

Leaders' Devolution Meeting

12th August 2015

Progress Update

1. Progress update

- 1.1. On 19th June, Members agreed to support proposals for a devolution deal for the Wider Hampshire area, now referred to as 'Hampshire and Isle of Wight'. This was followed by work to scope headline devolution proposals which were set out to Government in a Statement of Intent on 31 July under four priority themes: significantly **accelerate housing delivery**, **raise productivity** (renamed 'Boost Skills and Enterprise')¹, **invest in the infrastructure** we need and **transform public service delivery**. Work is underway to refine and detail devolution proposals under each theme, culminating in a prospectus to Government by 4th September. This paper provides a summary of the emerging key messages within each chapter and an overview of the main proposals that are being considered under each theme.

2. Chapter summaries

A. Introduction: the case for Hampshire and Isle of Wight

- 2.1. All four chapters will relate back to this introductory narrative which will articulate our ambition to raise Hampshire and Isle of Wight's productivity growth. This introductory chapter will set out the case for Hampshire and Isle of Wight and how a devolution deal will help build a more enterprising economy supported by more sustainable public and private investment in infrastructure and skills.

B. Significantly accelerate housing delivery

- 2.2. Our devolution deal will enable Hampshire and Isle of Wight to boost productivity by ensuring land and other resources are used efficiently to accelerate housing delivery.
- 2.3. Population growth, particularly among our elderly and ageing populations, is increasing demand for a mix of types and tenures of housing tailored to local needs. Building on pockets of success, our devolution offer and asks will unlock delivery of affordable and market housing on both medium and large sites within our rural towns and villages as well as urban conurbations. Hampshire and the Isle of Wight already benefits from generally high levels of economic activity and prosperity that can be leveraged to support the local and national economy. Accelerated housing delivery across all medium sites and at scale within acknowledged Housing Growth Zones - sites identified for large scale housing development in Local Plans -, supported by infrastructure investment through "Infrastructure Guarantees", will be vital to releasing further economic growth through agglomeration effects. By enabling brownfield land to be brought back into use and the by fully exploiting opportunities for development on public sector-owned land, including the re-use of surplus public sector land, our devolution deal will enable delivery of *additional homes* and support people to live close to where they work.
- 2.4. Hampshire and Isle of Wight is home to some of the most beautiful countryside and coastline in the country, making it an attractive place to live and work. Our ambitions for housing will be achieved whilst protecting the distinctive character of our towns, villages and countryside, for which Hampshire is rightly famous and which contribute to the outstanding quality of life for the many people who choose to locate here.

Key proposals:

- A 10 year "Infrastructure Guarantee" relating to government spending on transport and education provision, earmarked in departmental budgets, will allow large scale development to be accelerated, and importantly to be supported by local communities and businesses.

¹¹ This chapter has been renamed to reflect the view that productivity should be the key narrative or 'golden thread' running throughout and underpinning all four chapters.

- Greater local coordination through a **Public Land Board** will enable the release of sites controlled by Government and its agencies at the optimal time in the context of local intelligence and optimal market conditions. This will increase the land released for the development of homes and employment space, as well as ensuring premises are used in the most economic and efficient way and help deliver more integrated locality based services.
- A new **Housing Delivery Board** including council representatives alongside the Homes and Communities Agency and representatives of Registered Providers and Commercial developers to develop a joint strategy to accelerate delivery of market and affordable housing.

C. Boost Skills and Enterprise

- 2.5. Our devolution deal and offer will enable Hampshire and Isle of Wight to further boost productivity by strengthening business engagement, marshalling local innovation potential and tackling existing weaknesses in business support. In addition the skills development of our existing and future workforce is critical to productivity growth, especially in the area of higher skills development and in developing a culture of aspiration.
- 2.6. While productivity levels across Hampshire and Isle of Wight are reasonably strong by UK standards, they lag behind comparable, better performing European regions and do not fully reflect the strengths of our business and research assets. Fostering new and stronger research collaborations will play a vital role in providing businesses with new processes and technologies, highly skilled people and access to world leading experts.
- 2.7. We will further support businesses to have access to a deep pool of human capital by addressing skills shortages and 'replacement demand' challenges facing employers and key growth sectors, while ensuring all our residents are actively engaged in the labour market. Our devolution offer and ask will help to ensure that our growth ambitions are supported by an education, employment and skills system which is responsive to the needs of employers and individuals. We will do this while releasing efficiencies through local strategic integration of public funds across traditional boundaries.

Key proposals:

- **Devolution of all business support programmes** and associated resource alongside greater local accountable decision making over funding allocations to individual projects that support innovation in future Local Growth Deal rounds.
- A **new advanced manufacturing local catapult** to exploit Hampshire and Isle of Wight sector and research strengths in autonomous vehicles / systems, digital technologies and large scale composites.
- **New Enterprise Zones** reflecting sector strengths.
- **Pooled economic development resource.**
- A **package of offers and asks to secure greater influence over skills funding** to ensure that skills supply better matches local labour demand and to support more people into employment.

Proposals under consideration include:

- Establish a joint venture with the Skills Funding Agency, Local Authorities across HIOW and both LEPs to deliver an integrated skills and training system driven by needs of the economy and led by the private sector.
- Extension of existing Solent Employer Ownership Fund to cover all of Hampshire and IOW, enabling businesses to take up and invest in adult apprenticeships, higher level skills and degree apprenticeships.
- Building on existing employer led centers of excellence and following the completion of area based FE reviews establish prestigious sector based institutes of technology.
- Deliver an integrated work programme for the area, bringing together Jobcentre Plus, the combined authority and other bodies to improve outcomes for ESA claimants.

D. Invest in infrastructure

- 2.8. Our devolution offer and ask will enable Hampshire and Isle of Wight to further boost productivity through securing long-term investment in vital infrastructure, including land for development, transport, reliable and low carbon energy and world class digital infrastructure. We will address the central issues of de-risking investment and development for both communities and developers by creating more certainty around infrastructure provision, and ensuring that the infrastructure of the area is able to support, enhance and facilitate economic growth and development.
- 2.9. The geography and settlement patterns of Hampshire and the Isle of Wight, with their polycentric urban forms, matrix of settlements interspersed with strategic and local gaps of open land create a relatively dispersed pattern of development. This causes particular pressures on infrastructure such as transport systems, school places, flood and coastal defences and a real challenge around delivering mitigation measures to meet Habitat Regulation Assessment requirements as well as more site specific issues such as digital and utility service connectivity.
- 2.10. The Infrastructure proposals put forward a series of interventions to address these concerns in a strategic way whilst stimulating local innovation to support the Government's ambitions to make a cost effective transition to a low carbon economy.

Key proposals:

- **Infrastructure funding tariff** to support strategic provision, such as school places or flood and coastal defences.
- **Provision of superfast broadband** to new homes and delivery of mobile tele-communications infrastructure, including 4G, through adjustments to the planning system.
- Greater forward commitment to pooling of national transport funding for strategic rail and road measures, e.g. through a **10 year Transport Investment Fund**, and greater influence over planning transport infrastructure.
- **Local control and integrated management of transport systems and assets.**
- **Integrated and better coordinated area based public transport services**, including the roll out of integrated ticketing and agreement with bus operators for a more progressive financial framework.
- **Greater recognition of the value of our deep water frontage and key ports and airports** in bid assessment criteria and project funding.
- The **support and advice of Government and its agencies to enable us to realise our energy ambitions**, including devolution of key funding streams to enable delivery of innovative local solutions for improved energy efficiency.

E. Transform public service delivery

- 2.11. Our devolution offer and ask will enable Hampshire and Isle of Wight to further boost productivity by delivering more efficient and effective public services. Increased public service productivity will deliver benefits for the economy, greater value to the tax payer and improved outcomes for service users, ensuring the future sustainability of vital services and securing the financial security of the Isle of Wight.
- 2.12. In view of increasing demand for services, and ongoing spending reductions, there is a need to build on our success to date to further transform public services. Recent increases in public sector productivity have mainly been driven by positive improvements in the NHS as well as education. Given the significant pressures facing health and care services resulting from demographic changes and workforce challenges, transforming how health and care is delivered locally must be a priority.
- 2.13. We will redesign services so that they are better integrated around and closer to service users, in keeping with the principle of subsidiarity. This will be underpinned by building on the success of our One Public Estate work to date to take forward an ambitious third phase of work to release public sector assets and land for housing development and to support locality based services. We will support public service productivity by continuing to increase the efficiency and effectiveness of our organisations and workforce, further pursuing opportunities for shared services and pooled resource and investing in skills

for the future. Increased use of digital technology and data sharing to reduce costs and increase outputs will be underpinned by our commitment to invest in digital infrastructure.

Key proposals

- This section will be supported by offers and asks in other themes, most notably a Public Sector Land Board to bring forward land for development, investment to support digital infrastructure and proposals to improve skills training and development.
- A dedicated workstream is consulting on potential to include proposals for double devolution from the county council to district and borough councils.
- Work is underway in consultation with CCG colleagues to consider a set of offers and asks around health and care which currently include:
 - a clear and coherent blueprint for the future provider landscape to enable more faster and more consistent delivery of the benefits of local integration through new models of care.
 - Pooled CCG and upper tier council budgets and delegated authority to Health and Wellbeing Boards.
 - Aligned three or five year funding allocations for health and care.
 - Faster transition to place based health care budgets.
 - Access to national support in developing capitated, outcome based contracts
 - Potential offer / ask around the workforce, e.g. new University Technical College focused on health and care.
 - Proposals to better align Public Health England's resource and capacity to support more joined up local public health provision focused on areas of greatest potential for change.

Finance

2.14. In addition to the financial asks included within each theme, two additional finance proposals are being developed as follows:

- **Precepting powers for the specific purpose of raising productivity**, e.g. to support the strategic transport network.
- **100% business rates retention**. In view of a potential business-rate resetting in 2020 and the areas relatively stable business rate base, this would provide a more sustainable source of funding and greater financial autonomy to intervene to unlock development sites where the market has failed. Business rate retention would be offset by a reduction in revenue support grant to the area. This would be pursued on the basis that no local authority would lose out under the proposal and work is underway to develop a mechanism for equalisation across the area to ensure this is the case.