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31 July 2015



Hampshire
County Council

APPENDIX A

The Rt Hon Greg Clark MP
Secretary of State for Communities and Local Government
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London
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Councillor Roy Perry
Leader of the Council

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Dear Greg

Hampshire and Isle of Wight Devolution – Statement of Intent

We are pleased to submit the attached Statement of Intent outlining our proposals for a devolution deal for Hampshire, the Isle of Wight, Portsmouth and Southampton that would see all 15 local authorities working with our two Local Enterprise Partnerships and the private sector to deliver economic growth. Transformational change lies at the heart of our approach; we hope you will agree that our proposals are bold and ambitious and that Hampshire and Isle of Wight is a credible and sustainable partner with whom Government can do business.

With the support of Government, Hampshire and Isle of Wight will:

1. **Significantly accelerate housing delivery**, including starter and rural affordable homes, and accelerate brownfield development through a joint investment fund; a Hampshire and Isle of Wight Land Board; and a joint strategic planning approach building on partners' existing powers.
2. **Raise productivity** in both Enterprise M3 and Solent LEP areas through investment in our world-class marine and aerospace clusters and university research centres; integrated skills arrangements to support the employer-led development of a highly-skilled workforce; a consolidated business support programme; new innovation and growth hubs; and new Enterprise Zones.
3. **Invest in the infrastructure we need** to provide better access to our global gateway ports and airports supporting the wider UK economy, and to London and the Thames Valley; enable large-scale housing delivery; boost digital connectivity for business and in rural areas; and secure greater energy self-sufficiency.
4. **Transform public service delivery** by creating a new model for health and social care integration; sharing more services, premises and staff locally; and delivering a secure financial future for the Isle of Wight.

We now invite Government to work with us to explore the full potential for devolution in our area. We have started to engage with your officials on the detail of our proposals and will continue to work with them over the coming weeks. A refined set of detailed proposals will be set out in a further letter to you by 4th September for consideration as part of the 2015 Spending Review by when we hope the Leader of East Hampshire District Council will be able to add his signature, following their Council meetings scheduled for 12 August. If we can take this first step together, you will find us ready to discuss further initiatives in due course.

We have either already secured each Council's or LEP Board's agreement to progress our proposal or are scheduled to do so¹. We have also taken the opportunity to brief many of our Members of Parliament on this work, and they are proving very supportive.

Yours sincerely



Councillor Roy Perry
Leader of Hampshire County Council
Chairman, HIOWLGA



Councillor Jonathan Bacon
Leader of Isle of Wight Council



Councillor Donna Jones
Leader of Portsmouth City Council




Councillor Simon Letts
Leader of Southampton City Council




Councillor Clive Sanders
Leader of Basingstoke & Deane Borough Council


¹ East Hampshire District Council is not yet in a position to formally endorse the Statement of Intent on devolution and will consider the matter at formal Extraordinary Cabinet and Council meetings on 12th August.




Councillor Keith House
Leader of Eastleigh Borough Council




Councillor Seán Woodward
Leader of Fareham Borough Council




Councillor Mark Hook
Leader of Gosport Borough Council




Councillor Stephen Parker
Leader of Hart District Council




Councillor Michael Cheshire
Leader of Havant Borough Council




Councillor Barry Rickman
Leader of New Forest District Council




Councillor Peter Moyle
Leader of Rushmoor Borough Council




Councillor Ian Carr
Leader of Test Valley Borough Council



Councillor Stephen Godfrey
Leader of Winchester City Council



Geoff French
Chair of Enterprise M3 Local Enterprise Partnership



Gary Jeffries
Chair of Solent Local Enterprise Partnership

CC

The RT Hon George Osborne MP, Chancellor of the Exchequer
Jim O'Neill, Commercial Secretary to the Treasury
The Rt Hon Mark Francois MP, Minister for Portsmouth
Hampshire and Isle of Wight MPs

Hampshire and Isle of Wight Statement of Intent

This Statement of Intent sets out our headline ambitions for devolution to a Hampshire and Isle of Wight Combined Authority. It sets out the areas in which we believe we have an exciting offer to make to Government; we have identified areas where we believe greater devolved decision-making will accelerate improvements in productivity, transparency and efficiency in the delivery of public services and in the growth of the economy with a view to achieving better outcomes. This is the basis on which we would like to open discussions about devolution for Hampshire and Isle of Wight.

The Southern Powerhouse

Hampshire and Isle of Wight comprises nearly 2 million residents and over 80,000 businesses. We have a combined GVA of £47 billion – a quarter of the South East economy and close to that of Greater Manchester – and contribute £305 million in business rates annually to the Treasury. Our two Local Enterprise Partnerships, Enterprise M3 and Solent, have secured £300 million in Growth Deal Funding, and our City Deal demonstrated our ability to deliver credible proposals for Portsmouth and Southampton.

We have ambitious growth plans for the future. By 2025:

- Thousands of jobs will have been created in our cities and major towns through their multi-billion pound public/private investment plans, for example Basingstoke's Economic Masterplan and Southampton's £3bn City Centre Masterplan;
- The £2bn Solent LEP investment strategy will deliver at least 13,000 new homes and 10,000 new jobs;
- Our local planning authorities envisage 70,000 new homes being delivered;
- Our education authorities will invest over £500 million in new school places.

Our unique economic assets give us competitive advantage and support high-growth sectors in the wider UK economy:

- **Marine:** Internationally important deep-water ports (Portsmouth, home of the Royal Navy and many others including Ben Ainslie Racing, and Southampton, the UK's largest cruise port and second-largest container terminal), the UK's leading marine/maritime cluster and world-famous leisure sailing assets along the coast and around the Isle of Wight;
- **Aerospace:** Five international, regional and business airports in and around the area (including Heathrow, Southampton and Farnborough), a high-value aerospace cluster in the north and the Solent Enterprise Zone with an airport in the south;
- **High Technology:** Significant clusters of businesses operating in the high-technology sector and digital economy;
- **Trade:** Vital road, rail and sea networks including the principal freight route from Southampton Docks to the Midlands, which is critical to UK export industries, handling 750,000 cars annually;
- **Housing:** Large-scale growth opportunities in Portsmouth, Southampton, Basingstoke (with its Garden Cities-funded initiative at Manydown), Welborne in Fareham, Whitehill and Bordon, Aldershot and others;
- **Employment:** Unrivalled regeneration sites including Basing View, East Cowes, the Solent Enterprise Zone and Southampton Airport Employment Hub;
- **Accessibility:** Fast journey times, including to central London (40 minutes from north Hampshire); one of the UK's longest and best-maintained road networks; local air connections to 40 European cities; and
- **Education and Skills:** Four universities plus nationally renowned Sixth Form and FE Colleges.

These plans and assets, together with our scale and track record of successful delivery, demonstrate that we have the **competence, capacity and opportunity** to deliver landmark devolution outcomes. Following the success of our City Deal and Growth Deals, we now want to go further and realise the first Devolution Deal for a large non-metropolitan area.

A landmark deal

Our proposals demonstrate our resolve to use devolution as a lever for raising the productivity of Hampshire and Isle of Wight, increasing the area's contribution to the UK economy and decreasing its call on the national purse. In anticipation of a further tight spending round, they also demonstrate our ambition to deliver improved public service outcomes at less cost.

We will undertake a series of new and ground-breaking collaborations that will improve connectivity, release land for economic use and maximise the return on public sector investments already in place in parts of the area. This will include new arrangements with Government departments and agencies including Network Rail, the Department for Transport, Highways England, UKTI, the Cabinet Office and potentially others such as the Environment Agency. This collaborative approach will put us at the forefront of developing new and creative solutions to local needs.

1. **Accelerating housing delivery**

- **We will create a new joint planning forum to support an integrated approach to strategic planning that builds on local plans and powers, and introduce innovative new mechanisms to deliver housing more quickly.** We will prioritise our two cities and larger towns as engines of growth, with a particular focus on low-cost starter homes. Through the introduction of housing delivery vehicles, a joint investment fund incorporating central Government and HCA funding – supported by an integrated approach to strategic planning – we will deliver more market and affordable homes on brownfield sites in/close to urban areas as well as in rural communities. To further accelerate delivery of social housing across the area we will seek a consolidated HRA Debt Cap and flexibility on the use of RTB receipts.
- **We will deliver a Hampshire and Isle of Wight Land Board to unlock the deployment and regeneration of additional land assets across the whole area.** Bringing in partners from all sectors and building on existing successful land arrangements, this will facilitate agreement over land assembly to support local growth plans, recycle receipts for investment in housing and provide a step change in the pace of development and regeneration, including **new Enterprise Zones**.

2. **Boosting productivity**

- **We will deliver new integrated arrangements to reduce economic inactivity and the welfare bill.** This will include preparing our young people for a lifetime of achievement through inspirational careers and enterprise services, and enabling any disengaged young people and adults to gain and progress in work. Through our activities we will achieve your commitments across a number of areas including Apprenticeship and traineeship starts, disability employment and welfare reform.
- **Working with the LEPs we will support the development of a highly-skilled workforce, with employers in the driving seat working together to address shortfalls in technical and professional skills (particularly in STEM).** This will

include seeking much more influence over FE funding to ensure provision is employer-responsive and unlocks significant private sector investment.

- **Working collaboratively with the LEPs and the private sector we will realise the full potential of business, maximising joint investment opportunities and consolidating and improving support to business throughout the area.** This will strengthen existing, and create new, innovation and growth hubs, improve university-industry collaborations, support high productivity sectors and provide a stronger platform for effective joint working with national agencies, such as UKTI and Innovate UK.
- **We will drive economic growth through University and private sector-based initiatives to increase the performance of the area's creative and knowledge-intensive businesses,** leveraging the investments being made by BIS and Innovate UK. We will bring forward a proposal for a University Enterprise Zone to exploit our competitive advantages in the maritime, aerospace, high-technology, digital and knowledge sectors.

3. Investing in infrastructure

- **Working with a 10-year committed budget, we will deliver a modern transport system with a sustainable future, securing significant transport improvements across the whole network, including locally managed motorways, to increase productivity, boost business confidence, support the delivery of housing and maximise efficient use of public money.** With long-term 'infrastructure guarantees' from Network Rail and Highways England, our locally-led approach will support housing delivery and improve connectivity to London, along the South Coast, and across the Solent to and across the Isle of Wight.
- Building on the market-leading 'Solent Go' initiative, **we will deliver an integrated smart ticketing transport system,** improving our customer and tourism offer, and provide a more flexible and integrated system of local bus, rail, ferry services, including between the mainland and Isle of Wight.
- **To deliver increased productivity, economic growth and accelerated house building we will seek to retain 100% business rate growth.** Together with other funding sources including a clear commitment to continue the New Homes Bonus, this will overcome existing financial barriers to viability and provide the essential mix of funding streams to enable us to commit to long-term infrastructure investment. To cement this growth potential, we will also seek precepting powers for the Combined Authority specifically for enabling high-productivity business growth, de-risking of major projects and inward investment into the area.
- **We will deliver a step-change improvement in digital access for businesses, residents and public services across the area.** This will boost business productivity, complete the roll-out of superfast broadband to rural areas, stimulate the 4G/5G markets, enhance interoperability across health and social care and deliver greater public sector efficiencies.
- **We will deliver local solutions for renewable and low-carbon energy generation and distribution, and energy efficiency, using public and private funding sources.** This will create new business opportunities and jobs in our area and capitalise on the Isle of Wight's specialism in this sector.

4. Transforming public services

- **We will improve health and wellbeing outcomes for the population through integrating commissioning and delivery of health and social care services.** We will deliver a more efficient health and social care offer, at better value to residents. Working with our health partners and the public, we will make more efficient use of our assets across the public sector estate as part of a whole place approach to property and asset management. We will pioneer delivery of innovative, interoperable digital solutions, enabling people to access more joined up digital services building on our successful work to date. We will support a more sustainable health and social care workforce by using staff more flexibly. For the future, we will further support this workforce by ensuring we have the right skills and investment linked to our broader economic development and skills agenda, recognising the vital economic role of health and social care industry employers. Together we have unique scale and combined spending power to deliver better local services and further sustainable efficiencies. We will explore innovative funding mechanisms, to support new models of care, extending successful work already happening across existing vanguard sites and through the Better Care Fund. Health partners are committed to better understanding the devolution agenda over the coming months.
- **We will simplify public access, increase local accountability, public engagement and efficiency through improved working between councils in the Hampshire and Isle of Wight area.** We will increasingly share premises and staff, join up services, and identify and agree opportunities to delegate or devolve functions from county to district councils in keeping with the principles of subsidiarity and local customer focus.
- **We will undertake a full governance review, exploring all options including a Combined Authority with a directly elected mayor as well as other forms of democratic governance such as committee governance and executive arrangements, to determine the most appropriate, robust and cost-effective governance solution for the Hampshire and Isle of Wight area.** This will be developed on the basis of partners' agreement to support proposals for a Hampshire and Isle of Wight Combined Authority, building on partners' existing powers, responsibilities and boundaries, and the outcome of our negotiations with Government.