

COUNCIL MEETING – 30TH JULY 2015

AGENDA ITEM NO. 5

**DEVOLUTION: PROPOSALS FOR A HAMPSHIRE WIDE COMBINED
AUTHORITY**

A Report from a meeting of the Cabinet held on 14th July, 2015.

1. Summary

- 1.1 Prior to the General Election there was a significant national debate about the devolution of power, funding and responsibilities from Whitehall to local government. The creation of a Combined Authority for Greater Manchester has been the flagship example of how this might work.
- 1.2 With the return of a majority Conservative Government, there is a political commitment to further devolution, based on the model of a Combined Authority, but with much scope for local flexibility.
- 1.3 This Report outlines the discussion which has taken place across Hampshire, Southampton, Portsmouth and the Isle of Wight, and seeks authority for the Leader and Chief Executive to work with other local authorities to develop a model for devolution which meets our needs as well as the aims of Government.

2. Introduction

- 2.1 The concept of devolution, whether to the nations of the UK or to local authorities, has attracted much debate in recent months, within local government circles and in the national press. The Coalition Government took steps to devolve powers, responsibilities and control over funding to the Scottish and Welsh Assemblies, and to some of England's larger cities. The new majority Conservative Government has shown renewed enthusiasm for devolution, with Greg Clark MP's appointment to DCLG providing added impetus.
- 2.2 The Manchester City Region, made up of ten unitary councils, has been the flagship for devolution to English regions. Those authorities made a formal commitment to closer working, underpinned by a joint governance and decision making structure and, at the Government's insistence, an Elected Mayor. In return, they have been given direct control over aspects of local transport, skills and economic development, including funding streams previously managed from Whitehall. Most notably, and building on a strong partnership with the NHS in the region, they have been given direct control over significant health budgets, facilitating greater integration between health and all aspects of social care.

- 2.3 This model, termed a Combined Authority, sets up new governance arrangements whereby certain local authority responsibilities are taken on by a joint body, with councils working together. It is not, however, an additional tier of government, it is simply a vehicle for taking decisions on certain matters in partnership. It also offers a mechanism by which the Government are comfortable in devolving powers and funding.
- 2.4 Combined Authorities have a statutory basis in the Local Democracy, Economic Development & Construction Act 2009. The Coalition Government also developed City Deals, which provide a basis for enhanced powers for urban areas, with those areas in return making a commitment to Government to deliver certain outcomes. Portsmouth and Southampton, for example, have a City Deal which focuses on skills and economic development. A key element of all these arrangements is the two-way commitment from central to local and vice-versa.
- 2.5 Whilst there are a variety of approaches to devolution, the notion of a Combined Authority is becoming the preferred option for many, and the approach which the Government is committed to. The Cities & Local Government Devolution Bill, one of the first pieces of legislation brought before the new Parliament, strengthens the basis for this form of devolution, including, for example, provisions on Elected Mayors. Others across the Country are following the example of Manchester in establishing new arrangements, and there are already combined authorities for the Sheffield and Leeds City Regions.
- 2.6 Whilst much of the press and political coverage has focused on the idea of these authorities creating a 'Northern Powerhouse', the Bill and the political narrative around it make clear that this opportunity is open to all areas who wish to have access to wider powers. Cornwall, for example, is a model of a largely rural unitary which goes down this route, and Derbyshire and Suffolk are exploring how the approach can work for counties and districts in two-tier areas.
- 2.7 Each solution will entail some form of pooled resources, shared governance and decision-making. The extent to which that happens is, of course, a judgement to be made locally. However, as the Bill makes clear, that will be the minimum the Government will expect if there is to be a meaningful devolution of powers and funding.

3. Opportunity for a Combined Authority for Hampshire, Southampton, Portsmouth and the Isle of Wight

- 3.1 The area covered by the Hampshire and Isle of Wight Local Government Association (HIOWLA) is complex in governance terms, with one County, eleven District Councils, two Unitary Cities and the Isle of Wight – a unitary County Council. We have a good track record of joint working, ranging from all parties working on waste management through Project Integra through to bi-, tri- or multi-lateral partnerships to deliver a range of services. The area includes many examples of our local Councils working jointly with colleagues in other parts of the public and private sectors.

- 3.2 Notwithstanding that co-operation, we also recognise the diversity of Hampshire and the Island, and do not seek to impose a “one-size-fits-all” model where different solutions would better serve a diversity of need. As Council’s we are also anxious to protect our individual democratic identity and ensure a genuinely local voice is heard.
- 3.3 There is no doubt that the Government’s commitment to devolution offers an opportunity for the HLOWLA Councils to gain greater local control over services and, potentially, budgets in a number of key areas. The Cities & Local Government Devolution Bill outlines a menu of options, with wider powers available to areas who opt for an Elected Mayor – although it is for the area to decide whether they wish to adopt a mayoral form of governance. There does appear to be a good deal of flexibility and local choice in the governance model brought forward, and the devolution package sought. It is crucial that any proposal put to Government is supported by all councils in the area. It also seems clear that any proposals would need the backing of the Local Enterprise Partnerships operating in an area.

4. Developing a Combined Authority

- 4.1 In response to this opportunity, the HLOWLA Leaders have recently agreed in principle to developing a proposal to create a new governance structure that will create a devolved administration that covers the boundaries of Hampshire County Council, the district councils within that area, Southampton City Council, Portsmouth City Council and the Isle of Wight Council.
- 4.2 It will be important that our proposal concentrates on the policy issues that we would wish to see devolved and why this will be better for local people whilst also helping Central Government deliver their priorities. To this end, there are a broad range of matters which may be included in the “ask” we make of Government and the HLOWLA Leaders discussed, amongst other things:
- Local control over funding for skills, post-sixteen education, apprenticeships and lifelong learning;
 - More local control over national infrastructure spending on transport and housing;
 - A HLOWLA wide “Better Care Fund” to better integrate health and social care across local government and the NHS;
 - 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; and
 - Greater retention of growth in business rates.
- 4.3 The aim is to make a submission regarding our intent for the wider Hampshire area, so that an initial submission can be made to Government around the end of July. Experience from others suggests that the negotiations around any proposal will lead to an iterative process with further submissions required before we end up with a potential deal. We will keep Members

informed as this process develops. It is also worth stressing that any deal does not have to signify the end of the journey or the final "destination". The widely acclaimed Manchester devolution deal was actually the result of a series of negotiations and deals and is still on-going.

- 4.4 There will be in return commitments the Government will expect us to deliver, for example around skills, economic growth and housing delivery. These are matters that will need to be discussed with Whitehall.
- 4.5 Leaders made clear that they will not just seek to see responsibilities and funding devolved to upper tier authorities. Their letter to the Secretary of State (Appendix 1) indicates they would expect to see further devolution and delegation where matters are better address through district services and/or at a more local level. County colleagues have made clear they are open to exploring greater integration and the potential for devolution in all areas of their responsibility.
- 4.6 Alongside the opportunities for devolution are the wider discussions surrounding a new governance structure and what that might offer HIOWLA Councils to explore opportunities for closer working, shared service or service integration. Whilst no decisions have yet been made, to assist members understanding, an illustrative diagram is attached at Appendix 2 which shows how the governance of this might work.

5. Developing Joint Working

- 5.1 As suggested above, discussions about the Combined Authority will also enable HIOWLA Councils to explore future opportunities for closer working, shared service or service integration. We all face the challenges posed by the ongoing pressures on our budgets and, whilst we have a good record for sharing to drive efficiencies, we all recognise we could do better. Developing further our partnerships through a Combined Authority will reinvigorate that work.
- 5.2 There is already a rich mix of partnerships across the HIOWLA area, and the formal governance structures which come with a Combined Authority will provide an umbrella for those partnerships to grow and develop. We would want to see those partnerships and joint initiatives grow organically, and not be shoe-horned into a one-size-fits-all model. Continuation and development of less formal joint working between clusters of districts or bi-lateral relationships with County or Unitary colleagues should also be encouraged alongside the formal governance structures set up should a Combined Authority be established.
- 5.3 A central feature of HIOWLA has been its willingness to work alongside non-council partners: from the Police, the voluntary and community sector to the business community and Armed Forces. It is clear that Leaders do not want to see a Combined Authority lead to the loss of those relationships. As we seek to develop an appropriate local response to the devolution agenda we will want to maintain those links. Equally important will be to ensure the two LEPs which cover the HIOWLA area can be part of this evolving partnership.

6. Cabinet Discussion

- 6.1 The Cabinet discussed a number of issues relating to the proposed approach and was supportive of the principle of devolution. It was recognised that the proposals provide the opportunity to expand shared services and joint working as well as reducing costs. Nevertheless, the Cabinet is keen to examine the detailed proposals to ensure that any agreement is right for the local community and the Council.

7. Conclusions and Next Steps

- 7.1 There is no doubt that the Government are seeking to use the Combined Authority model to devolve power and responsibilities. Whilst this comes with strings, and of course a recognition that accountability would also lie locally, it is nevertheless an opportunity Rushmoor and other HIOWLA Councils should not ignore. There are real opportunities for devolution to a local level of funding which would support our priorities on skills and the economy, and the potential for our closer involvement in matters such as health and social care.
- 7.2 Beyond the question of a Combined Authority, we should also encourage the discussions to consider how local partnerships and collaborative arrangements can develop to offer service improvements and greater efficiency.
- 7.3 During July, Leaders and Chief Executives will be developing a model for devolution under the umbrella of a Combined Authority across the HIOWLA area, and ensuring that is seen as a basis for wider co-operation and collaboration. Leaders have committed to a formal submission of proposals or 'Statement of Intent' to the Government by the end of July, which will be the beginning of a negotiation process.
- 7.4 Beyond that a clear timetable is yet to be established. This report for now simply brings members up to date with the current situation and seeks agreement to the Leader and Chief Executive taking an active part in these discussions, with authority for the initial submission to be endorsed. As matters develop so there will be further reports to Members. Any decision as to whether to formally be part of a Combined Authority, or indeed any other model which emerges, will be one for Council.

8. Recommendations

The Council is recommended to:

- (i) note the local discussions on the devolution of powers and responsibilities;
- (ii) endorse the actions taken by the Leader, through the Hampshire and Isle of Wight Local Government Association, in supporting the principle of a Combined Hampshire Authority as a basis for developing a devolution deal for the area;

- (iii) agree the principle of the Leader and Chief Executive working alongside colleagues in Hampshire and the Isle of Wight to develop a model for devolution which meets local needs; and
- (iv) authorise the Chief Executive, in consultation with the Leader, to approve the initial proposal for submission to Government.

P J MOYLE
LEADER OF THE COUNCIL



Hampshire County Council

DI.1/pf/0268

24 June 2015

The Rt Hon Greg Clark MP
Secretary of State for
Communities and Local Government
2nd Floor NW, Fry Building
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LONDON SW1P 4DF

Councillor Roy Perry
Leader of the Council

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Dear Greg

I am pleased to tell you that The Hampshire and Isle of Wight Local Government Association (HIOWLGA) unanimously agreed at its meeting on the 19 June to support a proposal for a Hampshire-wide Combined Authority covering the County Council, the 11 Districts and the three Unitary Councils of Portsmouth, Southampton, and the Isle of Wight as the basis for developing a devolution deal for this area. Whilst we are predominantly Conservative Councils this had support from the Labour, Liberal Democrat and Independent Council Leaders who were all present or represented. Our intention would be that the two Local Enterprise Partnerships (Solent and M3) for the area will form integral parts of the arrangements.

At the same time it was agreed that future governance arrangements would be designed to take account of the functional responsibilities of the Combined Authority and reflect the economic, social, and environmental variations across the area. In addition, the County Council committed itself to "double devolution" with district councils, where they wished and where appropriate, for such functions to be delegated from the County Council.

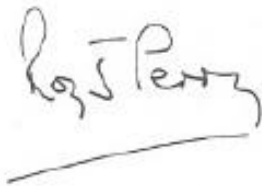
We agreed the broad outline of our offer to Government, to achieve administrative efficiencies and economies for the public sector and drive economic growth in line with the areas key sectoral strengths. We will now work on this and consider how this can be achieved with a view to submitting devolution proposals to you by the end of July 2015. These proposals would be built upon the existing powers and responsibilities and current boundaries of the local authorities. I believe this to be a very significant set of decisions for the economic wellbeing of the people who live in this key area in Southern England, and offers potentially enormous benefits to Government and the authorities over how public services are run and transformed. I hope in due course you will support our proposals when we have fleshed out more of the detail.

/continued.....

Each of the local authorities committed to put to their Councils a resolution to this effect so that we have each Council's full agreement to the above proposals. On this occasion as Chairman of HIOWLGA I have written to you on behalf of the local authorities and with the full agreement of each Leader, namely:

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| Councillor Simon Letts | Leader Southampton City Council |
| Councillor Stephen Godfrey | Leader Winchester City Council |
| Councillor Ferris Cowper | Leader East Hampshire District Council |
| Councillor Clive Sanders | Leader Basingstoke & Deane Borough Council |
| Councillor Peter Moyle | Leader Rushmoor Borough Council |
| Councillor Sean Woodward | Leader Fareham Borough Council |
| Councillor Donna Jones | Leader Portsmouth City Council |
| Councillor Barry Rickman | Leader New Forest District Council |
| Councillor Stephen Parker | Leader Hart District Council |
| Councillor Mark Hook | Leader Gosport Borough Council |
| Councillor Jonathan Bacon | Leader Isle of Wight Council |
| Councillor Ian Carr | Leader Test Valley Borough Council |
| Councillor Michael Cheshire | Leader Havant Borough Council |
| Councillor Keith House | Leader Eastleigh Borough Council |

Yours sincerely



Councillor Roy Perry
Leader of Hampshire County Council
Chairman of Hampshire and Isle of Wight Local Government Association

Appendix 2 – Illustrative Governance Arrangement

