

CABINET

19 May 2016

DEVOLUTION OF POWERS AND RESPONSIBILITIES TO LOCAL AUTHORITIES:
UPDATE ON THE POSITION IN HAMPSHIRE AND THE ISLE OF WIGHT

REPORT OF CHIEF EXECUTIVE

Contact Officer: Simon Eden Tel No: 01962 848313

RECENT REFERENCES:

CAB 2703 (6 July 2015) – Devolution: Developing Proposals for Devolved Powers and Responsibilities

CAB 2715 (9 September 2015) - Devolution: Update on the Hampshire & Isle of Wight Submission to Government

EXECUTIVE SUMMARY:

Members are aware that local authorities in Hampshire and the Isle of Wight have been discussing the local response to moves by the Government to devolve powers and responsibilities to local authorities where those authorities work together in a Combined Authority. This report updates Members on those discussions.

RECOMMENDATIONS:

That Cabinet note the position and endorse the Leader continuing to discuss with other Hampshire Councils and with the Government a model for devolution which is in the best interests of the Winchester District.

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DETAIL:

1 Background

- 1.1 Since the 2015 General Election the Government has been keen to explore opportunities for powers and responsibilities to be devolved from the centre to local authorities, where the priorities of local communities can better be addressed.
- 1.2 This devolution takes the form of a commitment from a group of Councils to work together to deliver certain improvements (the “offer”), facilitated by the devolution of defined powers, responsibilities and/or funding to those Councils (the “ask”). The most recent “devolution deals” were announced in the Budget in March. As with previous deals, they give the Councils concerned greater control over local transport, infrastructure (including housing) and skills funding. In return the “offer” made generally commits the local authorities to delivering Government priorities on matters such as skills, productivity or housing, albeit with greater local control over what is to be achieved and how.
- 1.3 Governance arrangements are a crucial part of these deals. The Councils involved form a statutory body known as a Combined Authority, which has powers to control defined activities and funding, usually in the areas which are the subject of the deal with Government. Those bodies are made up of the constituent Councils, alongside Local Enterprise Partnerships and other relevant local bodies. After initially allowing some flexibility, the Government is now insisting governance arrangements include an Elected Mayor, who usually chairs the Combined Authority and has a suite of powers on transport and strategic planning, and direct control over some funding.
- 1.4 Government have been clear that Combined Authorities are likely to see other benefits from adopting a Mayor, or indeed disbenefits from not doing so. For example, recent guidance from the Secretary of State to LEPs makes clear that mayorally-led Combined Authorities should have preference in bidding for regional growth funding.
- 1.5 Following discussions in the summer of 2015, all 12 Hampshire councils, along with Portsmouth City Council, Southampton City Council and the Isle of Wight Council agreed to explore such an arrangement, working with the two LEPs covering our area. The National Parks, Police and Fire & Rescue

Service were part of those discussions. However, following Ministers' insistence, at a meeting held in January 2016, that the proposed Combined Authority be led by an Elected Mayor those discussions faltered.

2 Current Position

i) The South

- 2.1 When the plans for a Hampshire-wide arrangement fell authorities in the south (Portsmouth, Southampton, the Isle of Wight, Eastleigh, Gosport, Fareham, Havant and East Hampshire) brought forward their own proposals for a Solent Combined Authority. The Solent Local Enterprise Partnership (LEP) is also part of these discussions.
- 2.2 The Solent partnership are seeking control over the local transport network, strategic planning powers, control over adult education budgets and employment support, as well as local control over business rates and a guaranteed annual infrastructure funding allocation. These arrangements appear to have Government support, although no announcement has been made of an agreed deal. If approved by Government, then it is expected they would lead to a mayoral election and formal establishment of the Combined Authority in May 2017.
- 2.3 The City Council has been invited to be part of these discussions, and the Leader has attended one meeting in April. At the time of writing Hampshire County Council has opted not to be part of the proposed Solent Combined Authority. They are concerned that it will take powers from the County, notably on transport and infrastructure planning, and sub-divide the County's existing responsibilities in a way which reduces accountability and the efficiency of service delivery. However, they remain open to dialogue with the Solent partnership.

ii) The North

- 2.4 Those Hampshire districts who are not part of the Solent partnership (Basingstoke, Hart, New Forest, Rushmoor, Test Valley and Winchester) have decided to explore the case for working together to form a separate Combined Authority – provisionally named the Heart of Hampshire Combined Authority.
- 2.5 Those discussions have included Enterprise M3 LEP, which covers these districts plus part of western Surrey (although their southern boundary is not co-terminus with district boundaries), and the New Forest and South Down National Parks. Hampshire County Council remain cautious about a Combined Authority geography which divides their area of responsibility. However, their Leader has been part of the discussions on this proposal. The County's position is important because a Combined Authority for this area could not proceed without their support.
- 2.6 The Heart of Hampshire proposals have been outlined in a booklet which will be circulated separately to all Members, all will be placed on the Council's

website. They focus on support to economic growth and infrastructure investment, notably improving broadband access across the area. They also support managed housing growth in line with adopted Local Plans. The proposals have a strong rural thread running through them. There are no specific proposals on business rates: the Government are committed to a national scheme by 2020, and have already identified several pilot areas. Given that, they are not willing to countenance making any further commitments as part of devolution deals.

- 2.7 Importantly, the proposals include acceptance of an Elected Mayor for the area, albeit one with constrained powers. The Mayor would be responsible for some aspects of transport, including preparation of a strategic transport plan. They would also have responsibility for preparing a strategic development plan, which would complement individual districts' Local Plans and set out an overarching framework within which they operate. Although the title suggests otherwise, the role is quite different from that of the Civic Mayor in Winchester or any other district. Importantly, there is no suggestion powers be taken from district councils.
- 2.8 All those involved in the Heart of Hampshire discussions agree that, whilst we should be exploring the opportunities for forming a Combined Authority and the potential benefits that might offer our communities, a formal decision on the matter would be required by each Council. Leaders have made clear that they also expect there to be a thorough public consultation before any final decision was reached. That would include a conversation about the possibility of an Elected Mayor for the area.
- 2.9 If we were to proceed at a fast pace, and subject to support for a Combined Authority, it is possible the Heart of Hampshire partnership could work towards mayoral elections in May 2017. It is clear from Ministerial statements that Combined Authorities which come into being relatively swiftly are likely to receive greater support from the Government, and particularly greater financial support, than those established at a later date. Whilst that should not drive our timetable, Members should be aware of the possibility of there being differential benefits on offer.

3 Recommended Approach

- 3.1 The City Council is currently participating in discussions about the options developing across the Hampshire and Isle of Wight area.
- 3.2 The District has a clear commonality of interest with other predominantly rural districts involved in developing proposals for the Heart of Hampshire. The EM3 LEP also has a good understanding of local economic needs and priorities, and it is important we continue to work closely with them. At the moment the proposals brought forward by the Heart of Hampshire partnership align with our own priorities, and working through a Combined Authority may secure additional infrastructure investment and greater local control over key aspects of the local economy.

- 3.3 We are also being kept abreast of the Solent partnership's discussions. Whilst we should continue to co-operate with neighbouring authorities, the Council will wish to understand the impact of full membership of a Solent Combined Authority. There may be opportunities for Winchester communities to benefit from joint transport planning and management or joint infrastructure investment. However, we would also need to understand the possible consequences of some re-distribution of business rates, and of joint strategic planning.
- 3.4 More generally, the Council will need to consider whether any of the proposed devolution deals would lead to a dilution of sovereignty, particularly with an Elected Mayor having a suite of strategic responsibilities. An important consideration will be the final governance arrangements which emerge, the powers of the Mayor and the balance of control between the Mayor and member councils.
- 3.5 For the present it seems likely that the Government are determined to see devolution deals agreed across the country. Given Ministerial statements, there must be a risk that the later a deal is agreed the less the benefits may be. However, rushing into a deal may have different, but no less damaging consequences if it is done without a proper dialogue with local communities. It has also been suggested in various fora that those Councils not joining a Combined Authority may face reorganisation into larger unitary councils.
- 3.6 Winchester shares most with colleagues in the Heart of Hampshire, and it is recommended that, on the basis of proposals developed to date, a Combined Authority on that basis would offer the best option for delivering shared priorities. We should, however, maintain a dialogue with neighbours in the Solent partnership. It is possible for a district to be a full member of one Combined Authority, whilst being an associate member of another – albeit with fewer opportunities to share in any benefits.
- 3.7 The best and recommended course of action therefore seems to be to engage fully in discussions with our neighbours and Government, even to the point where a deal is announced in principle, but reserve committing ourselves formally to any arrangements until we have had a full local dialogue.

OTHER CONSIDERATIONS:

4 COMMUNITY STRATEGY AND PORTFOLIO PLANS (RELEVANCE TO):

- 4.1 A Combined Authority may offer a vehicle to achieve the Council's aspirations for a stronger economy and a high quality environment. It could, through attracting additional funding, allow the Council to further a number of projects outlined in Portfolio Plans.

5 RESOURCE IMPLICATIONS:

- 5.1 There are no immediate resource implications beyond the Officer and Member time necessary to play a part in the ongoing discussions. However, a

Combined Authority, if established, could have a significant impact on how funds are raised and allocated locally. As yet, the possible impacts are not clear.

6 RISK MANAGEMENT ISSUES

- 6.1 As the elements of any proposed devolution deal are clarified the Council will need to assess the financial and other risks which they may give rise to for Winchester. That will be necessary when a decision is sought as to whether to sign up to such a deal. Members will also wish to bear in mind the risks of being left behind if we choose not to pursue a deal.

BACKGROUND DOCUMENTS:

Draft Devolution Prospectus and Agreement for the Heart of Hampshire (WCC Website)

APPENDICES:

None