

HAMPSHIRE COUNTY COUNCIL**Decision Report**

Decision Maker:	Cabinet
Date:	27 September 2010
Title:	Partnership for Urban South Hampshire Business Plan 2010-12
Reference:	2011
Report From:	Director of Environment

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1. Executive Summary

- 1.1. The Partnership for Urban South Hampshire (PUSH) Business Plan 2010-12 is an interim update of the Plan approved by the County Council in July 2009. In the intervening period PUSH has been working to update its economic development strategy in the light of significant developments, including the recent recession and numerous policy changes following the 2010 general election (for example the abolition of the South East Plan, a document which guided much of PUSH's planning). A fully overhauled Business Plan is expected in 2011.
- 1.2. The purpose of this paper is to outline the key elements of the Business Plan 2010-12 and to review progress with the issues raised by the County Council last year.
- 1.3. This paper recommends approval of the Business Plan 2010-12, but notes a number of concerns about the direction and scope of PUSH's activity, particularly regarding its bid to become a Local Enterprise Partnership (LEP). It also recommends that, as with all other areas of spending that are being examined following the 26th July Cabinet decision on efficiencies, notice be given to PUSH that the Council's membership contribution is not confirmed beyond the end of the 2010/11 financial year, and that a formal decision on this commitment be taken as part of the Council's 2011/12 budget process.

2. Contextual information

- 2.1. On 12 July 2007 the County Council established a Joint Committee with other councils in South Hampshire to promote and steer the sub-regional strategy for sustainable economic growth. This arrangement replaced the former

voluntary PUSH. The Joint Committee was given delegated authority to discharge such functions of the Executive as are necessary to implement the Business Plan for PUSH, subject to the Plan being approved annually by the County Council and other partner authorities. The Council's representative is the Deputy Leader of the Council and he has been appointed as Vice Chairman of the Committee for 2010/11; Chairman of the External Funding Panel; a member of the Employment and Skills Board and also of the Inward Investment Panel.

- 2.2. A South Hampshire Multi-Area Agreement (MAA) was also developed in 2008 to provide a mechanism to improve partnership working with Government and assist in the delivery of the Business Plan objectives. The MAA included transport provisions, which were approved by the Transport for South Hampshire Joint Committee. The MAA provides a mechanism for securing greater Government and stakeholder commitment to the implementation of key aspects of the Business Plan. The MAA has since been refreshed and is awaiting approval by the Secretary of State; but it is not thought to be a priority for the new Government and may be overtaken by other arrangements.
- 2.3. The PUSH Joint Agreement identifies the Business Plan as the key document defining the scope and detail of activity that the Partnership undertakes and the powers and functions exercised by the Joint Committee. Delivery of the South Hampshire Strategy is a responsibility shared by all South Hampshire local authorities and other agencies and partners operating in the sub-region. The Business Plan sets out the activities to be undertaken by partners on a collaborative basis and at a strategic level to contribute towards delivery of the sub-regional strategy.
- 2.4. PUSH operates through five non-executive delivery panels (Economic Development; Housing and Planning; Sustainability and Community Infrastructure; Quality of Place and External Funding), an arrangement with Transport for South Hampshire and an Employment and Skills Board. While Transport for South Hampshire is a separate Joint Committee, its key targets and enabling measures are reported in the Business Plan, given the linkage with the delivery of the strategy and the New Growth Point funding awarded to it. The Transport for South Hampshire Business Plan for 2009-11 was approved by the County Council in September 2009.
- 2.5. PUSH is committed to a 'cities first' strategy for housing and economic development under which 'brownfield' sites providing good access to existing services should be prioritised, and investment focused on areas of comparative economic weaknesses such as productivity. Targets and sites were developed largely in partnership during the evolution of the South East Plan.
- 2.6. In the past PUSH has attracted some Government funding to support the delivery of economic growth and, to underpin that, the new communities that were envisaged in the draft South East Plan. The Business Plan has

provided a framework for managing those budgets and ensuring that they are allocated to the correct priorities.

- 2.7. Part of the funding for PUSH activity comes from authorities' contributions to the core budget, which are set in the Plan at £315,000 for 2010/11. Some of PUSH's other funding has recently been lost due to Government spending cuts (see 4.2. below). The funding is allocated between the Delivery Panel Themes and to Transport for South Hampshire.
- 2.8. Examples of projects that PUSH has wholly or partly funded include improvements to Junction 5 of the M27; regeneration of the Rowner estate in Gosport; and the Hampshire Climate Change Vision and Strategy.
- 2.9. Finally, the Business Plan offers a basis for PUSH to be accountable to its own Overview and Scrutiny Committee, Government and other funders, and to local communities.

3. Business Plan

- 3.1. The previous Business Plan 2009-11, which this Plan updates, was approved by the County Council in July 2009 with two comments: one specifying that its approval did not imply approval of the targets it contained, and another authorising its representative to agree the refresh of the MAA. Both comments have been actioned: PUSH is actively revising its growth targets, and the MAA refresh was satisfactorily concluded.
- 3.2. This updated Business Plan 2010-12 was approved by the PUSH Joint Committee in July 2010 for recommendation to partnership authorities to formally adopt it. It is a key document for the Partnership.
- 3.3. The Plan summarises the key activities intended and sets out both the resources secured and where further resources are required to deliver its actions. The most important changes to last year's Plan are to reflect what is currently known about the impact of Government spending cuts; to reflect known policy changes; and to increasingly prioritise actions from the previous Business Plan. For the purpose of clarity, the Plan is not based on PUSH's new Economic Development Strategy, which is currently out to consultation (see 6.1. below).
- 3.4. The Plan is made up of eight chapters, the majority of which concern PUSH's strategy for each of the five Delivery Panels. Two appendices describe PUSH's governance arrangements and the delivery plans for 2010/11.

4. Finance

- 4.1. The County Council's financial contribution to PUSH in 2010/11 is £88,000, with subscriptions being determined by an established population-based formula. In addition, a number of staff across the County Council are contributing to the work streams. Including officer time and a contribution by

Culture, Communities and Rural Affairs to a specific project, the total cost to the County Council of supporting PUSH in 2009/10 was approximately £250,000. This is expected to be lower in 2010/11 as activity finishes or reduces.

- 4.2. Since the County Council last considered PUSH's Business Plan the partnership has lost significant New Growth Point capital funding, due to the Government's budget reductions (about £4 million reduction for 2010/11, with no likelihood of further funding). From 2011/12 PUSH will also lose annual revenue funding of £165,000 from the South East England Development Agency (SEEDA) following its abolition. Numerous other funding streams PUSH had hoped would co-fund schemes, including for example the now defunct Regional Transport Board, have been restricted, reduced or cancelled by new Ministers, or are being examined as part of the Comprehensive Spending Review. Other local revenue streams, such as the Community Infrastructure Levy, have not yet been debated and adopted by PUSH.
- 4.3. The External Funding Panel is seeking to mitigate this through other potential sources of funding, particularly Tax Incremental Financing/Accelerated Development Zones, and working closely with other public and private sector partners. Although discussions with HM Treasury and other bodies have been promising, there is no doubt that the prospects for PUSH receiving the scale of funding that it requires to realise its ambitions have been severely set back for a number of years.
- 4.4. Contributions by partners largely fund PUSH's core operations, although there is some concern that with partners' budgets reducing and the prospects of major investment receding PUSH's core staff may logically also need to reduce.

5. Performance

- 5.1. A performance framework has been developed by PUSH and a set of theme-based action plans are included as Appendix 2 to the Business Plan 2010-12.

6. Other key issues

- 6.1. PUSH is currently consulting on its new Economic Development Strategy. This was first developed in response to the recession that started in 2008/9, and has also been informed by policy announcements emanating from the new Government elected in May 2010, including inter alia proposals for decentralisation, a review of local government finance and the abolition of the South East Plan. The consultation draft of the new Strategy proposes a target GVA growth rate of 2.1% until 2026, a sharp reduction on the 3.5% set out in previous plans (which the County Council considered was over-ambitious). The County Council's response to the new Strategy is due to be considered by Cabinet at the same time as this paper.

- 6.2. Concern has been expressed that PUSH may continue planning on the basis of a housing target close to that set out in the South East Plan (80,000 houses between 2006 and 2026, a figure which the County Council's representative has consistently argued against).
- 6.3. All PUSH partners are currently considering their responses to Government spending cuts. The County Council, for example, is examining the scope for cash limit reductions of 8% for the next two years across all areas of business. This pressure is likely to increase demands for shared services and closer working among some PUSH partners, while others may wish to focus expenditure on their own 'domestic' priorities.
- 6.4. Plans for two Strategic Development Areas (SDAs) at North Fareham and North/North East of Hedge End have changed even since the Business Plan was signed off by the Joint Committee. Fareham Borough Council's plan to reduce its SDA housing forecast from 10,000 to 7-8,000 was widely known; but in recent weeks Eastleigh Borough Council has confirmed its intention to entirely abandon plans for the Hedge End SDA. Other PUSH partners are actively considering whether to revise the housing targets set out in the South East Plan.
- 6.5. PUSH has submitted a bid to become an LEP. Although the County Council is a member of PUSH, the Council has worked with business organisations to submit a Hampshire-wide LEP bid that will have both pan-South Central links (Dorset authorities, Wiltshire) and also sub-regional links, allowing PUSH and the North Hampshire and M3 corridor to continue to work as a partnership but below the level of a LEP.

7. Future direction

- 7.1. A full review of the Business Plan will be undertaken during 2011, and this is expected to fully reflect the impact of the Comprehensive Spending Review, further Government policy changes and the new Economic Development Strategy.

8. Recommendations

- 8.1. That it be recommended to the County Council that the Partnership for Urban South Hampshire Business Plan 2010-12 be approved, but noting that:
 - (i) the Council's approval of the plan does not signify approval of all the targets or aspirations it contains, some of which need to be updated in the pending full Business Plan to be published in 2011;
 - (ii) specifically, the Council's approval of the Plan does not signify approval of the Partnership's aspiration to become a Local Enterprise Partnership, but instead leaves open the possibility of continuing to work in partnership with the Partnership for Urban South Hampshire under a Hampshire-wide or 'South Central' Local Enterprise Partnership; and

(iii) the Council expects that the revised Business Plan to be published for 2011 will appropriately reflect the scale of Government spending reductions and policy changes affecting both the Partnership and its partners; and

8.2 That, given the Cabinet's decision of 26 July 2010 to review spending across all areas of business following severe cuts in Government spending already announced and to follow in the Comprehensive Spending Review, and the possible establishment of a Local Enterprise Partnership, that notice be given to the Partnership for Urban South Hampshire (as required by the Partnership for Urban South Hampshire constitution) that the Council's funding commitment is not confirmed beyond 31 March 2011 and will be subject to a formal decision before that date as part of the Council's 2011/12 budget process.

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

Hampshire safer and more secure for all:	no
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):	

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>
Partnership for Urban South Hampshire Business Plan Update 2009-11	http://www.push.gov.uk/business_plan_2009-2011.pdf

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

1.1. There are no impacts arising from this report.

2. Impact on Crime and Disorder:

2.1. There are no impacts arising from this report.

3. Climate Change:

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

PUSH has ambitions to become a low-carbon economic area, and this is reflected in the Business Plan. The County Council and PUSH have worked together on various projects relating to climate change, including the Hampshire Climate Change Vision and Strategy and a bid to the Plugged-in Places fund.

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

As 3 (a) above; noting also that flood risk and coastal defence are key planning issues taken into account by PUSH.