This Statement of Intent sets out our headline ambitions for devolution to a Hampshire and Isle of Wight Combined Authority. It sets out the areas in which we believe we have an exciting offer to make to Government; we have identified areas where we believe greater devolved decision-making will accelerate improvements in productivity, transparency and efficiency in the delivery of public services and in the growth of the economy with a view to achieving better outcomes. This is the basis on which we would like to open discussions about devolution for Hampshire and Isle of Wight.

The Southern Powerhouse

Hampshire and Isle of Wight comprises nearly 2 million residents and over 80,000 businesses. We have a combined GVA of £47 billion – a quarter of the South East economy and close to that of Greater Manchester – and contribute £305 million in business rates annually to the Treasury. Our two Local Enterprise Partnerships, Enterprise M3 and Solent, have secured £300 million in Growth Deal Funding, and our City Deal demonstrated our ability to deliver credible proposals for Portsmouth and Southampton.

We have ambitious growth plans for the future. By 2025:

- Thousands of jobs will have been created in our cities and major towns through their multi-billion pound public/private investment plans, for example Basingstoke's Economic Masterplan and Southampton's £3bn City Centre Masterplan;

¹ East Hampshire District Council is not yet in a position to formally endorse the Statement of Intent on devolution and will consider the matter at formal Extraordinary Cabinet and Council meetings on 12th August.

- The £2bn Solent LEP investment strategy will deliver at least 13,000 new homes and 10,000 new jobs;
- Our local planning authorities envisage 70,000 new homes being delivered;
- Our education authorities will invest over £500 million in new school places.

Our unique economic assets give us competitive advantage and support high-growth sectors in the wider UK economy:

- **Marine:** Internationally important deep-water ports (Portsmouth, home of the Royal Navy and many others including Ben Ainslie Racing, and Southampton, the UK's largest cruise port and second-largest container terminal), the UK's leading marine/maritime cluster and world-famous leisure sailing assets along the coast and around the Isle of Wight;
- **Aerospace:** Five international, regional and business airports in and around the area (including Heathrow, Southampton and Farnborough), a high-value aerospace cluster in the north and the Solent Enterprise Zone with an airport in the south;
- **High Technology:** Significant clusters of businesses operating in the high-technology sector and digital economy;
- **Trade:** Vital road, rail and sea networks including the principal freight route from Southampton Docks to the Midlands, which is critical to UK export industries, handling 750,000 cars annually;
- **Housing:** Large-scale growth opportunities in Portsmouth, Southampton, Basingstoke (with its Garden Cities-funded initiative at Manydown), Welborne in Fareham, Whitehill and Bordon, Aldershot and others;
- **Employment:** Unrivalled regeneration sites including Basing View, East Cowes, the Solent Enterprise Zone and Southampton Airport Employment Hub;
- **Accessibility:** Fast journey times, including to central London (40 minutes from north Hampshire); one of the UK's longest and best-maintained road networks; local air connections to 40 European cities; and
- **Education and Skills:** Four universities plus nationally renowned Sixth Form and FE Colleges.

These plans and assets, together with our scale and track record of successful delivery, demonstrate that we have the **competence, capacity and opportunity** to deliver landmark devolution outcomes. Following the success of our City Deal and Growth Deals, we now want to go further and realise the first Devolution Deal for a large non-metropolitan area.

A landmark deal

Our proposals demonstrate our resolve to use devolution as a lever for raising the productivity of Hampshire and Isle of Wight, increasing the area's contribution to the UK economy and decreasing its call on the national purse. In anticipation of a further tight spending round, they also demonstrate our ambition to deliver improved public service outcomes at less cost.

We will undertake a series of new and ground-breaking collaborations that will improve connectivity, release land for economic use and maximise the return on public sector investments already in place in parts of the area. This will include new arrangements with Government departments and agencies including Network Rail, the Department for Transport, Highways England, UKTI, the Cabinet Office and potentially others such as the Environment Agency. This collaborative approach will put us at the forefront of developing new and creative solutions to local needs.

1. Accelerating housing delivery

- **We will create a new joint planning forum to support an integrated approach to strategic planning that builds on local plans and powers, and introduce innovative new mechanisms to deliver housing more quickly.** We will prioritise our two cities and larger towns as engines of growth, with a particular focus on low-cost starter homes. Through the introduction of housing delivery vehicles, a joint investment fund incorporating central Government and HCA funding – supported by an integrated approach to strategic planning – we will deliver more market and affordable homes on brownfield sites in/close to urban areas as well as in rural communities. To further accelerate delivery of social housing across the area we will seek a consolidated HRA Debt Cap and flexibility on the use of RTB receipts.
- **We will deliver a Hampshire and Isle of Wight Land Board to unlock the deployment and regeneration of additional land assets across the whole area.** Bringing in partners from all sectors and building on existing successful land arrangements, this will facilitate agreement over land assembly to support local growth plans, recycle receipts for investment in housing and provide a step change in the pace of development and regeneration, including **new Enterprise Zones**.

2. Boosting productivity

- **We will deliver new integrated arrangements to reduce economic inactivity and the welfare bill.** This will include preparing our young people for a lifetime of achievement through inspirational careers and enterprise services, and enabling any disengaged young people and adults to gain and progress in work. Through our activities we will achieve your commitments across a number of areas including Apprenticeship and traineeship starts, disability employment and welfare reform.
- **Working with the LEPs we will support the development of a highly-skilled workforce, with employers in the driving seat working together to address shortfalls in technical and professional skills (particularly in STEM).** This will include seeking much more influence over FE funding to ensure provision is employer-responsive and unlocks significant private sector investment.
- **Working collaboratively with the LEPs and the private sector we will realise the full potential of business, maximising joint investment opportunities and consolidating and improving support to business throughout the area.** This will strengthen existing, and create new, innovation and growth hubs, improve university-industry collaborations, support high productivity sectors and provide a stronger platform for effective joint working with national agencies, such as UKTI and Innovate UK.
- **We will drive economic growth through University and private sector-based initiatives to increase the performance of the area's creative and knowledge-intensive businesses,** leveraging the investments being made by BIS and Innovate UK. We will bring forward a proposal for a University Enterprise Zone to exploit

our competitive advantages in the maritime, aerospace, high-technology, digital and knowledge sectors.

3. Investing in infrastructure

- **Working with a 10-year committed budget, we will deliver a modern transport system with a sustainable future, securing significant transport improvements across the whole network, including locally managed motorways, to increase productivity, boost business confidence, support the delivery of housing and maximise efficient use of public money.** With long-term ‘infrastructure guarantees’ from Network Rail and Highways England, our locally-led approach will support housing delivery and improve connectivity to London, along the South Coast, and across the Solent to and across the Isle of Wight.
- Building on the market-leading ‘Solent Go’ initiative, **we will deliver an integrated smart ticketing transport system**, improving our customer and tourism offer, and provide a more flexible and integrated system of local bus, rail, ferry services, including between the mainland and Isle of Wight.
- **To deliver increased productivity, economic growth and accelerated house building we will seek to retain 100% business rate growth.** Together with other funding sources including a clear commitment to continue the New Homes Bonus, this will overcome existing financial barriers to viability and provide the essential mix of funding streams to enable us to commit to long-term infrastructure investment. To cement this growth potential, we will also seek precepting powers for the Combined Authority specifically for enabling high-productivity business growth, de-risking of major projects and inward investment into the area.
- **We will deliver a step-change improvement in digital access for businesses, residents and public services across the area.** This will boost business productivity, complete the roll-out of superfast broadband to rural areas, stimulate the 4G/5G markets, enhance interoperability across health and social care and deliver greater public sector efficiencies.
- **We will deliver local solutions for renewable and low-carbon energy generation and distribution, and energy efficiency, using public and private funding sources.** This will create new business opportunities and jobs in our area and capitalise on the Isle of Wight’s specialism in this sector.

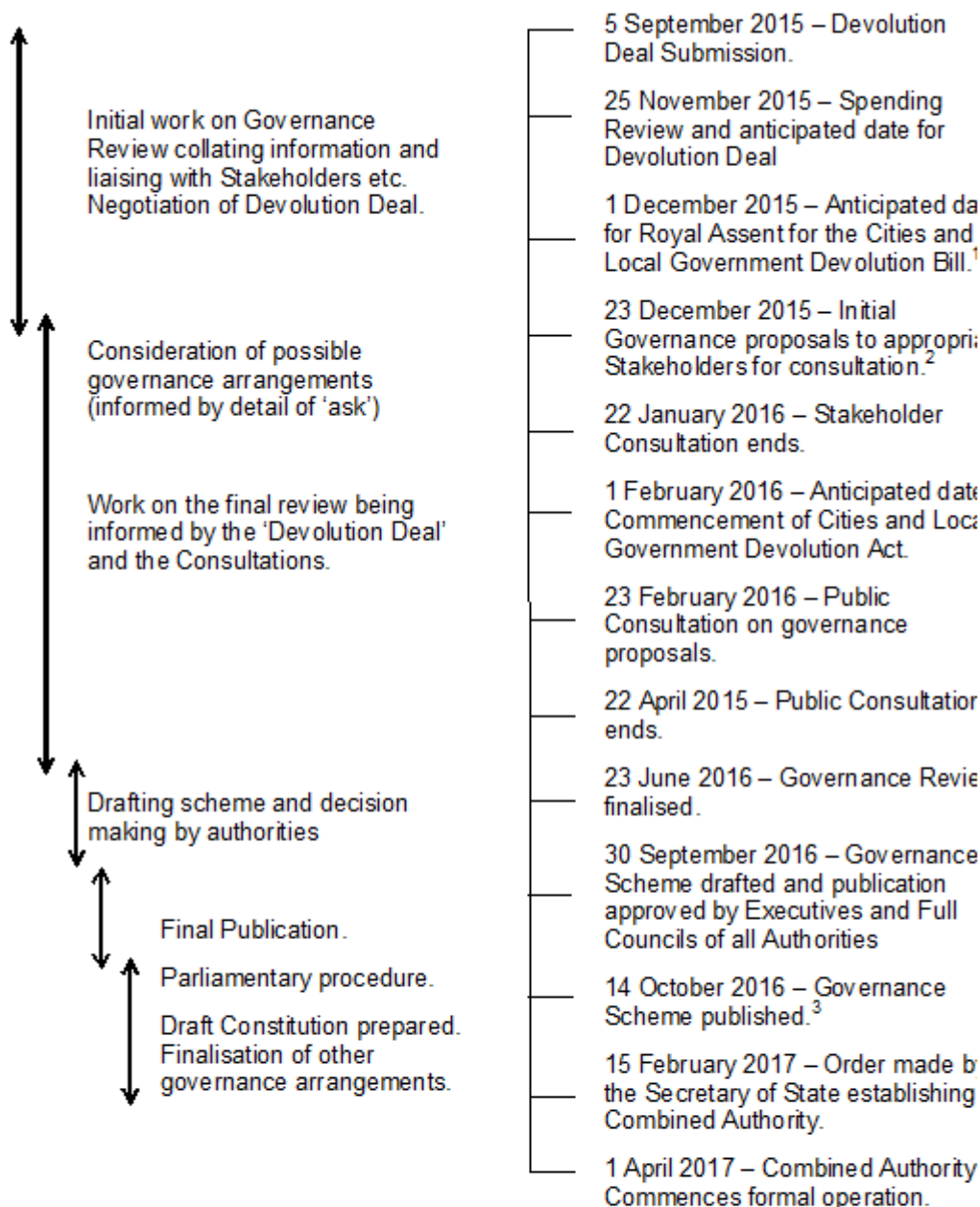
4. Transforming public services

- **We will improve health and wellbeing outcomes for the population through integrating commissioning and delivery of health and social care services.** We will deliver a more efficient health and social care offer, at better value to residents. Working with our health partners and the public, we will make more efficient use of our assets across the public sector estate as part of a whole place approach to property and asset management. We will pioneer delivery of innovative, interoperable digital solutions, enabling people to access more joined up digital services building on our successful work to date. We will support a more sustainable health and social care workforce by using staff more flexibly. For the

future, we will further support this workforce by ensuring we have the right skills and investment linked to our broader economic development and skills agenda, recognising the vital economic role of health and social care industry employers. Together we have unique scale and combined spending power to deliver better local services and further sustainable efficiencies. We will explore innovative funding mechanisms, to support new models of care, extending successful work already happening across existing vanguard sites and through the Better Care Fund. Health partners are committed to better understanding the devolution agenda over the coming months.

- **We will simplify public access, increase local accountability, public engagement and efficiency through improved working between councils in the Hampshire and Isle of Wight area.** We will increasingly share premises and staff, join up services, and identify and agree opportunities to delegate or devolve functions from county to district councils in keeping with the principles of subsidiarity and local customer focus.
- **We will undertake a full governance review, exploring all options including a Combined Authority with a directly elected mayor as well as other forms of democratic governance such as committee governance and executive arrangements, to determine the most appropriate, robust and cost-effective governance solution for the Hampshire and Isle of Wight area.** This will be developed on the basis of partners' agreement to support proposals for a Hampshire and Isle of Wight Combined Authority, building on partners' existing powers, responsibilities and boundaries, and the outcome of our negotiations with Government.

GOVERNANCE REVIEW – Illustrative Timeline



NB Dates that fall in Dec/Jan/Feb due to resource required for budget setting, and April/May dates may be complicated by Elections.

¹ Date based on current indication from CLG.

² To be determined once 'asks' agreed.

³ Shadow CA could operate from this date.