



Report to the Partnership for Urban South Hampshire Overview and Scrutiny Committee

Date: 21 May 2013

Report of: Stuart Roberts, PUSH Interim Executive Director

Subject: Interim Executive Director's Report

SUMMARY

This report covers matters which merit reporting to this Committee, but do not justify a full report in their own right.

PUSH has given the required one year's notice of termination of membership of 'Southern England Local Partners' (SELP). This notice is pending decisions by PUSH on its future work focus and financial resources; the Joint Committee will make a definitive decision on future membership later this year.

The Government has welcomed the Expression of Interest in a City Deal for Portsmouth, Southampton and the wider Solent, and negotiations are now underway over the content of the deal. To inform that process, an independent assessment of the Solent economy has just been completed and published, funded jointly by PUSH and the Solent LEP.

A Strategic Housing Market Assessment for South Hampshire has been commissioned by PUSH and work is now underway for completion by this summer.

PUSH comments on the consultation draft Transport for South Hampshire's Transport Delivery Plan were generally reflected in the final version, but requests for two additional rail schemes were not accepted. PUSH will continue to lobby for those schemes. There is an opportunity for PUSH to input to the prioritisation of transport schemes by the Solent Local Transport Body, and PUSH is to make a financial contribution towards two Transport for South Hampshire-led research projects which although primarily transport-focused, will cover other matters of concern to PUSH.

This report also provides Committee members with a 'heads-up' on key areas of PUSH business over the next few months.

RECOMMENDATION

It is RECOMMENDED that the Committee should **NOTE** the information set out in this report.

SOUTHERN ENGLAND LOCAL PARTNERS

1. For the last two years, PUSH has been a member of 'Southern England Local Partners' (SELP) - a partnership comprising local authorities, universities and other public and private bodies which aims to help its member organisations to get the most out of the UK's membership of the European Union. Using its office in Brussels, SELP provides its members with information on EU policy and programmes, and facilitates strategic contacts, partnerships and networks for exchange of best practice. Other bodies from within South Hampshire who are SELP members are Hampshire County Council, Southern Enterprise Alliance, and the universities of Portsmouth and Southampton. PUSH's current SELP annual membership subscription is £13,000.
2. Membership of SELP falls due for renewal on 1 April each year and members must give one year's notice of their intention to terminate membership. Mindful of PUSH's limited future budget and the changed future role for PUSH, the March PUSH Joint Committee meeting agreed that PUSH should give the required notice of membership termination. That resignation notice can be rescinded at any time during the coming twelve months, so therefore giving notice now is simply a case of PUSH keeping all its options open.
3. A report will be presented to the Joint Committee later this year which will describe the facilities/services which SELP provides and the extent to which PUSH has made use of them. This will enable the Joint Committee to make a definitive decision on whether to continue with SELP membership taking account of PUSH's (by then) agreed future role and finances.

CITY DEAL

4. Late last year, the Government invited twenty cities¹ to consider whether they wished to lodge an Expression Of Interest (EOI) in negotiating a 'city deal' for their area under the second wave of city deals. Portsmouth and Southampton are one of the twenty areas. An EOI for a City Deal for this area was submitted by the two city councils with the support of the Solent LEP, all the authorities within the area (including the Isle of Wight), and key private sector firms. Under the title '*Two Cities, One Deal - the Portsmouth, Southampton and Solent Maritime Economy*', it aims to facilitate the growth and diversification of the area's maritime sector with a focus on delivering enabling infrastructure and assembling land to bring forward the development of seven key sites. Development of these sites is being held back by complexities linked to multiple public agency involvement, land assembly and land remediation, uncertainty linked to delivering infrastructure and development, and uncertainty around land release and associated investment.

¹ The Black Country, Brighton and Hove, Coventry, Cambridge, Hull, Ipswich, Leicester, Milton Keynes, Norwich, Oxford, Portsmouth and Southampton, Plymouth, Preston, Reading, Southend, Sunderland, Stoke, Swindon, Bournemouth and Poole and the Tees Valley.

5. Committee members will recall my PowerPoint presentation to the last Committee meeting on the EOI. To recap, the EOI pledges that this area will commit £1.5bn of local investment via two funds. In return, it asks the Government to underwrite one of the funds with an infrastructure guarantee and to put all Government funding for economic growth in the Solent into a single pot. In exchange for agreeing an investment framework that details a ten year pipeline of projects, the EOI asks Government to ensure that the statutory bodies provide timely, informed and proportionate responses to consultation on development proposals, and to agree to the creation of a local delivery team comprising senior decision makers from the local authorities, Government departments (including the Ministry of Defence) and statutory agencies tasked with delivering site developments in a timely and responsive manner, and to establish a joint Management Board between the Highways Agency and the local highways authorities to develop a tailored Route Management strategy for the M27, M271 and M275 and the surrounding local road network.
6. A Government requirement is that all EOIs should propose governance structures which will ensure effective, binding and strategic decision-making across the relevant economic area. The Solent EOI contains a commitment to undertake an options appraisal of a range of governance models, including existing Joint Committee structures, and the Combined Authority model. The EOI states that this options appraisal will commence in March 2013 with an intention of it concluding by September 2013.
7. On 18 February, the Deputy Prime Minister announced that all twenty cities had been successful in their bids for a City Deal. The Government will negotiate the exact powers to be devolved with each of the successful bidders on a staggered timeline with the aim to complete deals with the twenty cities by the end of this year. The Government is fast-tracking the negotiations for a city deal for this area, with the aim of concluding the negotiations by this summer. A workshop of PUSH Leaders was due to take place on 17 May to stock take on progress, enabling an update to be provided orally at this Committee meeting.
8. The wave two city deals will comprise a core package common to all the deals and a bespoke element which reflects each area's identified economic challenge/opportunity. The paragraphs above relate to the bespoke element of the proposed Portsmouth-Southampton deal; there are no details available yet of the core package as it is still being developed by Government, but this development will be done in conjunction with cities over the next few months. Whereas the bespoke element of the deal for this area will focus on the two cities, all authorities who are party to the deal will be able to access the freedoms, powers and tools in the core package.
9. To inform the content of the City Deal, PUSH and the Solent LEP last year commissioned an assessment of the Solent economy. The assessment – which was undertaken by the independent research and policy institute *Centre for Cities* – updates the previous report compiled by them in early 2010. The definitive document was published on 8 May 2013 and can be seen on the PUSH website at <http://www.push.gov.uk/work/publications/research-reports.htm>

SPATIAL PLANNING NEWS

10. Earlier this year, Communities Secretary Eric Pickles formally revoked the regional strategy for the South East of England – the ‘South East Plan’. That revocation means that individual authorities must now rely entirely on their own evidence to justify their local plan proposals, and will also have to demonstrate that they have discharged the legal duty to cooperate with neighbouring councils. The South Hampshire Strategy, which was adopted by PUSH last October, will have an important role as part of the evidence base for each local plan and in demonstrating that the PUSH authorities have closely cooperated on the future planning of the sub-region. A statement prepared by the PUSH Planning Officers Group which describes the cooperation undertaken via PUSH was approved by the PUSH Housing and Planning Delivery Panel on 5 March 2013. The statement is available for all authorities to include in the evidence base for their core strategies/local plans and can be seen on the PUSH website at <http://www.push.gov.uk/work/housing-and-planning.htm>
11. East Hampshire District Council (and some others further afield) have been required by their local plan planning inspector to commission a Strategic Housing Market Assessment (SHMA) or face their plan being found ‘unsound’. In the wake of this, several South Hampshire authorities concluded that they would need to commission such an assessment to add further evidence to justify the housebuilding provision in their emerging local planning documents.
12. There are substantial economies to be secured through commissioning a single SHMA to cover the whole of the PUSH area, especially given that South Hampshire is a single housing market area which requires any study by an individual authority to look well beyond its own boundaries. A SHMA would also be the first element of the review/roll-forward of the South Hampshire Strategy, but it is needed now irrespective of that review to enable authorities to meet planning inspector requirements in respect of their current draft local plans. In view of this, the March Joint Committee meeting agreed that PUSH should commission a SHMA for South Hampshire with funding of up to £100,000 from PUSH.
13. Subsequently, tenders were invited from a number of consultants to undertake the work leading to the appointment of GL Hearn and Justin Gardner Consulting at a cost significantly under the £100,000 budget. The target is to complete the SHMA by this summer.

TRANSPORT DELIVERY PLAN

14. In January, PUSH made comments on the consultation draft Transport Delivery Plan (TDP) published by Transport for South Hampshire (TfSH). I reported orally to the last meeting of this Committee that two of PUSH’s comments had not been reflected in the final document. Those comments were: firstly to request TfSH to consider if there is merit in lobbying for electrification of the rail line from Southampton to Basingstoke via Salisbury as a route for container trains to/from Southampton Docks thus freeing up capacity on the Airport Parkway line for additional passenger services; and secondly to question the omission of rail improvements (including creating an additional platform at Eastleigh station) which would enable trains from Fareham, Portsmouth and beyond to reach Southampton via the Airport Parkway station. This Committee urged that PUSH

should continue to lobby for both these additional rail improvements, and I reported this to the March PUSH Joint Committee meeting which reviewed the outcome of the TDP consultation process.

15. TfSH intend to lobby for electrification of the rail line from Southampton to Basingstoke via Salisbury at the opportune time recognising that there are complex issues involved and that there will be a need to work with the commercial freight companies as well as Network Rail. The PUSH Joint Committee welcomed this TfSH response and resolved to offer PUSH support to TfSH at the appropriate time.
16. In respect of the second PUSH comment, TfSH advised that the London and South East Rail Utilisation Study concluded that the creation of an additional platform at Eastleigh and related track capacity improvements had a low benefit to cost ratio and thus represented poor value for money. As an alternative, it was mooted that the Southern Railway's Brighton to Southampton service should be diverted, in one direction only, via Eastleigh and Southampton Airport Parkway. However, that diversion is only likely to take place as part of the re-franchising of the Southern Railway services, and moreover, the timescale for that re-franchising is currently uncertain. The PUSH Joint Committee felt that this was an unsatisfactory response but recognised it is a matter over which TfSH has only a limited influence. Having to travel via different routes to and from the Airport would be confusing to passengers and unlikely to encourage rail use. Consequently, the PUSH Joint Committee welcomed that PUSH officers will continue to lobby for this rail improvement to be pursued.

SOLENT LOCAL TRANSPORT BODY

17. The Government is seeking to establish Local Transport Bodies (LTBs) reflective of the geography of Local Enterprise Partnerships (LEPs). LTBs will have a single remit: to prioritise local major (capital) transport scheme investment. This will involve identifying priorities, awarding funding and programme managing the fund. Each LTB must include the local transport authorities and the LEP; the involvement of other bodies is discretionary in each area but there is a Government expectation that other bodies would be able to attend meetings and feed into the process.
18. The February TfSH Joint Committee resolved that the membership of the Solent LTB will comprise the four Local Transport Authorities (Hampshire County Council, Isle of Wight Council, Portsmouth City Council and Southampton City Council) together with the Solent Local Enterprise Partnership. An Executive Member from each District Council will have Associate Member status, enabling them to speak but not vote.
19. The LTB's prioritised list of transport schemes must be submitted to the Department for Transport by 31 July 2013. To achieve that, the TfSH Joint Committee endorsed a process which will include a LTB workshop to review potential priority schemes after which a report containing recommended priorities will be presented to a formal meeting of the LTB. At that meeting, there will be an opportunity for non-LTB members to challenge/support proposed priorities. A subsequent meeting of the LTB will then decide the definitive priority list for submission to the Department for Transport.

20. Whilst each authority will no doubt wish to input individually to the process, the March PUSH Joint Committee recognised that there would be merit in PUSH seeking to provide a coordinated, sub-regional view of transport priorities drawing on the spatial planning priorities contained in the South Hampshire Strategy. The likely tight timescale for formulating that PUSH input precludes formal consideration of it by the Joint Committee or any Delivery Panel meeting, so consequently the Joint Committee agreed to delegate the preparation of that input to myself in consultation with the PUSH Planning Officers Group.

RESEARCH INTO INFRASTRUCTURE FUNDING AND FREIGHT INDUSTRY ISSUES

21. Transport for South Hampshire (TfSH) proposes to commission research into potential sources of funding for the schemes in the recently adopted Transport Delivery Plan (see paragraph 14 above). This will include desk-based research into funding sources (both UK and European), financing models, and developer contributions. There will be an investigation into scheme financing methods successfully employed elsewhere, together with focussed interviews with financing experts. The outputs of the research will be a scheme funding strategy document and improved local knowledge of funding opportunities.

22. TfSH also intends to engage the freight sector in the production of an updated freight strategy. The engagement of the freight industry will be secured through workshops focusing on road, rail and port-based freight, but also covering issues relating to skills, spatial planning, and air quality. This recognises that freight industry representatives are likely to want to comment on public sector policy across the board, and will inevitably raise planning-related issues as well as transport ones.

23. Both pieces of research are to be welcomed. The findings of the research into potential funding sources could have wider applicability in respect of other infrastructure, and thus a relevance to the South Hampshire Infrastructure Plan which PUSH has pledged to prepare. Similarly, the freight industry engagement will cover spatial planning issues in which PUSH has an interest. Consequently, the March Joint Committee meeting agreed to make a financial contribution to both projects (of up to £10,000 towards the overall £50,000 budget for both) subject to agreement on the detailed briefs which are currently being drafted.

LOOKING AHEAD

24. The Forward Plan sets out key items for the next few PUSH Joint Committee meetings. The current expectation is that the June meeting will deal with three substantive items: A presentation on the proposed Hampshire Community Bank; the draft 2013/14 PUSH Business Plan, and a financial report.

25. Community banks are common in other countries and are likely to become a feature of the UK following changes in Government regulations governing the establishment of new banks and frustration with the established commercial banks. Community banks are far more geared to lending to SMEs who find it difficult if not impossible to borrow from the major banks who are global in outlook and focused on short-term profit maximisation. A recent presentation to the PUSH Economic Development Panel excited those present about the idea and the Panel felt that the same presentation would interest Joint Committee

members. The presentation should help Leaders to decide on a proposal contained in the draft PUSH Business Plan that PUSH should make budgetary provision for a financial contribution towards investigating the feasibility of establishing a community bank in Hampshire.

26. The 2013/14 PUSH Business Plan is a separate item on the agenda for this Committee meeting. The financial report will report the final 2012/13 financial outturn and the proposed 2013/14 budget – the latter will mirror the proposals in the draft Business Plan.

27. The PUSH Business Plan which will be presented to the June Joint Committee meeting will set out the PUSH projects which will be proposed for 2013/14. Those which will reach a conclusion or key milestone during this summer and autumn include: the Strategic Housing Market Assessment (see above); a delivery plan for the Solent Disturbance Mitigation Strategy (which will avoid new housebuilding having an adverse impact on European-designated nature conservation sites on the Solent); a business-friendly planning charter; rolling-out of the Solent Green Deal; implementation of the Portsmouth Harbour Historic Buildings project; and initiatives to improve communications within PUSH and with its partners.

RECOMMENDATION

It is RECOMMENDED that the Committee should **NOTE** the information set out in this report.

Enquiries:

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