

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

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| <b>Decision Maker:</b> | Cabinet   |
| <b>Date:</b>           | 24 September 2012   |
| <b>Title:</b>          | Updates on the PUSH and TfSH Business Plans (2011 – 2013) |
| <b>Reference:</b>      | 4287  |
| <b>Report From:</b>    | Director of Economy, Transport and Environment            |

**Contact name:** James Strachan

**Tel:** 01962 846454

**Email:** james.strachan@hants.gov.uk

#### 1. Executive Summary

- 1.1. The purpose of this report is to seek Cabinet's agreement to recommend both the Partnership for Urban South Hampshire (PUSH) Business Plan and the Transport for South Hampshire (TfSH) Business Plan (mid-term review) to the County Council for formal approval. It also seeks Cabinet's agreement to recommend the County Council supports the Isle of Wight Council's full membership to TfSH.
- 1.2. The County Council is a member of PUSH, a Joint Committee composed of ten local authorities in the South Hampshire area. A condition of the operation of the Joint Committee is that each authority reviews and formally ratifies the partnership's Business Plan on an annual basis.
- 1.3. In May and July 2011 respectively Cabinet and County Council agreed the PUSH Business Plan for 2011-13, having considered a number of relevant developments following the change in Government in 2010, notably the introduction of Local Enterprise Partnerships. The Plan is now in its second year and although PUSH continues to be in transition the main elements of the Plan are substantially unaltered. The main areas of PUSH business that have greater emphasis in this year's revised Plan are its work with the Solent Local Enterprise Partnership, the Government's 'City Deals' agenda and the revised PUSH Spatial Strategy.
- 1.4. The PUSH Business Plan as a whole shows that PUSH has had to reduce capacity and is sensibly focusing on a few core activities; but it continues to be based on levels of growth and development that the County Council regards as unrealistic in the current economic circumstances.

- 1.5. The County Council is also a member of TfSH, a Joint Committee comprising four highway and transport authorities including Isle of Wight Council (whose membership will be formally confirmed at the next Joint Committee meeting and subsequently requires formal approval of the three original members of TfSH), Portsmouth City Council and Southampton City Council. The partnership recognises that the transport movements in this polycentric and interconnected urban area do not respect administrative boundaries and so it seeks to provide a mechanism through which solutions across boundaries and partners can be developed and funding secured.
- 1.6. TfSH operates two-year Business Planning cycles. The TfSH Business Plan is the third TfSH Business Plan and covers the period 2011-13. When the Plan was adopted by the TfSH Joint Committee in 2011, it was agreed that there would be a mid-term update in recognition of the changing policy and funding landscape within which public services are being delivered.
- 1.7. Should Members wish to view the detailed Business Plans, hard copies of both the PUSH Business Plan 2011-13 and Transport for South Hampshire Business Plan are available in the Members' Rooms and on Hantsweb (<http://www3.hants.gov.uk/2012-june-tfsh-business-plan-update.pdf>).

## **2. PUSH contextual information**

- 2.1. PUSH aims to improve the economic performance of the South Hampshire area. This area has until recently been defined by PUSH as encompassing the whole of four Hampshire districts<sup>1</sup>, part of four Hampshire districts<sup>2</sup> and the two cities of Southampton and Portsmouth.
- 2.2. In April 2011 Isle of Wight Council announced that it was minded to join PUSH, while at the same time New Forest District Council resigned its membership. Isle of Wight Council has recently confirmed that it will in fact not join PUSH, although it has signed a Memorandum of Understanding regarding joint working.
- 2.3. For the purposes of this report, therefore, the "PUSH area" is defined as the previous area described in paragraph 2.1 above but omitting the Waterside area of the New Forest.
- 2.4. Since 2009 PUSH has published a number of interim Business Plans while it developed a new Economic Development Strategy in response to the recession. The County Council has often voiced concerns about these plans, in particular on the basis that the historic GVA growth target of 3.5% per annum had not been updated to reflect current economic reality.
- 2.5. However, the 2011-13 Business Plan addressed many of these concerns and adopted a number of new targets based on its new Economic Development

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<sup>1</sup> Eastleigh, Fareham, Gosport and Havant

<sup>2</sup> New Forest, Test Valley, Winchester and East Hampshire

Strategy, some of which are provided in this table:

| <b>Indicator 2006-26</b> | <b>Previous target</b> | <b>New target</b> |
|--------------------------|------------------------|-------------------|
| GVA growth rate          | 3.5% (by 2021-6)       | 2.1%              |
| Employment               | +59,000                | +51,200           |
| Productivity Growth      | 2.7% (by 2021-6)       | 1.7%              |
| Dwellings increase       | 80,000                 | c. 74,000         |

2.6. The 2011-13 PUSH Business Plan also reflected the changes to national Government policy that had implications for the partnership and its members, including Local Enterprise Partnerships, the Localism Act, the abolition of Regional Development Agencies and substantial reductions in public spending. The Plan committed to a more streamlined, efficient structure for PUSH, with an intention to reduce the number of its Delivery Panels from five to two.

2.7. The County Council approved the PUSH Plan but reserved its position in respect of the proposed housing numbers pending consideration of the revised South Hampshire Spatial Strategy (see below).

2.8. There are three main aspects in which the work of PUSH has developed significantly since the County Council first considered the 2011-13 Business Plan.

#### Solent Local Enterprise Partnership (LEP)

2.9. The Solent LEP has now been formally established for more than a year and has worked closely with PUSH to establish itself during that time. Until this point, for example, executive support for the LEP has been provided by PUSH, which has for example been active in organising LEP meetings and events, responding to Government funding consultations on the LEP's behalf, setting up Regional Growth Fund and Growing Places Fund arrangements and supporting the development of the Daedalus Enterprise Zone.

2.10. However, the LEP Board has now agreed to move to an executive structure that is independent of PUSH, and recruitment has recently been completed for a Chief Executive and support posts to take the LEP forward. The County Council is co-funding these posts on a tapering basis along with Isle of Wight Council and PUSH.

2.11. The new PUSH Business Plan reflects this increasingly separate identity for the LEP, for example by including transition plans for each of the PUSH

Delivery Panels, which identify how each Panel will work with, and transfer work to, the LEP during 2012/13 prior to their being reduced from five to two in future.

- 2.12. It is expected that following this transition PUSH will maintain a strong relationship with the LEP but carry out a significantly narrower economic role. PUSH's own definition of its future role in section 3 of the Plan is as "broker between LEP, local authorities and Government, focusing on strategy and planning rather than delivery, ensuring subsidiarity and accountability."
- 2.13. It is relevant to the future consideration of PUSH's role to note that the Government is increasingly using LEPs and LEP/multi-LEP areas as the natural geography for devolving policy and funding, with Local Transport Bodies being the most recent proposal. PUSH is not coterminous with the Solent LEP as the latter includes the Waterside and the Isle of Wight. The only recent decision which has bucked this trend towards LEP-based geography is the decision to recognise a Hampshire-wide Local Nature Partnership, rather than the alternative South Hampshire model proposed by PUSH.

#### City Deals

- 2.14. The revised Plan makes numerous references to the possibility of a 'City Deal' for the Solent area. This is a new flagship Government policy and is likely to be a strong focus for PUSH in the coming year. In the last six months such 'Deals' have been struck between the Government and the eight core cities<sup>3</sup>, entailing the devolution of powers and budgets in various areas of economic policy on the basis that growth is more likely if it is locally directed and promoted, and if the financial benefits are retained in the local area.
- 2.15. PUSH has long been interested in the possibility of a second-wave City Deal in South Hampshire, and their interest has increased since the referenda in May, after which the Government announced that having an elected mayor was no longer a requirement for a City Deal. PUSH's view, expressed in the Plan, is that its Joint Committee could form the bedrock of a City Deal for the Solent area. The two City Council leaders and the Chairman of Solent LEP have written to Greg Clark, the responsible Minister, to express their interest.
- 2.16. In considering a report on sub-national and sub-regional infrastructure partnerships on 23<sup>rd</sup> July Cabinet agreed that the County Council should work actively with partners to develop and support appropriate City Deal-type arrangements, potentially at a range of levels from sub-regional (Solent) to countywide and multi-county, for example through the Greater Wessex Economic Partnership. It will be important to ensure that the governance arrangements ensure transparency and accountability, and that the relative strengths of each partner are used to the full to the benefit of the whole partnership covered by the Deal. It is also felt that a City Deal in Southern

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<sup>3</sup> Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham, Sheffield

Hampshire is best focussed on the two cities, albeit with wider interests such as the LEP and the County Council being active participants to support delivery of a city focused economic growth.

### Revised South Hampshire Strategy

- 2.17. PUSH had already decided to undertake a full revision of its Spatial Strategy following the adoption of its new Economic Development Strategy and the Government's proposed abolition of the South East Plan. This Strategy is intended to broadly define where in South Hampshire development is expected to take place between now and 2031. The work has been given a new dimension in 2012 by the publication of the new National Planning Policy Framework and also the coming into effect of the Localism Act's "duty to co-operate".
- 2.18. Since the conclusion of the original work to allocate targets as part of the South East Plan a number of PUSH authorities have changed their plans for housing in particular, with the proposed N/NE Hedge End Strategic Development Area being discontinued and housing targets in Portsmouth and southern Test Valley among others being reduced.
- 2.19. The emerging new Strategy continues the 'cities first' regeneration policy but attempts to incorporate revised figures for house building (55,800<sup>4</sup>) and commercial floorspace (1.13m sq m) targets, building on from the new Economic Development Strategy. Extensive work involving officers and Members has been taking place throughout the year, although final agreement has yet to be reached on the allocation of targets between PUSH authorities.
- 2.20. The County Council continues to have concerns about the overall level of development proposed in the draft Spatial Strategy, and its credibility given current and likely future economic conditions, and has expressed these in response to PUSH's consultations. These concerns have been consistently highlighted in the strategic review process to date.

### **3. TfSH contextual information**

- 3.1. The TfSH area covers all of the urban South Hampshire, including the Waterside area of the New Forest, and will extend to include the Isle of Wight when their membership is formally confirmed at the next Joint Committee meeting.
- 3.2. By working collectively through TfSH, the four highway and transport authorities which make up the partnership provide a more powerful and effective strategic force for improving transport in South Hampshire than they would if they were to work separately. A strength of the partnership is that the

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<sup>4</sup> Figure derived from 74,000 homes as per the Economic Development Strategy, adjusted to take account of homes built since 2006 and the withdrawal of New Forest District Council from PUSH

four authorities also pursue independent local priorities as well as working collectively on strategic matters.

3.3. TfSH has had an extremely successful year in 2011-12. The following points are highlights and reflect the main updates to the updated Business Plan:

- Awarded £17.89m of DfT funding following a successful Local Sustainable Transport Fund large package bid; one of just two projects to be fully funded nationally;
- Awarded £4.5 million of DfT funding following a successful bid to the Better Bus Area Fund. The £7.4 million bid was developed in partnership with the South Hampshire Bus Operators Association (SHBOA), who themselves are contributing over £2 million to the project and will be delivering the majority of the project components;
- Bus Rapid Transit (BRT) phase 1a has been delivered, is operational and is generating passenger growth;
- TfSH is working with South West Trains and Network Rail to investigate options for the re-opening of the Waterside rail line to passengers;
- The Isle of Wight Council has accepted the invitation to join TfSH;
- The Transport Delivery Plan for TfSH is nearing completion in the Solent LEP area.

#### **4. Finance**

- 4.1. PUSH's budget continues to be sharply reduced from previous years following the ending of national and regional Government financial support. The £1.3 million revenue and £1.5 million capital budgets are now mostly composed of carry-forwards from 2011-12, and the largest revenue cost item (central costs and contingency) is nearly twice as great as the core contributions received from partners.
- 4.2. The PUSH budget model therefore seems unsustainable and, when these carry-forwards have been spent, it will be necessary for PUSH to further reduce its levels of activity unless new sources of funding can be found. With the strong progress made by the LEP and a reduced role for PUSH, the issue of value for money will clearly need to be reviewed by partners.
- 4.3. Membership of PUSH has two costs for the County Council. There is a direct annual cash subscription based on an agreed funding share model which is based on population share in each local authority area. In 2012-13 the County Council subscription cost about £90,000, representing a significant proportion of the PUSH subscription income.
- 4.4. The County Council, along with other partners, also incurs indirect costs through the time committed by Members and officers to PUSH business.

Until a year ago this amounted to some £250,000, when the County Council was playing a significant role within the partnership, but following the need for substantial budget reductions in 2011-12 the Council withdrew much of its officer support capacity and handed all the 'back office' functions that it previously exercised on behalf of PUSH (including the Treasurer function, IT and HR support and the lead role in planning) to other PUSH member authorities.

- 4.5. The TfSH budget is in an extremely healthy position following recent successful bids for both Local Sustainable Transport Fund (£17.84m and Better Bus Area Fund (£4.5m) grants. The former will be paid in arrears, whilst the latter has been paid up-front. These grants must be spent on the projects set out in the respective bids.
- 4.6. Aside from these grants, the TfSH budget is made up of member contributions (including £100,000 from the County Council), carry-forward from 2011-12, and income generated from use of the Sub-Regional Transport Model.
- 4.7. The revenue budget for 2012-13 is £3,054m, whilst the capital budget for the same period is £7,168m. Both include allocations from the Local Sustainable Transport Fund and Better Bus Area Fund grant awards.

## **5. Recommendations**

- 5.1. That the Cabinet recommends to the County Council that the PUSH Business Plan be supported for 2012/13, but that the County Council makes clear its continuing concerns about the level and credibility of the proposed housing and commercial floorspace targets expected to be adopted in the final South Hampshire Spatial Strategy;
- 5.2. That the Cabinet recommends to the County Council that the mid-term review of the 2011-13 Transport for the South Hampshire (TfSH) Business Plan be approved.
- 5.3. That the Cabinet recommends to the County Council that it endorses the Isle of Wight Council as a full member of TfSH.

Rpt/4287/JS

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

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| <b>Hampshire safer and more secure for all:</b>          | Yes |
| Corporate Improvement plan link number (if appropriate): |     |
| <b>Maximising well-being:</b>                            | Yes |
| Corporate Improvement plan link number (if appropriate): |     |
| <b>Enhancing our quality of place:</b>                   | Yes |
| Corporate Improvement plan link number (if appropriate): |     |

**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. Equalities Impact Assessment:

- 1.1. The PUSH Business Plan sets out general aims to improve the economy as well as specific programmes and projects designed to tackle the regeneration of areas of deprivation and economic exclusion, which will help to improve life chances for residents in disadvantaged communities.
- 1.2. The TfSH business plan sets out the general aims to improve travel and transport in South Hampshire which will help improve the quality of life for its residents.

### 2. Impact on Crime and Disorder:

- 2.1. There are no adverse impacts from the proposals in the PUSH Business Plan. Targeting programmes to regenerate areas of deprivation will impact positively on areas suffering from higher rates of crime and anti-social behaviour.
- 2.2. There are no adverse impacts of the proposal in the TfSH Business Plan or of the full membership of the Isle of Wight Council in TfSH.

### 3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

The PUSH Business Plan sets out ambitious programmes to drive up environmental performance, improve biodiversity, help reduce energy consumption, and to develop renewable energy supplies. This will reduce the carbon footprint of South Hampshire and mitigate climate change impacts.

The TfSH Business Plan is in accordance with the South Hampshire Local Transport Plan. Policy D (*To achieve and sustain a high-quality, resilient and well-maintained highway network for all*) of the Local Transport Plan seeks to respond to the effects of climate change. The highway network will need to be more resilient to extreme weather conditions. Additionally, through improvements to street lighting, energy efficiency can be increased, which alongside recycling of highway materials and other methods will help reduce the carbon footprint of maintenance and operation of the highway.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

The PUSH Business Plan also contains proposed programmes to help make South Hampshire more resilient to the future impacts of a changing climate

through appropriate adaptation measures such as flood defences and improved general sustainability.

Sustainable economic growth is at the heart of the TfSH Business Plan, through seeking to encourage the use of less carbon intensive modes of transport and reducing congestion to ensure that traffic moves more efficiently.