

THE HEART OF HAMPSHIRE

Devolution Prospectus
May 2016

CONFIDENTIAL DRAFT
FOR DISCUSSION ONLY



We believe that the proposed deal with Government is a unique opportunity to achieve our ambition of significantly increasing economic output, raising local standards of living, whilst also protecting the unique character of this beautiful and prosperous area which is the Heart of Hampshire.

To achieve this we will ensure our people have the education and skills they need to find good jobs and enable businesses to flourish; build high-quality homes that local people need and can afford; and fund the essential infrastructure that supports their lives and helps businesses to grow.

Our devolution proposal aims to bring services as close to communities as possible whilst maintaining the appropriate scope and level of accountability.

This will require long-term planning and investment and sustained local commitment that is not dependent on changing priorities – which is why we are asking to be entrusted by Government with a new level of freedom and responsibility.



Councillor Roy Perry
Hampshire County Council



Geoff French CBE
Enterprise M3 Local Enterprise Partnership



Councillor Clive Sanders
Basingstoke and Deane Borough Council



Councillor Stephen Parker
Hart District Council



Councillor Barry Rickman
New Forest District Council



Councillor Peter Moyle
Rushmoor Borough Council



Councillor Ian Carr
Test Valley Borough Council



Councillor Stephen Godfrey
Winchester City Council

INTRODUCTION

Government is fundamentally changing the way the country is run and the March 2016 budget report highlights the ambition to “rebalance the economy for the next generation through a devolution revolution” and the creation of combined authorities.

This offers areas in England the chance to have more responsibility and control over decisions and spending in their area. The process of transferring these ‘powers’ and decisions, from Government to a grouping of local authorities, is known as devolution.

Hampshire cannot stand still and must have creative plans to ensure it gains the benefits of enhanced investment and growth delivered through devolution agreements with Government. **The devolution proposals for the Heart of Hampshire are structured around obtaining greater control over, and support for, economic growth, housing, education and skills, and infrastructure.**

The local authorities involved have made excellent progress developing shared ambitions and a common vision through their membership of the Enterprise M3 Local Enterprise Partnership and by working in closer partnership in the future will be able to bring this vision to reality, laying the foundations needed for future growth.

Economic strength is fundamental to meeting the demands of an increasing population. Continued growth delivers jobs and prosperity to support local residents, who need homes to live in with the right infrastructure in place. This requires strategic planning for local transport to ensure communities remain connected. An investment fund of £30 million per annum for 30 years is required from Government to support the delivery of this ambition.

Whilst doing nothing would not have an immediate impact, **Government has made it clear that future funding will be more forthcoming for areas with mayoral combined authorities.** With the prospect of continued reductions in funding, Government will inevitably need to consider local government reorganisation in the future. By being proactive we can take more control over our own destiny.

This devolution deal is predicated on evolution, not revolution; by following a structured and considered approach our local authorities can be sure that they deliver, within our own timescales, on all aspects included in the agreement with Government. This will be used as a base to build upon for future devolution deals, e.g. to gain greater local control over health expenditure in order to secure better outcomes for the increasing number of elderly residents in our area.





WHAT WOULD THE HEART OF HAMPSHIRE LOOK LIKE?

The Heart of Hampshire will be a joint legal body established by the constituent local authorities and can include other organisations such as the Enterprise M3 Local Enterprise Partnership. It will be set up under legislation within The Local Democracy, Economic Development and Construction Act 2009 and the Cities and Local Government Devolution Act 2016 to carry out powers and administer budgets traditionally held by Government.

These powers and budgets will be transferred to the combined authority by the Secretary of State along with any additional services that local authorities choose to share.

A combined authority and devolution deal will not replace existing councils and other organisations. It will encompass them in a new and coordinated structure and will build on the close working relationship that already exists to:



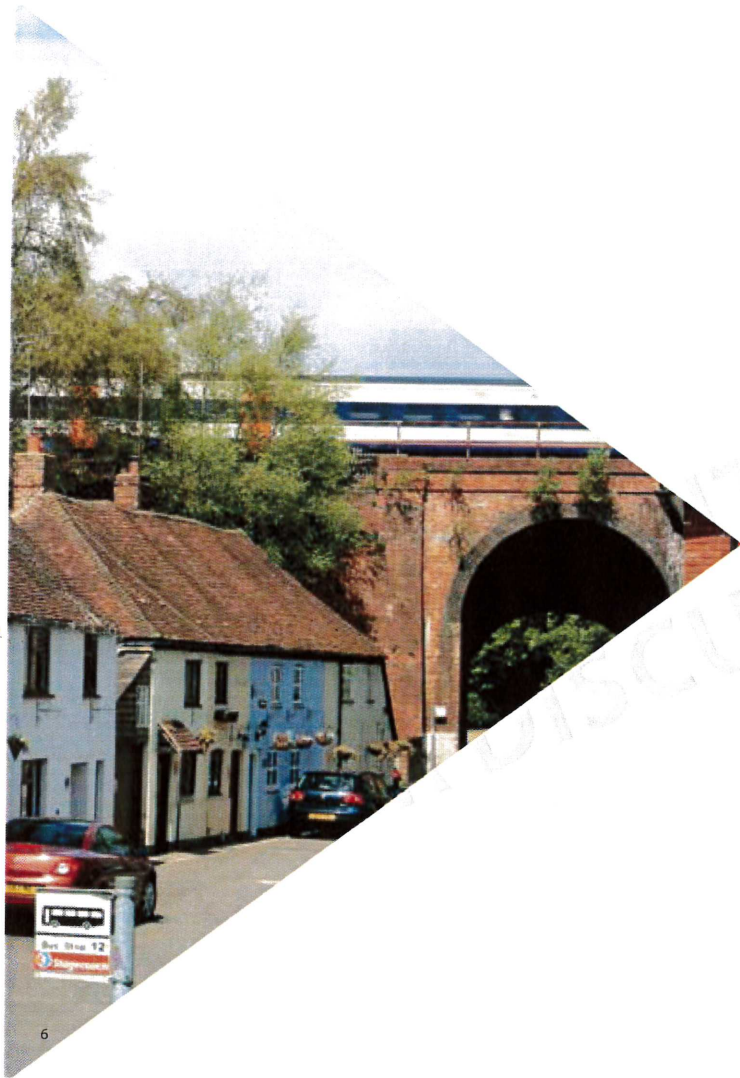
deliver improved **economic growth** and **raise local standards of living**;



deliver services more effectively and **as close to local communities as possible**; and,



act as **a vehicle for the exercise of the powers** devolved from Government or those responsibilities that constituent councils choose to transfer to the combined authority.



THE HEART OF HAMPSHIRE

The Heart of Hampshire comprises the area covered by Basingstoke and Deane Borough Council, Hart District Council, New Forest District Council, Rushmoor Borough Council, Test Valley Borough Council and Winchester City Council, within the county of Hampshire.

The combined authority:

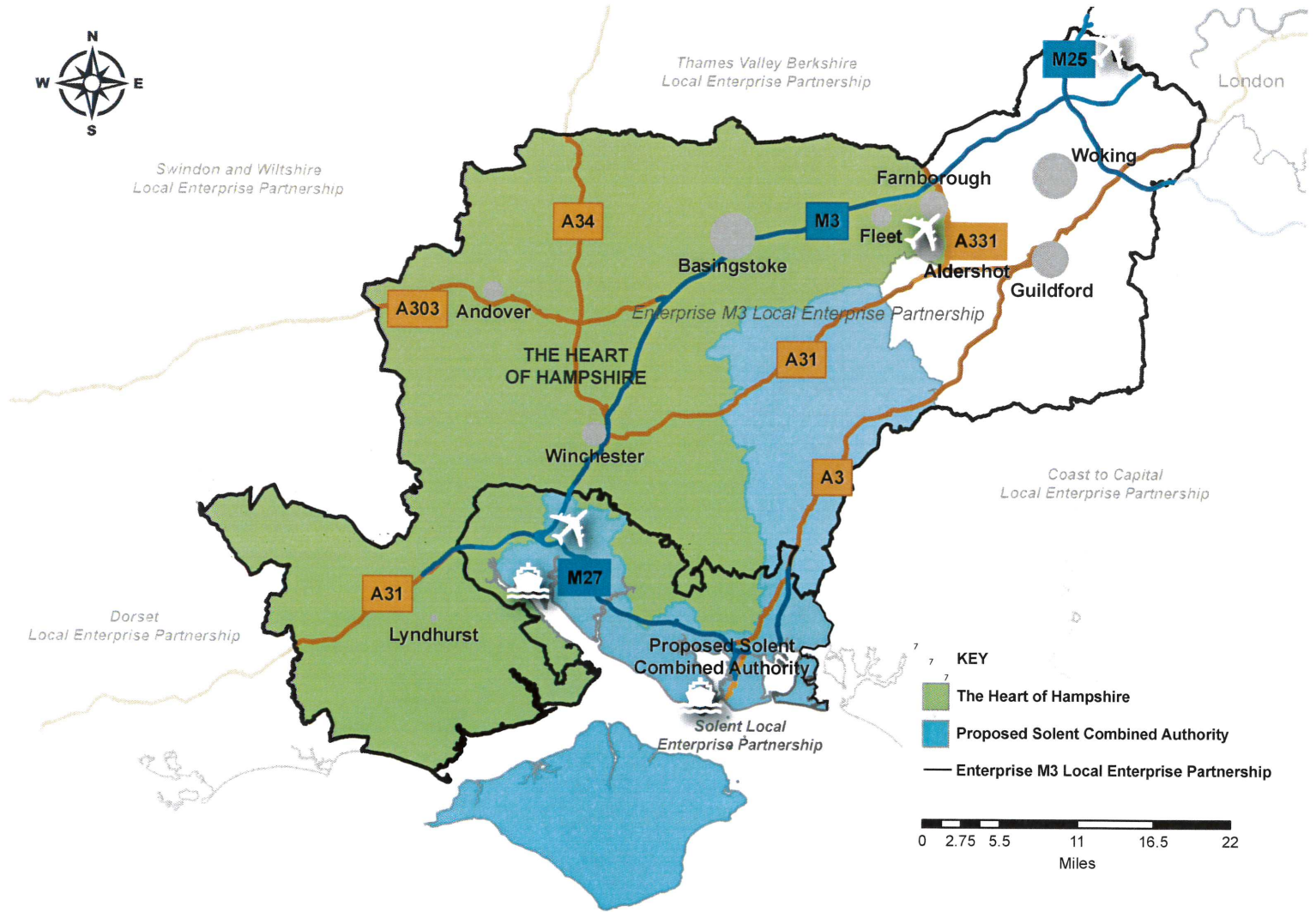
- ▶ represents 779,400 residents
- ▶ is home to 322,000 households
- ▶ has an economic activity rate (16-64) of 83%
- ▶ covers 293,000 hectares
- ▶ has an economy worth £22.2 billion.



Swindon and Wiltshire
Local Enterprise Partnership

Thames Valley Berkshire
Local Enterprise Partnership

London



Coast to Capital
Local Enterprise Partnership

Dorset
Local Enterprise Partnership

Enterprise M3 Local Enterprise Partnership

KEY

- The Heart of Hampshire
- Proposed Solent Combined Authority
- Enterprise M3 Local Enterprise Partnership

0 2.75 5.5 11 16.5 22
Miles

Government support for these proposals will enable our area to achieve its economic potential, redress the productivity gap and manage the challenges of a growing population more effectively.

THE BENEFITS FOR THE HEART OF HAMPSHIRE



▶ More businesses **creating new jobs** and **increasing productivity**.



▶ People with the skills they need to access **higher value employment** and **grow their careers**.



▶ **Sustainable growth** across the area that is supported by **appropriate and modern infrastructure** and **homes that people need**, in places where they want to live, whilst protecting our highly valued countryside.



▶ Communities with **more say** on the services they receive, **based on what they need**, **with decisions made locally**.

BY 2026 THE HEART OF HAMPSHIRE WILL ACHIEVE

- ▶ Up to an additional £4 billion in GVA per annum for the UK economy.
- ▶ Infrastructure that supports our ambitious plans.
- ▶ 41,200 new homes to meet local need.
- ▶ An increase in apprenticeship starts.
- ▶ Enhanced opportunities for young adults to undertake further education, training and employment.
- ▶ Improved transport services with greater capacity.
- ▶ Faster and more reliable journey times on the road and rail networks, with less congestion.
- ▶ Substantial progress towards closing the gap to 100% superfast broadband coverage.







ECONOMIC OPPORTUNITIES

The Heart of Hampshire has a strong and dynamic economic landscape with a GVA per head 18% higher than that of the remaining areas within Hampshire and the Isle of Wight.

The authorities within the Heart of Hampshire share common economic, social and cultural interests that are the basis for a natural alignment and rational geographical area. Strategically located along the M3 corridor and south west mainline, this is a functional economic area that is well connected to London and neighbouring areas, including the M4 corridor. Its city and large urban towns are contrasted by outstanding areas of natural beauty in open countryside, interspersed with smaller market towns and villages. This diverse backdrop provides a robust foundation for economic growth. However, the area's variations in productivity, educational attainment, employment, housing and health highlight the need and opportunity for improvement and growth.

Productivity and growth have been the drive behind the Government's devolution programme. Building on initiatives such as the 'Northern Powerhouse' and the 'Midlands Engine', devolution deals have sought to enable jobs, support industries and increase trade and investment. By coming together as a combined authority the Heart of Hampshire will unite behind a common vision for an economy that is comparable to the strongest areas within the South East.

The GVA per head in neighbouring areas such as the Thames Valley and other parts of the Enterprise M3 Local Enterprise Partnership in West Surrey is some 15% above that of Heart of Hampshire. **The vision is to narrow the gap between Heart of Hampshire and these areas, adding up to an additional £4 billion a year to the UK economy and further improving life chances and prosperity locally.**

HOW WILL THE COMBINED AUTHORITY FUNCTION?

The six district and borough councils and Hampshire County Council form the combined authority's core membership. When it comes to making decisions, each of these core members will have one vote, so there will be one vote for each authority.

Government requires combined authorities to have an elected Mayor, enabling one person to be accountable for all decisions made by the combined authority. The Mayor will chair the combined authority and be a voting member.

Enterprise M3 Local Enterprise Partnership will be co-opted as an associate voting member.

Other organisations, such as the New Forest National Park and South Downs National Park, have also been asked to join the group with an associate non-voting membership.



The Heart of Hampshire will be managed by a Cabinet which is made up of one representative from each of the core members. No councillors from local authorities appointed to the Cabinet of the combined authority would receive any allowance from the combined authority in addition to their existing councillor allowance from their own authority.

The Mayor and all members of the Cabinet will be able to raise questions and introduce motions for decision, which will be decided by a majority of the Cabinet and Mayor. Decisions will be subject to scrutiny by an Overview and Scrutiny Committee, which will be politically balanced in line with the existing arrangements established for the Hampshire and Isle of Wight Police and Crime Panel.¹

Transferring responsibility for certain services from Government to the combined authority should not, in itself, incur any additional costs. In fact, a more localised responsibility and decision-making approach could actually lead to cost savings for the authorities involved.

The specific cost of the Mayor and any necessary support staff will be absorbed into the operating budgets of the constituent authorities, as an alternative to introducing an additional precept on local residents.

In order to integrate service delivery effectively some existing local authority functions, particularly highways and transport, will need to be seamlessly integrated with the work of the combined authority and Mayor; however, any transfer to the combined authority or Mayor of powers or resources currently held by the local authorities must be agreed by all constituent members. The Mayor, the combined authority and its constituent members would look to work closely with all key stakeholders, including parish and town councils.

It is anticipated that further powers will be transferred from central government over time as the combined authority demonstrates a track record of effective joint working and delivery.

¹For more detail of the proposed governance arrangements for the combined authority, please refer to the Heart of Hampshire Devolution Agreement.

WHAT OBJECTIVES WILL THE COMBINED AUTHORITY HAVE?

The proposed Heart of Hampshire will, in return for increased responsibility and investment from Government, deliver strong and stable growth for the area.

By managing services locally, engaging with communities and reviewing the allocation of responsibilities between tiers of Government, it will enable residents to gain more control over the local issues that matter to them.

The combined authority will have specific strategic responsibilities in areas of:



Economic growth



Adult education, skills and employment



Housing and environment



Infrastructure and transport





ECONOMIC GROWTH



A strong tradition of collaboration already established, through the Enterprise M3 Local Enterprise Partnership and other established partnerships, brings together many high-performing bodies, including local universities such as Winchester, Surrey and Southampton, as well as an extended public sector family, as a platform for delivery of our economic potential.

THE OBJECTIVE:

- ▶ To **simplify** and **strengthen** the support available for business growth, innovation, global exporting and investment in order to **increase productivity** and unlock the area's potential for **generating up to an additional £4 billion a year for the UK economy**.
- ▶ To work with partners to **deliver successfully the agreed Enterprise M3 Enterprise Zones** and to establish further zones across the area.

THE REQUIREMENT:

- ▶ That Government works with the Heart of Hampshire to continue to support growth hubs ensuring that it joins up and is co-ordinated with public, private, national and local support so that businesses get the help they need to boost their productivity and grow.
- ▶ That Government continues to provide funding to help embed the growth hubs building on investment provided in 2016/17 and 2017/18.
- ▶ That there is closer working with Government and with UKTI and neighbouring areas to develop a co-ordinated regional approach to Foreign Direct Investment (FDI). This will lever the existing capacity of existing FDI based partnerships with neighbouring areas.



ADULT EDUCATION, SKILLS AND EMPLOYMENT



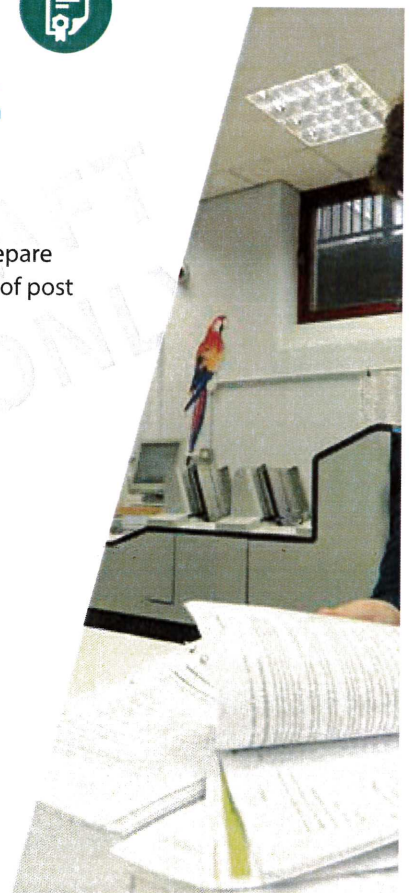
Workforce skills have a direct impact on future productivity, economic growth and investment. Improving adult education and skills is vital for economic success and prosperity, together with connecting those seeking work with employers.

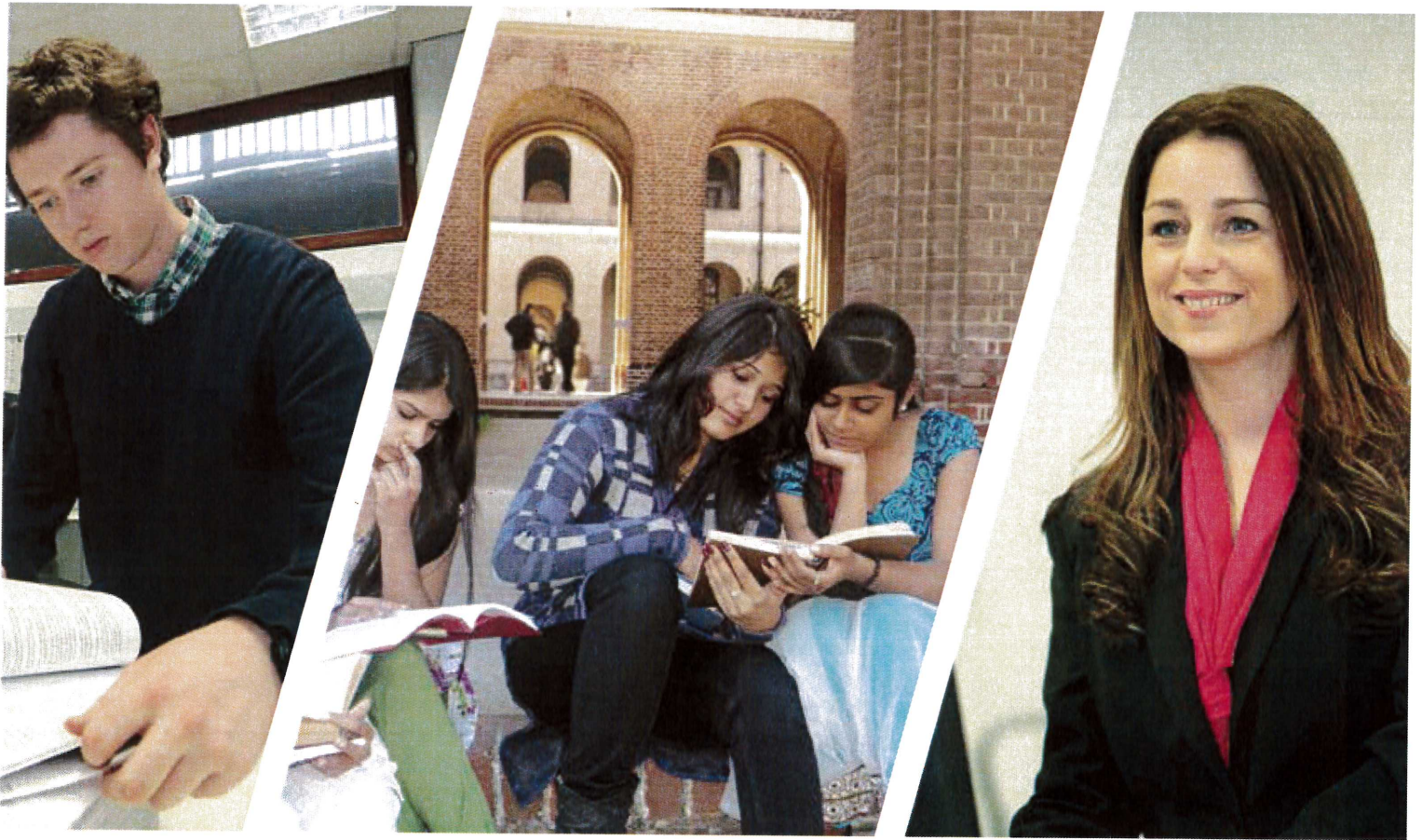
THE OBJECTIVE:

- ▶ To develop a **joined up skill system** that links employers and education providers to prepare young people for local jobs, to take forward the recommendations from the area review of post 16 education.
- ▶ To increase apprenticeship starts and develop **innovative programmes to develop digital skills** for those that need it most.

THE REQUIREMENT:

- ▶ That Government devolves the budget for 19+ Adult Education to create better linkage between local education and training opportunities and the requirements of local employers.
- ▶ That Government work with the Heart of Hampshire to ensure that local priorities are reflected in careers advice and guidance, including linking to local employers.
- ▶ That Government work with the Heart of Hampshire to maximise opportunities to promote apprenticeships, including devolution of the Apprenticeship Grant for Employers to incentivise employers in target sectors to offer apprenticeship opportunities.
- ▶ That Government consider a business case, developed by the Heart of Hampshire, for a new innovative digital skills programme.





HOUSING AND ENVIRONMENT



Working with Government we are committed to housing delivery that will provide the homes that people need, consistent with the sustainable growth agenda. Individual local authorities will continue to be responsible for their own Local Plans which remain sovereign.

THE OBJECTIVE:

- ▶ To work with partners, including the Homes and Communities Agency and the private sector, to deliver 41,200 homes by 2026 to meet local housing need.
- ▶ To **protect the balance of rural and urban areas** and enable the National Parks to continue their key role in the planning process in order to protect our areas of distinctive natural beauty.
- ▶ To protect rural Hampshire by **establishing green infrastructure** and to investigate the possibility of establishing additional 'green belt' areas within the combined authority.

THE REQUIREMENT:

- ▶ Additional powers from Government over strategic planning and housing, including responsibility for a non-statutory spatial framework.
- ▶ A programme for release of surplus public land and property controlled by Government departments to support housing delivery and economic growth.



INFRASTRUCTURE AND TRANSPORT



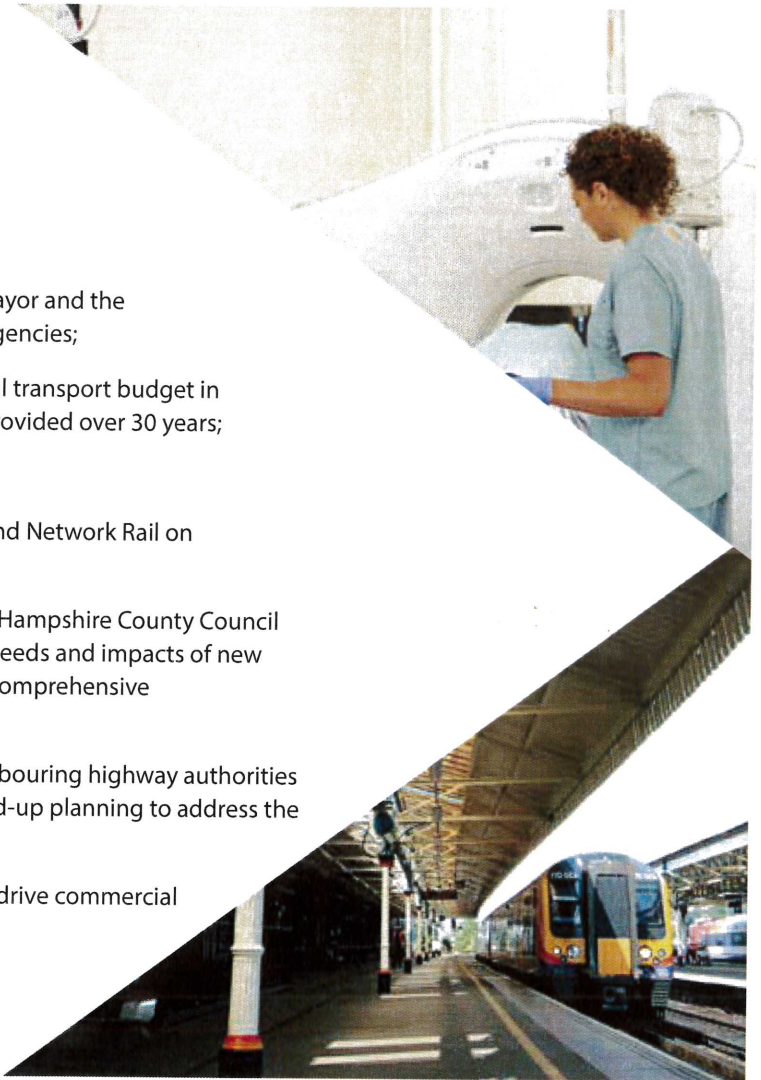
Making sure adequate infrastructure, e.g. roads, schools, doctors' surgeries, community centres, local green space and broadband connectivity, is provided is vital to creating places where people want to live and gaining local support for new development. Transport is a particularly important component of connecting people with jobs and enabling a better standard of living; growth across the Heart of Hampshire area will not succeed without an integrated transport system and early delivery of the required infrastructure.

THE OBJECTIVE:

- ▶ To create better and more cost-effective links to neighbouring places and between local and national networks to keep communities better connected;
- ▶ To help meet travel demands, reduce congestion and improve journey time reliability in main urban centres, rail services and primary routes on strategic and local road networks by establishing an integrated passenger transport network;
- ▶ To provide upfront investment in other supporting infrastructure such as schools, doctors' surgeries and leisure facilities;
- ▶ To ensure that the right level of community, cultural and sport facilities are available to meet the needs of established and growing communities;
- ▶ To improve transport access for isolated rural communities across the area;
- ▶ To expand the area's digital connectivity, particularly in the hardest-to-reach places, for businesses and homes that require superfast broadband for everyday life;
- ▶ To ensure co-ordinated infrastructure planning across the area.

THE REQUIREMENT:

- ▶ An area-wide local transport plan developed by the Mayor and the combined authority working with existing transport agencies;
- ▶ Control of a devolved and consolidated multi-year local transport budget in addition to a new £(30m) million a year funding pot, provided over 30 years;
- ▶ Ability to franchise bus services;
- ▶ Joint working arrangements with Highways England and Network Rail on operations, maintenance and local investment;
- ▶ The Mayor and local planning authorities to work with Hampshire County Council as the highway authority to ensure that the transport needs and impacts of new development are properly addressed, supported by a comprehensive evidence base;
- ▶ The Mayor and combined authority to work with neighbouring highway authorities and Transport for London to ensure strategic and joined-up planning to address the implications of the London Plan;
- ▶ Agreement from Government to a joint programme to drive commercial roll-out of superfast broadband.



THE RESPONSIBILITIES OF CONSTITUENT MEMBERS

There will be no immediate changes to local council services if a devolution deal is agreed. However, in the longer term some services may be delivered on a sub-regional rather than local level, if it is more efficient to do so or provides better value for money.

Hampshire County Council will continue to hold responsibility for, inter alia, adult and children's services, emergency planning, mineral and waste planning, waste disposal, public health, registrar services and its own asset management.

District and borough councils will continue to hold responsibility for, inter alia, their own asset management, domestic and business rates, elections and electoral registration, environmental health, housing, licensing, planning, markets and fairs, parking, public conveniences, sports centres, parks and playing fields, street cleaning and waste collection and recycling.

A key feature of the enhanced partnership working developed through a combined authority will be progress in discussions on 'double devolution' to get other service delivery closer to residents where this is considered to be more effective.

With the agreement of all members, the individual constituent councils or groups of district councils will take on responsibility for a range of devolved services where those services could be more effectively delivered locally, and in turn opportunities to further devolve service delivery to town and parish councils could be explored where there is the appetite and capacity to do so.

In the future, it is proposed that greater responsibility should be devolved by Government for health with the budget being 'passport'ed by the combined authority to Hampshire County Council to maximise opportunity for greater effectiveness and efficiency in meeting local needs through integration with its responsibilities for adult services and social care. **Joint working and close collaboration between the Heart of Hampshire and Solent combined authorities, with Hampshire County Council as the common member, will be critical to ensuring successful implementation of devolution at this scale.**

WHAT ARE THE ALTERNATIVES TO THIS DEAL IN THE CONTEXT OF REDUCING CENTRAL GOVERNMENT FUNDING?

A Hampshire and Isle of Wight combined authority

The possibility of creating a combined authority across Hampshire and Isle of Wight was previously explored and did not command unanimous support amongst the constituent councils and therefore was not viable. Hampshire being covered by two devolution deals, rather than one, gives an opportunity for greater precision with each able to negotiate separate logical deals that reflect the differing characteristics of each area and complements each area's specific plans for growth and improved delivery of public services. Close cooperation and partnership working across the county will remain a continuing feature and strength, with Hampshire County Council providing an important and valuable link in that work.

Unitary local government

Informal guidance from Government² suggests that a population of between 300,000 and 700,000 residents is considered appropriate for new unitary authorities and provides a useful sense check whilst not precluding applications outside of this range.

Changing to unitary local government can be time consuming, disruptive and expensive to achieve and currently there is no consensus across the area for what a viable unitary authority or authorities would look like. It is also unlikely that it would be possible to plan, evaluate and implement local government reform during this parliament. So, whilst this option is not something that is currently being investigated further, the formation of a combined authority would not preclude discussion of unitarisation at a later stage, or in the event that a satisfactory combined authority deal was unable to be concluded.

Do nothing

Doing nothing would not have an immediate impact but Government has made it clear that future funding will be more forthcoming for areas with mayoral combined authorities and ministers have already indicated that those areas with a Mayor are at an advantage when bidding for Local Growth Funding. Due to on-going reductions in local government funding, Government will inevitably need to consider local government organisation in the future and by being proactive we can take control over our own destiny.

²Report to Dorset County Council, Exploring Options for the Future of Local Government in Bournemouth, Dorset and Poole, 10 March 2016

“ Government has made it clear that future funding will be more forthcoming for areas with mayoral combined authorities “

KEY DECISION CRITERIA

Certain criteria must be met so that the Heart of Hampshire can be established and it can agree its deal with Government.

1

All constituent authorities and the board of the Enterprise M3 Local Enterprise Partnership must formally agree, by resolution, to the devolution deal with Government and to participate as a constituent member of the combined authority.

2

If any local authority chooses to not be part of the combined authority, then they must not be unfairly penalised. Alternative arrangements must be put in place for continuation of existing services to residents, but a council which is a non-member of the combined authority will not be able to participate in the devolution of responsibilities or benefit from the associated financial support.

3

Government must agree to the terms of the deal and give a formal undertaking to consider future deals for further devolution.

WHAT ARE THE NEXT STEPS?

Early May 2016	Draft outline submission to Government.
May 2016	Further revision of proposals in light of Government response, discussions within constituent authorities and agreement in principle by each constituent authority to support the proposals.
End of May/Early June 2016	Government announcement of the draft deal and start of an eight week public consultation.
Early July 2016	Laying of instrument in parliament for election of Mayor.
End August 2016	Public consultation ends.
September/October 2016	Ratification of agreement by constituent authorities and formation of shadow Heart of Hampshire Combined Authority.
May 2017	Election of Mayor and formation of Heart of Hampshire Combined Authority.





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