

NON EXEMPT

HAVANT BOROUGH COUNCIL

CABINET

2nd September 2015

**HAMPSHIRE AND ISLE OF WIGHT DEVOLUTION DEAL
Report by Chief Executive**

FOR RECOMMENDATION TO COUNCIL

Portfolio: Leader – Councillor Michael Cheshire

Key Decision: Yes

1.0 Purpose of Report

- 1.1 To update Cabinet and Councillors on the work across Hampshire and the Isle of Wight regarding the possible devolution of powers to local areas from Government.

2.0 Recommendation

- 2.1 Agrees to delegate to the Leader and the Chief Executive jointly, the authority to decide the extent of the commitment of this Council to the detailed Hampshire and Isle of Wight Devolution proposal scheduled to be sent to the Government on 4th September 2015.

3.0 Summary

- 3.1 Havant Borough Councillors considered the topic of Devolution at the Full Council meeting on 22nd July 2015. The debate was held under the proposed motion “That the Council discuss the principle of a Hampshire-wide Combined Authority”. It was resolved that:

“This Council endorses, in principle, the proposal for a Hampshire-wide Combined Authority.”

- 3.2 On 31st July a ‘Statement of intent’ (attached at Appendix 1) was submitted to the Minister for Local Government, Greg Clark MP¹. This statement sets out 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

¹ This was the deadline set by the Leaders of Hampshire and Isle of Wight Local Government Association at their meeting on 19th June 2015

sector to deliver economic growth. This growth will be through accelerating housing delivery, increasing productivity in the area, improving infrastructure and transforming public services for the benefit of our local communities.

- 3.3 In order to achieve real commitment for devolved powers from Government, Hampshire and the Isle of Wight local authorities will need to consider the 'offers' and 'asks' they wish to negotiate with Whitehall. A deadline of 4th September 2015 has been set by the Government for a proposal to be submitted containing this information. Detailed negotiations with Government will continue into the Autumn/Winter 2015 following this submission. Should this element of negotiation be successful, further work on public consultation and governance arrangements will be progressed into 2016.

4.0 Subject of Report

- 4.1 The run-up to the General Election saw all major parties proposing to devolve more powers to local areas. The election result was shortly followed by the announcement of a Cities and Local Government Devolution Bill, which is currently making its way through the House of Lords. This legislation paves the way for the further transfer of powers away from Whitehall to local areas.
- 4.2 The Bill was introduced in the House of Lords on 28th May 2015 and proposes that:
- There can (not "must") be an elected mayor for a Combined Authority area who would exercise certain powers and chair the Authority;
 - An elected mayor for a Combined Authority area can undertake the role of the Police and Crime Commissioner for that area; and
 - The current statutory limitations on the functions of a Combined Authority (namely economic development, regeneration and transport) be removed.
- 4.3 The Bill also builds upon the Local Democracy, Economic Development & Construction Act 2009 and is intended to boost economic growth and increase the productivity of an area and improve efficiency in local government. In the 2015 post-election Budget, George Osborne reiterated this message, placing devolution at the heart of his plans to revitalise the UK's local economies.
- 4.4 The existing Act 2009 contains powers which enable the Secretary of State to make an order establishing a 'Combined Authority' for an area which meets certain specified conditions. A 'Combined Authority' is a corporate body which enables Local Authorities to work jointly to deliver improvements in economic development, regeneration and transport across a functional economic area. It is not a Unitary Council and it does not replace pre-existing Local Authorities.

- 4.5 The recently-announced Greater Manchester Combined Authority is the most-developed such arrangement, involving ten local authorities. In addition to this Cornwall is the first county, (albeit also a Unitary), to gain new powers under a 'devolution deal'. The local authority will be in charge of bus services and local investment, while health and social services will also integrate. Ministers have been quoted as saying that these 'deals' are a key part of the government's 'One Nation' commitment to devolve powers to Local Authorities across the country.
- 4.6 Amendments to the existing legislation on Combined Authorities will remove statutory limitations on their functions so that they could, for example, exercise functions of the Police and Crime Commissioner. The Bill does not mandate a Combined Authority for every area and leaves open the possibility of alternative governance solutions. The Secretary of State, Greg Clark, has indicated other governance arrangements could be considered where three tests are met:
- First, unity between tiers of local government and closer partnership working;
 - Second, participation from local businesses, including a clear role for Local Enterprise Partnerships; and
 - Third, local ambition to improve outcomes for local residents.
- 4.7 Leaders of the Hampshire and Isle of Wight councils have been discussing the opportunities presented by the Government's devolution agenda in the context set out above. Any agreed proposal would need to focus on:
- What we want to achieve for local residents and businesses;
 - What we want devolved that would be necessary to support this and cannot be done under existing powers/arrangements; and
 - What problems this would resolve, particularly in support of economic growth.
- 4.8 The negotiation with Government over devolution could include:
- Local control over funding for skills, post-16 education, apprenticeships and lifelong learning;
 - More local control over national infrastructure spending on transport and housing;
 - Integration of health and social care and powers with this,
 - Freedom to borrow against the forecast proceeds of local growth to support enabling infrastructure;
 - A comprehensive public sector "land bank", making surplus NHS and MOD land available for housing;
 - Ability to use public procurement and national business support budgets to support local business growth;
 - Greater retention of growth in business rates;

- Negotiation over self management of existing statutory bodies involved in the area e.g. planning; and
- More control over Transport services and infrastructure.

4.9 The negotiations will also include further devolution within the county of Hampshire, exploring, for example, whether services are located in the best place to provide the most effective local solutions. This has been referred to as 'Double Devolution' but could include all layers of local government and other public service bodies.

4.10 To date, discussions between Government and Hampshire and the Isle of Wight are shaped around four key themes:

1. **Accelerating housing delivery** so that the area can ensure starter and rural affordable homes to meet local demand;
2. **Raising productivity**, by investing in industry and education to help support business. This includes matching skills to employment and fostering innovation to create more high value jobs and opportunities. This will help to boost international competitiveness for the area – something businesses have expressed strongly in our own district;
3. **Investing in infrastructure** such as transport links to our global gateway ports and airports and improving digital connectivity for rural based businesses. The focus of this key theme is upon cementing Hampshire and Isle of Wight's position as a gateway for growth. Transport, digital connectivity and energy self-sufficiency are all high on this agenda; and
4. **Transforming local public services**, by working more closely together to deliver smarter, more efficient services for residents and businesses. A devolution deal will see organisations across Hampshire and Isle of Wight working closer together making it possible to deliver a variety of services more efficiently including health and social care. The aim of this stream of work is to deliver improved services and better value to residents and ensure organisations are making best use of public assets across all organisations.

4.11 The 'Statement of Intent' submitted on 31st July marked the start of the formal negotiations process with Government to agree a devolution deal. This 'deal' is expected to deliver more powers and control devolved from Central Government and its agencies to existing local councils. Any devolution deal with Government should serve to further strengthen the existing relationships between organisations and allow them to build on successful joint projects already delivered to boost economic growth, support businesses and provide an improved quality of life for residents (See attached statement of intent at Appendix 1).

4.12 Since 31st July, there have been two groups working on developing the 'deal' for Government – A Chief Officer Group and a Leader Group. Civil Servants have been allocated the Hampshire and Isle of Wight

'account' by the Secretary of State and are working with a group of Chief Officers who represent the local authorities of the area. The Chief Executive of Havant Borough Council is on this working group and coordinating the Communications work stream for the project. The final proposal for a devolution deal is expected at the Secretary of State, Gregg Clark's, office on 4th September. This has been deliberately designed to align with the deadline set by Government for all Spending Review documentation.

5.0 Implications

5.1 Resources:

To date, senior staff members have been involved in supporting the Leaders' discussions, particularly the Chief Executive and Executive Director. The Chief Executive also leads a county-wide work stream on communications. No financial costs have been incurred to date but there has been a significant investment of officer time.

Any further resource implications will be identified as this piece of work progresses; spend that is likely to be incurred beyond normal budgets will be reported for decision in the usual way. It is likely that should the Council commit to the Combined Authority proposal to be submitted on 4th September, there will be an increased commitment of officer time.

5.2 Strategy:

The 2015-2020 Corporate Strategy sets out the Council's mission:

'As elected leaders and public servants, we will play our part and shape council services to ensure that the communities of Havant will be increasingly prosperous, vibrant and active. We will put our customers at the centre of everything we do.'

The five priorities of Financial Sustainability, Economic Growth, Environmental Sustainability, Public Service Excellence and Creativity and Innovation should be met through any involvement in a Devolution 'deal'. It is unclear how the Hampshire and Isle of Wight Combined Authority strategy to be proposed to Government on 4th September would fit in with the corporate strategy already adopted by the Council and it is possible this work could compete for resources.

5.3 Risks: (Including Environmental, Health & Safety and Customer Access Impact Assessment)

The next stage of detailed proposals will be subject to an Integrated Impact Assessment and risk assessment.

5.4 **Communications:**

The communications work stream for across the county is being led by the Chief Executive of Havant Borough Council. A communications plan has been produced, including programmed information provision for stakeholders and communities.

5.5 **For the Community:**

The proposal for a Combined Authority will only proceed if all councils agree that it is in the best interests of their local communities.

5.6 **Consultation:**

District councillors were invited to a briefing in advance of the Cabinet and Council meetings.

There will be a requirement for a county-wide consultation with the residents should negotiations with the Government have reached a point whereby devolved powers are proceeding positively.

6.0 **Appendices:**

Appendix A: The Statement of Intent, sent by the Leader of Hampshire County Council to the Minister of State, is attached.

Appendix B: Summary of work on proposal for Government on 4th September 2015.

7.0 **Background Papers:**

Cities and Local Government Devolution Bill:

<http://services.parliament.uk/bills/2015-16/citiesandlocalgovernmentdevolution.html>

Greater Manchester Agreement:

<https://www.gov.uk/government/publications/devolution-to-the-greater-manchester-combined-authority-and-transition-to-a-directly-elected-mayor>

Government announcement on Cornwall Combined Authority:

<https://www.gov.uk/government/news/cornwall-to-be-first-county-to-gain-historic-new-powers>

Agreed and signed off by:

Chief Executive and Executive Director: 24.08.15

Leader of the Council: 24.08.15

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