

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	23 July 2012
Title:	Sub-National and Regional Infrastructure Partnerships
Reference:	4046
Report From:	Director of Economy, Transport and Environment

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1. Executive Summary

- 1.1. The purpose of this report is to update Cabinet on the emerging picture of sub-regional and sub-national partnership arrangements in respect to strategic spatial and economic planning, and the closely related topic of infrastructure. The County Council faces some challenging questions about Hampshire's position in respect of these emerging arrangements. Over the last few months issues have come into greater focus with the Department for Transport's consultation on sub-national transport arrangements; the emergence of the Department for Environment Food and Rural Affairs' (DEFRA) sponsored 'regional' Rural and Farming Networks; the Coalition's continued interest in the Local Enterprise Partnerships (LEPs), 'inter-LEP' collaboration; and recent signals from the Government of its intention to support the extension of 'city deal' type arrangements beyond the core cities.
- 1.2. This report aims to inform Cabinet discussions on how Hampshire can best position itself so as to ensure its communities can fully benefit from the current devolution of power and the changing sub national geography. Careful positioning is crucial in order to maximise funding for strategic infrastructure which is vital in order to secure Hampshire's future economic success and the long term sustainability of its communities. There is growing recognition in Government of the various scales on which transport and other strategic infrastructure challenges need to be addressed, and it is essential that the County Council is well positioned to operate effectively at the different scales of engagement.
- 1.3. This report highlights the existing significant strategic partnerships and the implications of new and emerging partnership arrangements. It recommends a number of steps to help shape this new sub national landscape. It proposes that the County Council actively supports the establishment of

partnership arrangements at different spatial levels so that the county of Hampshire is able to take full advantage of the latest opportunities presented by the Government's localism agenda.

2. Contextual information

- 2.1. The 2010 Local Growth White Paper outlined the Government's plans to incentivise local growth by devolving power to local communities and to give business a stronger voice so that, by working together, they could shape the future of their communities. Local Enterprise Partnerships (LEPs) have sought to combine strong business leadership with groups of local authorities in order to develop an integrated approach to development across real economic geographies.
- 2.2. Since the publication of the Local Growth White Paper, thirty nine LEPs have been approved by the Secretary of State, including the Enterprise M3 (EM3) and the Solent LEP in Hampshire. Appendix C provides a map of the Hampshire LEPs and the neighboring LEPs.
- 2.3. Cabinet will be aware of the continuing disaggregation of Government funding, with more funds being directed towards LEP geographies. From March 2015 the Government intends to devolve prioritisation and funding for local major transport schemes to local areas via new Local Transport Bodies. These are expected to be based on existing LEP geographies (see para. 9.5) and the arrangements are designed to replace the previous Regional Transport Board. It is felt this could be positive change for Hampshire, particularly if the County Council can continue to take an active role in both the Hampshire LEPs and continue to develop its wider partnership network, including relations with neighbouring strategic authorities and other LEPs.
- 2.4. Earlier this month (5th July) the Government announced that eight bespoke City Deals had been agreed with the core cities, devolving significant resources and responsibilities to them. The deals were reached once the cities had convinced Ministers that they would be able to deliver their ambitious economic growth through innovative plans combined with greater efficiency and strong accountable leadership. Described by the Minister for Cities, Greg Clark, as "a watershed moment" in terms of their efforts to hand power down from Whitehall, the attention has now turned to the second wave of deals and to what extent they will be opened up to other economic geographies.
- 2.5. The continual evolution of sub national and sub regional arrangements, presents a complex picture, particularly with the extension of city-type deals beyond the core cities. The devolution of powers in areas such as transport and skills should be welcomed, particularly as there appears to be some room for negotiation to devolve responsibilities to the appropriate spatial levels. It will therefore be particularly important that the County Council is well positioned to engage effectively at the different spatial scales of activity. Transport issues for example are likely to range from the strategic sub-

national level matters such as the junction of the A34 and M3 at Winchester or rail capacity issues on the main lines from Hampshire and Dorset into Waterloo, to sub-regional issues like the M27/A27 south coast corridor, or improved local rail services across Hampshire, to district level issues such as transport links to support areas of new development within Hampshire and in neighbouring areas, and finally local transport improvements as set out in Town Access Plans and Members local priorities. As new arrangements emerge to facilitate these different scales of activity, the County Council will need to ensure it can operate and engage effectively from the local through to the national level.

- 2.6. The current LEP arrangements within Hampshire and the immediate surrounding areas present a mixed and rather inconsistent picture. Whilst economic geography is the main determinant for the Solent LEP area, EM3 and the neighbouring Coast to Capital LEP areas have no such economic spatial rationale.

3. Enterprise M3 LEP

- 3.1. Enterprise M3 (EM3) covers a diverse area, stretching 75 miles through Hampshire and Surrey, from rural communities in the New Forest to the perimeter of Heathrow Airport. The area has one of the highest performing economies in the UK in terms of employment rates, skills, output per head, household income and the presence of growth sectors, such as professional services and IT & digital media. It has a population of 1.6m, has 84,000 businesses and GVA of £38 billion. The recent review of LEP area economies by the LEP Network highlighted EM3 as one of the most innovative, with one of the highest records of economic growth and the highest degree of resilience across all LEP areas. This was closely followed by neighbouring Thames Valley LEP and Buckinghamshire's LEP.
- 3.2. In March 2012 the EM3's Board, chaired by Geoff French of URS Scott Wilson, approved the LEP's Business Plan. The Plan identifies four key priorities - skills; enterprise support; infrastructure; and tackling red tape and planning issues (the two issues regarded as the biggest barriers to growth). The County Council is represented on the EM3 Board by Councillor Kendal and by the Director of Economy, Transport and Environment on its Implementation Group, under which a further six action groups exist to help progress delivery of the plan. The County Council enjoys good relations with its EM3 partners.
- 3.3. EM3 has been allocated £21.7m under the Growing Places Fund and has appointed Hampshire County Council to be the accountable body responsible for that funding, which is known as the Growing Enterprise Fund. This will be used to establish a revolving fund which can be reinvested to unlock stalled infrastructure and thus support growth. EM3 is committed to lobbying Government for superfast broadband across EM3 area. It is also carrying out a 'demand, supply and site assessment study for the commercial property market within its area.

4. Solent LEP

- 4.1. The Solent LEP covers the economic hub around the Isle of Wight, the two cities of Portsmouth and Southampton, the M27 corridor and the Solent waterway. It has a population 1.5 million, with 63,000 businesses and a GVA of £33 billion. Its objectives largely reflect those of the Partnership for Urban South Hampshire (PUSH) which was established in 2003 to promote growth in the area and link up to the regional structures which have since been abolished.
- 4.2. The Solent LEP has yet to publish its Business Plan but has five emerging priorities - strategic sectors; enterprise; infrastructure; inward investment; and addressing the shortage of skills which it has identified as the biggest barrier to economic growth. The area has been granted Enterprise Zone status for Daedalus Airfield site, the development of which should give a significant boost to the local economies of Gosport and Fareham with up to 3,500 new jobs on the site by 2026.
- 4.3. In October 2011 Solent was awarded £2.1m of Regional Growth Funding. This funding will be allocated to a number of start ups and SMEs in the area which have high growth potential. The LEP has also secured just over £18 million from the Growing Places Fund and appointed Portsmouth City Council to be the accountable body for that funding.
- 4.4. Solent LEP's membership includes eight district authorities, the three unitary authorities and the County Council. The LEP Directors, which include Councillor Thornber, were elected by their own member organisations. However, unlike EM3 which has developed its own implementation and action groups, Solent's priorities have largely drawn upon PUSH (Partnership for Urban South Hampshire) and its Delivery Panels. In terms of transport, the LEP benefits from a good working relationship with Transport for South Hampshire (TfSH) and a LEP Board Member now sits on the TfSH Joint Committee.

5. Partnership for Urban South Hampshire (PUSH)

- 5.1. PUSH consists of the unitary authorities of Portsmouth and Southampton; the district authorities of Eastleigh, East Hampshire, Fareham, Gosport, Havant, Test Valley and Winchester; and the County Council. It has a Joint Committee at its decision making body and five Delivery Panels. The panels reflect its key objectives, namely economic development; housing and planning; sustainability and community infrastructure; quality places; and external funding and resource. Each Delivery Panel is chaired by an elected councillor who also sits on the Joint Committee, supported by a Lead Chief Executive.
- 5.2. Since the establishment of the Solent LEP the County Council has become less engaged with the day to day operations of PUSH. It no longer holds the Vice Chairmanship role on PUSH's Joint Committee and has a much reduced role on its Delivery Panels. Whereas previously it was the accountable body

for PUSH funding and employment - these roles now lie with Southampton City Council and Portsmouth City Council respectively. However, the County Council remains the largest financial contributor to PUSH.

- 5.3. Over the last two years PUSH has supported the formation of the Solent LEP and continues to provide support for the LEP's development, sharing its Project Director and using its resources and infrastructure to establish the LEP. On going support arrangements for the LEP, including its future funding model will be critical to its success. It has been agreed that there should be a tapering model applied to the funding of the LEP, with a transition from public funding to private funding over the medium term.
- 5.4. As LEPs have become the Government's focus for sub regional working and targeted funding, PUSH has had to consolidate and slim down its own infrastructure. Meanwhile, the City Councils and the Solent LEP, supported by PUSH, have been leading work to develop a proposition for a City Deal arrangement and initial discussions have started with Government. (see Section 11). It is expected that the Solent area will be invited to develop the initiative further as part of an expected further tranche of 'city deals' in the coming months. It is vitally important that Hampshire County Council positively engages in these negotiations and discussions alongside the LEP and the City Councils if the arrangements are to fully benefit southern Hampshire.

6. TfSH

- 6.1. Transport for South Hampshire (TfSH) is a formal Joint Committee of the three local Highway Authorities in southern Hampshire (HCC, SCC & PCC). It was formed as a development of the previous Solent Transport voluntary partnership, and became a formal Joint Committee just ahead of PUSH. In addition to the Highway Authority Representatives (Cabinet Members from each authority) the Joint Committee also has a number of co-opted non-voting partner members such as Network Rail, the Highways Agency, Department for Transport (DfT), South West Trains and the South Hampshire Bus Operators Association. The Joint Committee is supported by Hampshire County Council as the accountable body for its funding and is currently chaired by Councillor Kendal.
- 6.2. TfSH has always had a strong delivery focus, making sense of transport issues and infrastructure investment opportunities across the area, and has successfully secured significant Government funding for transport projects such as BRT (Phase 1) and more recently through the Better Bus Fund.
- 6.3. The Solent LEP was asked to nominate a member to be co-opted onto TfSH's Joint Committee as a non-voting member last year, and the Isle of Wight Council has recently accepted a long standing invitation to join as a full member. The recent consultation from DfT on Local Transport Bodies appears to provide a good model for the next step in the development of TfSH, which may be accompanied by a greater role and focus on sub-

regional public transport development - perhaps through an informal 'Passenger Transport Executive' (PTE) style of operation – which would potentially further integrate public transport operations across administrative boundaries. Any transport component of any South Hampshire City Deal would be clearly fall under the remit of TfSH.

7. Coast to Capital LEP

- 7.1. The Coast to Capital LEP is, like the Solent LEP, based on a strong pre-existing sub-regional arrangement – 'the Gatwick Diamond'. The LEP area takes in eastern Surrey, West Sussex, the London Borough of Croydon, and Brighton and Hove City Council area. It has received £23 million from the Growing Places Fund.
- 7.2. Coast to Capital is important to the Hampshire LEPs as it is the neighbouring LEP to the east of Solent and because Surrey County Council, a partner on EM3 is also a member of Coast to Capital LEP. The LEP has a well developed relationship with both West Sussex and Surrey County Councils but as stated, is not geographically contiguous with their areas. The LEP has its own Project Director and business led Board.
- 7.3. Transport links between South East Hampshire and West Sussex heighten the importance of Hampshire's relationship with this LEP and the individual authorities involved.

8. Collaboration with district authorities to plan and deliver infrastructure

- 8.1. The County Council is making good progress with its district and borough partners to develop an agreed approach to future planning, funding and delivery of infrastructure. There is already general agreement about the principles which were set out in the report to Cabinet on 26 March that should be applied when seeking developer funding, in order to take account of the planning reforms and yet still be able to maximise funding. A draft Memorandum of Understanding (MoU), which reflects those principles, has been prepared and is currently being considered by partners. The purpose of the MoU is to provide a clear statement of intent for authorities to collaborate in order to identify infrastructure needs; inform plans for development and infrastructure priorities; to adopt a collective approach in terms of engaging other stakeholders, including LEPs, and to applying general principles to help determine the most appropriate funding mechanism in order to maximise infrastructure delivery.
- 8.2. In addition, the district and borough authorities are currently considering what data they wish to inform the Interim Strategic Infrastructure Statement to make it more comprehensive. Both the County Council and the district authorities recognise the importance of strategic collaboration in light of the planning reforms and reductions in funding. There is a shared recognition of the need to collaborate with wider partners, including the LEPs, so that Hampshire can benefit from a fully comprehensive Strategic Infrastructure

Strategy that addresses Hampshire's infrastructure needs over the next twenty years.

9. New and Emerging Sub-Regional Arrangements

- 9.1. Rural and Farming Networks:** Last year DEFRA invited expressions of interest from groups wishing to be recognised as members of the new Rural and Farming Networks. The County Council played a leading role in developing proposals for the Wessex Rural Farming Network, which is now chaired by Lord Selborne. Following its merger with a competing bid based on a similar geography, the Wessex network was formally endorsed by Government in March this year. This network provides Hampshire, Dorset, Wiltshire, West Berks, Surrey, West Sussex and the Isle of Wight with a strong platform to work with rural businesses and communities across the region and to inform and influence Government thinking on rural issue. It also leaves partners, of which there are over 70 organisations, well positioned to bid for any specific funding that may, in time, be directed towards such rural networks. Councillor Ray Ellis leads the Wessex RFN's local authority group and is also engaged with the Enterprise M3's rural economy action group
- 9.2. Greater Wessex Economic Partnership:** Following the successful development of the Wessex Rural Farming Network, the County Council hosted an initial meeting of local authorities and LEPs in February this year to consider the possibility of wider collaboration on strategic economic issues. Local Authority representatives from West Sussex, Surrey, and the Isle of Wight, along with LEP representatives from Solent, Coast to Capital and Enterprise M3 attended. A further meeting was held on 30th May, which also involved representatives from Dorset and Wiltshire County Councils and the Dorset LEP. All have expressed support to further develop the partnership and to develop a prospectus for the area in order to influence Government thinking, in particular those Departments sponsoring LEPs.
- 9.3.** Hampshire County Council is well placed strategically support this new sub national partnership. Partners are due to meet again in September. In the meantime Cabinet is asked to endorse the on-going development of this partnership and approve joint work with partners, including discussions with Whitehall on what powers and funding could be devolved to the area, which might involve some shared decision making, potentially through a variation of a "City Deal".
- 9.4.** In considering the Greater Wessex arrangements, Cabinet may wish to keep in mind the presence of the South East LEP, made up of Kent, Essex and East Sussex County Council areas, with a combined population of 3.9 million. Its sheer size means it could easily dominate the agenda in the South East of England unless the other LEPs organise effective collaborative arrangements to represent their own issues. A Greater Wessex Partnership, as described above could potentially provide such a body.

- 9.5. Local Transport Boards:** The Government recently closed a consultation on its proposals to devolve prioritisation and funding for local major transport schemes to Local Transport Boards (LTBs). In recognition of the role good transport infrastructure has in promoting economic growth the Government wants both the local transport authorities and the LEPs to play key roles in these new bodies. The wider membership will be for each area to decide. LTBs will be responsible for agreeing, managing and overseeing the delivery of transport schemes from March 2015. The LTBs will have to delegate responsibility for delivery to the relevant delivery body, such as the Local Highway Authority.
- 9.6. The consultation paper proposed the starting point for the LTBs should be based on the LEP geography although the Government has emphasised that it is for each local area to decide what is best for them. The County Council together with both Hampshire LEPs welcome the introduction of LTBs, recognising the opportunities they will afford for local areas to make decisions on major transport scheme funding. The County Council is in a strong position to help support these bodies following its successful history of partnership working, particularly through TfSH and its contribution to the EM3's Transport Technical Group.
- 9.7. Whilst both the County Council and Solent LEP clearly stated in their individual responses to Government that they would favour LTBs being established on existing LEP geographies, EM3 has yet to formally state their preference. Whatever the geography of the LTBs, there will also be opportunities to collaborate with other LTBs through local transport consortia (LTCs) and work together to promote key strategic transport schemes that will be of mutual benefit. (see para 10.2)
- 9.8. The governance of LTBs will need to be carefully thought through to ensure the LTBs are properly accountable. In its response to the Government, the County Council proposed that both the LEP and the Local Highway Authority members should be given voting rights. It is felt that using a similar governance structure to that which is used by TfSH would be appropriate for LTBs. Proposals for LTBs need to be submitted to Government by December this year and have their programme of priorities for delivery ready for submission by April 2013.
- 9.9. This paper seeks Cabinet's approval to the general approach to LTBs being established on existing LEP geographies. A further report on the proposed detailed arrangements for and workings of the LTBs will be submitted to Cabinet for consideration later this year.

10. General Comments on these arrangements

- 10.1. It is clear that the appetite for sub-regional working varies across the area. A general conclusion could be that such collaborative working is only likely to be taken forward where there are clear and tangible benefits.

- 10.2. The tangible benefits of working together are most likely to be determined by the nature of individual projects and common interests shared between partners. Therefore a flexible approach to partnerships across the different spatial scales is key. Future collaborations are likely to vary both in terms of size and geography and are unlikely to always fit well with a fixed pattern of LEPs or other partnership arrangements. In terms of transport, there is a debate over LTBs highlighting the different spatial patterns for different projects. For example, the County Council would collaborate with one set of partners in relation to say, M27/A27 issues but with different partners on a strategic A34 project and still others in relation to strategic rail improvements.
- 10.3. It is equally important for the upper tier authorities, particularly Surrey and Hampshire in respect of LEPs directly affecting Hampshire, to not only maintain effective support for the LEPs, but to also make common cause with them. Therefore the concept of a loose but effective framework for collaboration with other upper tier councils outside the South East LEP area, such as proposed by the Greater Wessex Economic Partnership, presents a very real opportunity, provided it is not onerous or bureaucratic. It will be very important to avoid any attempt at replicating the old South East Region, which had no meaningful basis in economic or any other functional geography,
- 10.4. For this reason Cabinet is asked to support the proposals to develop the Greater Wessex arrangements as a mechanism which is light touch in terms of resources and scale of activity and yet can provide meaningful engagement across strategic borders. If the partnerships can secure heavy weight business and local authority support across the area and retain a broad focus on economic growth it is likely to attract significant Government interest and potential support. It may also be possible to secure a city-type deal type arrangement with Government that would enable the Greater Wessex partners to combine forces to provide effective strategic delivery across the sub national area, whilst also complimenting any sub regional delivery arrangements that may be negotiated, as well as potential single County arrangements where this is the most appropriate scale of operation.

11. The extension of City Deal arrangements

- 11.1. A key part of the Government's localism agenda has been its commitment to consider innovative proposals from cities that will support private sector growth. In return, the Government will grant greater financial autonomy and unprecedented powers in areas such as transport, business support, housing and skills.
- 11.2. Over the last 12 months the Government's Cities Policy Unit has negotiated a series of bespoke City Deals with the core cities¹ based on a range of options

¹ Core cities - Manchester, Liverpool, Leeds, Sheffield, Newcastle, Nottingham, Bristol and Birmingham

set out in the paper, 'Unlocking Growth in Cities' (December 2011). The options have included:

- one consolidated capital pot instead of multiple funding streams
- access to an additional £1b Regional Growth Fund
- investing local public sector assets in to a single local property company
- powers to offer business rate discounts and benefit from TIF
- more powers over strategic transport decisions
- devolved powers to commission local and or regional rail services
- greater accountability for local bus services
- creation of Business Improvement Partnerships to generate revenues
- devolving HCA spending and functions to cities
- greater planning freedoms by devolving non-planning consents to cities
- funding for competitive bids for ambitious broadband infrastructure plans
- City Apprenticeships Hubs with access to national funds to turn new apprenticeships into small businesses
- City Skills Funds to enable cities and colleges to tailor the provision of adult skills
- enhanced programme of support for 16 – 17 year olds at high risk (NEETs)
- allow cities to expand existing DWP contracts
- UK Trade and Investment to work intensively with city LEPs

11.3. In return for granting such powers the Government expects the decision making bodies to demonstrate strong leadership and greater accountability through robust governance arrangements. They must also be able to deliver innovative plans to support private sector growth. The first City Deal to be agreed was in February this year with Liverpool City Council, who opted for a directly elected Mayor. Since then Liverpool has secured further powers by extending its decision making powers across a wider area to secure the Liverpool City Region arrangement with Government.

11.4. After the almost universal rejection of city majors in May this year, many authorities turned their attention towards Greater Manchester, who secured the second City Deal March, having demonstrated strong governance through its Combined Authority (GMCA) which had been established in April 2011, following an agreement by Greater Manchester's ten local authorities to pool decision making powers. The combined authority has powers in its own right so is not dependent on delegations from its constituent authorities. Its LEP is integrated into its governance structure with political leadership being secured through the Combined Authority and decisions then cleared by the LEP. Its joint governance arrangements for transport, economic development and regeneration allow for strategic prioritisation across the functional area.

Greater Manchester will invest £1.2 billion of the 10 councils' combined funds in infrastructure works, which the councils believe are vital to boost economic growth. In return the Government will return up to £30 million each year for 30 years of the additional tax it receives as a result of increased economic activity in the city region to Greater Manchester. The deal also includes plans to create a Greater Manchester Housing Investment Board, which would pool national housing and regeneration body the Homes and Communities

Agency's funds, council money and public land assets with the aim of boosting housing development. There are also plans to create a business support 'Growth Hub' to provide advice and support to businesses in the city region. create a revolving infrastructure fund by allowing GMCA to 'earn back' a portion of additional tax revenue from GVA increases resulting from local infrastructure investment. It will also work with the Department for Transport on a broad package of transport proposals to consider devolution of the rail franchise, bus improvements and devolution of local transport majors funding.

11.5. Earlier this month the Government announced a further six City Deals with the other core cities, three of which are following Greater Manchester by establishing Combined Authorities.

11.6. Below is a summary of city deals (source: Centre of Cities, July 2012) and Appendix D contains further information about the latest deals agreed earlier this month.

Summary of "Wave 1" City Deals

	Finance & investment	Skills & employment	Transport	Housing	Broadband	Business support	Trade	Low carbon	Sectors	Governance
Birmingham	•	•		•				•	Life sciences	LEP
Bristol	•	•	•	•		•	•			Mayor
Leeds	•	•	•				•			Combined Authority
Liverpool	•	•	•	•			•	•	Science	Mayor
Manchester	•	•	•	•		•	•	•		Combined Authority
Newcastle	•	•	•	•	•			•	Energy & marine	Working toward a Combined Authority
Nottingham	•	•	•		•	•		•	High technology & creative	LEP
Sheffield	•	•	•						Advanced manufacturing & nuclear	Combined Authority

11.7. The spatial level for City Deals has been determined by what level decisions are taken and what governance structures are in place. Therefore, the second wave of deals could include some that extend beyond single LEP boundaries. This is significant for Hampshire as PUSH is now working with the Cities Policy Unit to discuss draft proposals to negotiate a Deal for Southern Hampshire. It may be possible to secure a number of deals at different spatial levels for securing different responsibilities, for example a the sub

regional level, at county level and at wider strategic level, along the lines of the Greater Wessex Partnership. However, such an approach would need very careful co-ordination so as to ensure the proposals are complementary.

- 11.8. Shortly after the mayoral referendums, the Minister confirmed that not having a city mayor would no longer be a block to negotiating City Deals. He confirmed that groups of councils which come together to create combined authorities like Greater Manchester would meet the Government's test for strong governance. In reference to the next wave of deals, Sir Bob Kerlake, Head of the Civil Service, said "I think we will very much be putting priority on models which work to economic footprints, which usually include rural areas as well as urban areas." The Minister has also described recent signals from counties wishing to be considered for future city-type deal arrangements as "encouraging". Speaking in the Commons, he indicated he is particularly keen to receive proposals from areas that have prospects for high growth.

12. Funding Implications

- 12.1. Cabinet has considered a number of reports on future infrastructure funding. It is clear that the Government has set a direction on this matter which is unlikely to change in the foreseeable future. It is expected that future Government funding will increasingly be routed via the LEPs, while locally 'harvested' resources will be primarily under the control of the Districts as the local planning authorities. For this reason Cabinet is asked to approve the recommendations in this report to better enable the County Council to maintain and further develop close working relations, not only with the district authorities, but also with both EM3 and Solent LEP. In this way it should be possible to better align priorities and secure delivery of infrastructure through joint funding packages. It may be possible to achieve this by using a mixture of the County Council's own capital, together with developer and other infrastructure funding streams that are controlled by partners.
- 12.2. There remains a possibility that other local finance opportunities may be available through bespoke arrangements with DCLG/Treasury (e.g. a local TIF scheme) if credible proposals can be developed quickly. Cabinet is asked to authorise the County Council in a taking a pro-active approach to work with the partners as and when such opportunities arise.

13. Next steps

- 13.1. The emerging picture will quickly evolve over the next six months, with Government expecting proposals on LTB arrangements to be submitted by December 2012. This is likely to be a catalyst for the collaboration issues on a wider basis. Therefore Cabinet is asked to approve a positive approach by the County Council to actively engage with partners at the different spatial levels in order to bring forward appropriate proposals for delivery powers and funding from Whitehall.

- 13.2. It is now largely accepted that working on a basic LEP geography, with LEP orientated delivery arrangements in place is the model which Government expects to develop across England. The fact that uniquely in England, the areas of Hampshire and Surrey County Councils are split between LEPs makes this more challenging. However, Hampshire County Council has already put in place the foundation blocks to develop strong multiple layer partnership arrangements. Effective strategic engagement is vital in order to secure the best outcome for Hampshire's residents. Cabinet are asked to endorse the establishment of LTBs on the existing Hampshire LEP geography, and support LTCs as and where required.
- 13.3. As a 'City Deal' model, based on PUSH incorporating the Solent LEP, is an increasingly likely option, there is a risk that failure to embrace these arrangements could lead to funding being devolved away from bodies such as the County Council. Such deals would also provide LEPs with the infrastructure resources that so far have been unavailable to them. Therefore, it is recommended that the County Council takes a positive and active part in the development of such local arrangements, whilst also exploring the potential of a county wide proposal and the feasibility for a wider proposal based on the economic geography of Greater Wessex.
- 13.4. It is proposed that this work should be focused on existing LEP geography, with collaboration between LEPs as appropriate. Such wider collaboration could be developed through the Greater Wessex arrangements to provide an effective strategic alliance that would counter the 'weight' of the South East LEP or it could be that arrangements develop on a case by case approach on common issues or projects. It will be particularly important to maintain strong, positive working relationships with other upper tier authorities across the subnational area, both at political and officer levels.

14. Conclusion

- 14.1. Supporting economic growth is now at the heart of Government thinking, with LEPs positioned as their flagship policy. This is a pivotal moment in the development of arrangements that will shape planning and delivery of economic development and strategic infrastructure.
- 14.2. Hampshire is well positioned to influence local LEP arrangements and wider LEP collaborations. Strategic transport and other infrastructure issues will need to be addressed at various spatial scales, and it is important to ensure effective County Council engagement at all levels. It is considered that the County Council should seize this opportunity to work actively with its strategic partners, in order to align priorities so that robust cases can be put to Government for devolution of powers and funding from Whitehall to the appropriate spatial levels. Such negotiations will be critical to enable both our sub national and sub regional partnerships to deliver the prosperity and quality of life our local communities expect.

15. Recommendations

- 15.1. To approve the approach set out in this report for Local Transport Bodies, based on the existing Local Enterprise Partnership geographies, and wider collaboration through Local Transport Consortia.
- 15.2. To approve the County Council's active engagement in developing strategic arrangements, based on the Greater Wessex proposals outlined in this report.
- 15.3. To authorise the County Council to work actively with partners at both the sub national and sub regional levels to explore opportunities for partnership development under the Government's emerging proposals for devolving powers and funding to local areas, including potential local financial arrangements such as Tax Increment Finance (TIF), and to fully participate in any subsequent negotiations with Government.
- 15.4. To authorise the exploration and development of additional strategic partnership arrangements in line with the general direction and approach set out in the report.

Rpt/4046/SJ

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

Hampshire safer and more secure for all:	yes
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes
Corporate Improvement plan link number (if appropriate):	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Strategic Infrastructure Planning and Delivery	3567	26 th March 2012

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.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. It is considered that the issues covered by this report will not have impacts requiring further specific actions by the Council above those already established in its existing policies and working procedures.

2. Impact on Crime and Disorder:

- 2.1. The proposals in this report are not considered to have any direct impact on the prevention of crime.

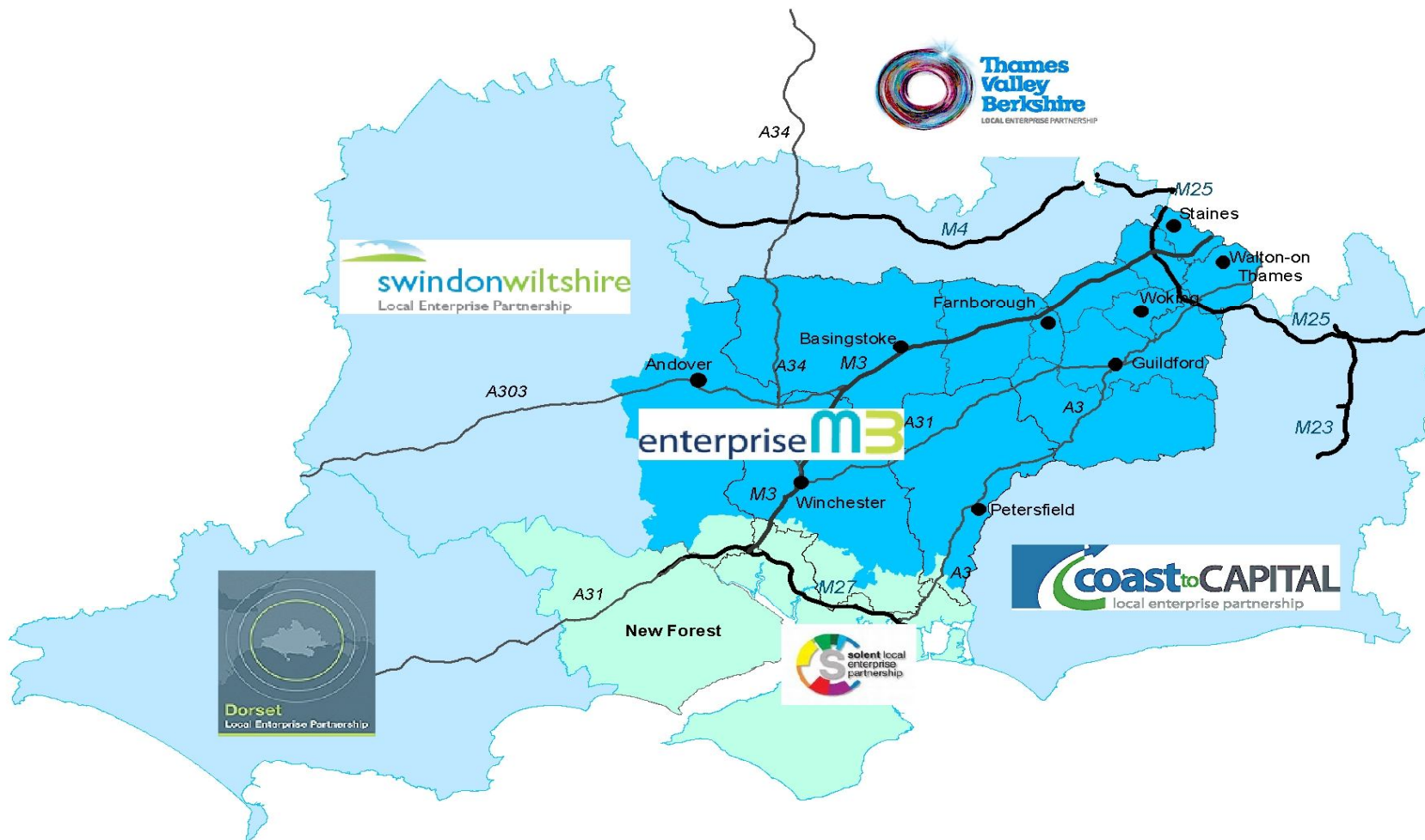
3. Climate Change:

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

The proposals in this report are not expected to impact directly on our carbon footprint/energy consumption.

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

The proposals in this report do not affect adaptation to climate change directly .



Summary of City Deals agreed in July 2012.

Leeds City Deal - will form a West Yorkshire Combined Authority involving 11 councils. It has been granted a devolved transport budget of £1 billion for investment in public transport and highways. It will set up a further £400 million fund, half of which is to come from the local authorities and half from the government, to improve infrastructure across the region. It gains responsibility for commissioning and managing franchise arrangements for local and regional rail services. It will host the country's first apprenticeship academy in Leeds for 14-24 year olds.

Sheffield City Deal – will form the South Yorkshire Combined Authority. It gains the freedom to fund infrastructure through tax increment financing (TIF). It is granted a £700 million investment fund to spend on local priority projects, and receives devolved transport budgets. It gains responsibility for commissioning and managing franchise arrangements for local and regional rail services and is granted control of its local skills budget.

Newcastle City Deal - currently in the process of forming a North East Combined Authority bringing together seven local authorities across the city region. The deal grants Newcastle the freedom to fund critical infrastructure through TIF. It will establish apprenticeship hubs in order to boost apprenticeship numbers by supporting small- and medium-sized businesses to take on more apprentices. It will set up a 'Guarantee for the Young', aiming to give every young person access to a job, training, apprenticeship, volunteering or work experience.

Birmingham City Deal - to share the proceeds of its deal across the Greater Birmingham and Solihull LEP. The LEP will gain an investment fund of £1.5 billion to spend on local priority projects and is granted a devolved transport budget.

Nottingham City Deal - has created a new private sector-led governance structure to deliver their city deal which is being given the freedom to fund infrastructure through TIF. It also gains a £45 million venture capital investment fund with £25 million from the government to invest in businesses. It will set up a series of apprenticeship hubs and focus investment on the city centre's Creative Quarter, including reduced rates for new businesses.

Bristol: - with its directly elected mayor gains an investment fund to spend on local priority projects. It will set up business growth hubs with support, advice and services aimed at helping businesses grow. It is granted a devolved transport budget and will set up a series of apprenticeship hubs.

Liverpool - the City Region Deal will establish a new strategic transport body covering the city region that is to set up a local 10-year £800 million transport fund and create 15,000 jobs. It will also secure an international business festival with the aim of driving an additional £100 million of exports. It plans to accelerate over £100 million worth of investment in offshore wind infrastructure creating 3,000 jobs and pledges to create 6,000 apprenticeships.