

HAMPSHIRE COUNTY COUNCIL**Decision Report**

Decision Maker:	Cabinet
Date of Decision:	25 July 2011
Decision Maker:	County Council
Date of Decision:	15 September 2011
Title:	Partnership for Urban South Hampshire Business Plan
Reference:	3133
Report From:	Director of Economy, Transport and Environment

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1. Executive Summary

- 1.1. The purpose of this report is to seek Cabinet's agreement to recommend the Partnership for Urban South Hampshire Business Plan to the County Council for formal approval.
- 1.2. The County Council is a member of Partnership for Urban South Hampshire (PUSH), a statutory Joint Committee composed of eleven local authorities in the South Hampshire and Solent area. A condition of continuing membership of PUSH is that each authority reviews and formally ratifies the partnership's Business Plan on an annual basis.
- 1.3. The report outlines the key elements of the Business Plan 2011-13 and reviews progress with the issues raised by the County Council last year. Finally, the report brings to Cabinet's attention a number of relevant developments following the change in Government in 2010.

2. Contextual information

- 2.1. PUSH aims to improve the economic performance of the South Hampshire area. Until April 2001 this area was geographically defined by PUSH as encompassing the whole of four Hampshire districts¹, part of four Hampshire

¹ Eastleigh, Fareham, Gosport and Havant

districts² and the two cities of Southampton and Portsmouth. However, in April 2011 the Isle of Wight joined PUSH while New Forest District Council resigned its membership.

- 2.2. Since 2009 PUSH has published a number of interim Business Plans while it developed a new Economic Development Strategy in response to the recent recession. Most recently, the 2010-12 Business Plan was considered by Cabinet in September 2010. It was not approved for a number of reasons, chief among them that the historic GVA growth target of 3.5% per annum had not been updated to reflect current economic reality or the emerging Economic Development Strategy.
- 2.3. In addition, Cabinet had doubts about PUSH's ability to deliver on the Plan given the tight financial climate, and believed that there were areas of potential overlap and duplication in respect of the roles of existing authorities and PUSH.
- 2.4. Finally, Cabinet called for a revised Business Plan that would "appropriately reflect the scale of Government spending reductions and policy changes affecting both the Partnership and its partners, and addressing the specific concerns raised by the Cabinet."
- 2.5. The Joint Committee approved a number of principles to underpin the new Business Plan at its meeting in January 2011, which represent a statement of PUSH's new direction in changed economic and political circumstances. These are as follows (verbatim excerpt from Joint Committee report):
 - “(a) In line with Government policy and to maximise leverage of resources, delivery of the economic development and other strategies will more naturally fall to the Solent LEP and other delivery partners such as TfSH, Government Agencies and individual local authorities. PUSH will continue to play a vital brokerage role between these agencies and Government policy makers, both to support and enable delivery and to ensure effective development and implementation of shared strategy and vision for the Solent area.
 - (b) Therefore, in future PUSH will be a strategic and enabling partnership focused on policy/strategy development and planning rather than direct delivery. PUSH will continue to maintain key strategic and policy development relationships in particular with Government Departments and Agencies.
 - (c) Reflecting its future role and the challenging resource environment it faces, PUSH will adopt streamlined and efficient structures for governance and staffing.

² The Waterside area of New Forest and the southern parts of Test Valley, Winchester and East Hampshire

- (d) In everything it does PUSH will ensure subsidiary to ensure that matters best discharged at local authority level continue to be performed at that level. PUSH will also continue to provide vital accountability to its member authorities and the public.”

2.6. The County Council was present at the meeting that adopted these principles, but made no comment on the grounds that it had recently given notice of resignation from PUSH and did not expect to be a member when the new Plan came into effect.

3. Finance

3.1. PUSH's budget is sharply reduced from previous years, reflecting the ending of New Growth Point capital and South East England Development Agency (SEEDA) revenue funding. The £1.3 million revenue and £5.1 million capital budgets are mostly composed of carry-forwards from 2010-11. When these carry-forwards have been spent it will be necessary for PUSH to further reduce its levels of activity, in accordance with the principles agreed by the Joint Committee and described above. PUSH has also acknowledged the requirement to review its funding model in terms of the cost share for authorities through subscriptions in 2012/13. With a potentially reduced role PUSH, the issue of value for money will clearly need to be reviewed by partners as part of the new financial model considerations.

3.2. Membership of PUSH has two costs for the County Council: a direct annual cash subscription based on an agreed funding share model which is based on population share in each local authority area. In 2011/12 the County Council subscription cost £93,000, representing a significant proportion of the PUSH subscription income. The County Council, along with other partners also incurs indirect costs through the time committed by Members and officers to PUSH business, which amounted to some £250,000 in the recent past, when the County Council was playing a significant role within the partnership. These commitments are sharply reduced in the 2011-13 Business Plan.

3.3. The Member and officer support arrangements proposed in the Plan clearly reflect a substantial reduction in the capacity of the County Council to support PUSH activity following Government funding reductions to its budget. Meanwhile all the 'back office' functions that the County Council previously exercised on behalf of PUSH (including the Treasurer function, IT and HR support and the lead role in planning) and which were funded by PUSH, have now been transferred to other PUSH member authorities.

4. Future direction

4.1. PUSH has now published a draft Business Plan for 2011-13 that takes into account the new Economic Development Strategy that was adopted by

PUSH in 2010, as well as the changes to membership described above. The key indicators for comparison with the previous targets are as follows:

<u>Indicator 2006-26</u>	<u>Previous target</u>	<u>New target</u>
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

- 4.2. County Council Members and officers were heavily involved in the development of the new Strategy. However, the County Council has always made it clear that it does not endorse the figure of 74,000 houses to be built by 2026. Indeed PUSH has yet to bring forward proposals for the spatial distribution of the proposed development, and has recently commissioned a review of the South Hampshire spatial strategy. Therefore it would be entirely reasonable to reserve judgement on the veracity of the housing numbers until a spatial distribution has been prepared and validated.
- 4.3. The new Plan reflects a number of recent changes to national Government policy that have implications for the partnership and its members:
- (i) a Local Enterprise Partnership (LEP) for the Solent area was approved by the Government in 2010. The County Council is a member of the Solent LEP and Councillor Thornber has been elected as a Director of the Board, which met for the first time in May 2011. The relationship between PUSH, which instigated the creation of the Solent LEP, and the LEP itself – a private company with a majority of Directors from the private sector – is yet to be fully defined. PUSH officers have provided initial support to the LEP Board, and the County Council, and Isle of Wight Council are now working with PUSH to develop co-ordinated support arrangements, with the County Council likely to provide direct input to the LEP on economic intelligence as well as hosting the Solent LEP website.
 - (ii) Regional Spatial Strategies (in PUSH's case the South East Plan) are expected to be formally revoked through the Localism Bill. PUSH plans to prepare a revised spatial strategy to reflect the new economic targets and expects sub-regional planning to remain a specific focus for PUSH, particularly on the potential for sub-regional pooling of the Community Infrastructure Levy.
 - (iii) Regional bodies with ex-officio seats on the PUSH Joint Committee (GOSE and SEEDA) have been abolished, with SEEDA land assets to be disposed of by Government. PUSH has bid to purchase these sites but it appears likely that they will be transferred to the HCA with some local influence through the adoption of a 'stewardship' model to the ownership and management of the assets.

- (iv) PUSH member authorities have individually had to reduce their spending by unprecedented amounts, meaning in some cases that capacity to work on PUSH business is not what it was.
- (v) PUSH itself has had to severely reduce its budget.

4.4. Finally, the Business Plan also outlines new Member representation and Business Plans for each of its five Delivery Panels, and recommends that the Environment Agency join the Joint Committee on an ex-officio basis.

5. Conclusion

- 5.1. The new PUSH Business Plan marks a substantial shift of emphasis, reducing core PUSH activity, recognising the emerging role of the Solent LEP and setting more realistic targets which reflect the revised economic strategy. It points towards a future for PUSH as a partnership focusing on strategy, planning and its role as an interface with central Government, although the development of support arrangements for the LEP will also influence this in the future. The County Council's previous objections have largely been addressed, and the acknowledgement of the limitation of PUSH's role as a delivery body is also in line with the County Council's previous assessment.
- 5.2 The issue of costs and value for money in terms of PUSH with this future reduced role will clearly be a matter for members authorities to consider in the future, particularly with the planned review of the funding model for 2012/13. It is acknowledged that 2011/12 is a transitional period for PUSH and therefore the Business Plan should be supported at this time. However on the important issue of overall housing numbers and distribution, it is recommended that the County Council reserve its position until the completion of the spatial strategy work allows a proper judgement to be made based on the scale, distribution, deliverability and impact of this level of development.

6 Recommendation

- 6.1. That the **Cabinet recommends to the County Council** that the PUSH Business Plan be supported for 2011/12, but that the County Council reserves its position in respect of the proposed housing numbers pending consideration of the revised South Hampshire Spatial Strategy.

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:	no
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes
Corporate Improvement plan link number (if appropriate):	

Section 100 D - Local Government Act 1972 – background documents	
<p>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</p>	
<u>Document</u>	<u>Location</u>
Partnership for Urban South Hampshire Business Plan 2011-13	Economy Transport and Environment Department

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.

2. Impact on Crime and Disorder:

- 2.1 There are no adverse impacts of the proposals in the business plan. Targeting programmes to regenerate areas of deprivation will impact positively on areas suffering from higher rates of crime and anti-social behaviour.

3. Climate Change:

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

The 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.

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

The 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.