



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

Date: **10 September 2013**

Report of: **Gloria Ighodaro, Programme and Information's Manager**

Subject: **PUSH 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.

In June 2013, the Isle of Wight became a Member of PUSH following a formal invitation from PUSH. In tandem, an invitation was also extended to the New Forest District Council (NFDC), to which, PUSH has to date received a letter of strong intent to join subject to ratification at NFDC's September Cabinet meeting. Should NFDC accept the invitation, the geographical coverage of PUSH and the Solent LEP will for the first time be identical.

At the last Overview and Scrutiny meeting, Members were advised of PUSH's termination of its membership of 'Southern England Local Partners' (SELP). This notice period was to allow time for PUSH to review and consider its value for money options and if necessary, rescind its withdrawal should the SELP membership be deemed of benefit to PUSH's future work focus. A report on SELP is due to be considered at the September Joint Committee to determine a decision on the way forward.

In July 2013, Government published its Initial guidance to local enterprise partnerships to assist them in the preparation of their respective Growth Strategies. All LEPs are tasked with developing this plan with the involvement of key local partners in identifying economic priorities and associated schemes that deliver local economic ambitions. The first draft is expected to be submitted to Government on 7 October with formal endorsement of Growth Plans anticipated by March 2014.

The two Cities of Southampton and Portsmouth continue to work collaboratively with the relevant Government Department in securing a City Deal for Southampton and Portsmouth. A key milestone was Monday 17 July 2013 whereby a Presentation Team from the Solent area made its pitch to an Adhoc Ministerial Group (AMG) predicated on the economic ambitions outlined in the Expressions of Interest submitted by the cities of Portsmouth and Southampton in January this year. The next step in securing the City Deal is to continue with negotiations which will conclude by the end of the year.

The Committee is asked to note that PUSH became a full voting member of the Solent Local Transport Board (LTB) in June 2013. The Solent LTB was set up following published Government guidance of its commitment to devolve major transport responsibilities through this mechanism. This report aims to provide an update on progress thus far.

At the last Meeting, the Overview and Scrutiny Committee were advised of a presentation that was provided to the PUSH Joint Committee for information purposes only in June on a proposed Hampshire Community Bank. A briefing note of the proposal will be tabled at this meeting for information purposes only.

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.

## **ISLE OF WIGHT BECOMES A MEMBER OF PUSH**

1. In parallel to the recent PUSH Governance review and determining the new focus and priorities, the Partnership also took the opportunity to review the PUSH Membership recognising the value in working collaboratively and strengthening our engagement with our local authority partners. To this end, both the Isle of Wight (IOW) Council and New Forest District Council (NFDC) were formally invited in May of this year to consider joining PUSH. At its June Joint Committee meeting, the PUSH Chairman was pleased to announce that the IOW Council had accepted this invitation and are now a PUSH member. At the time of this announcement therefore, PUSH became a partnership of eleven made up of the unitary authorities of Portsmouth, Southampton and the IOW; Hampshire County Council and district authorities of Eastleigh, East Hampshire, Fareham, Gosport, Havant, Test Valley and Winchester.
2. Similarly, a positive response was also received from NFDC confirming the Council's strong intent to rejoin PUSH subject to ratification at its Cabinet meeting scheduled for mid September 2013. Should NFDC formally accept this invitation, the geographical coverage of PUSH and the Solent LEP will be identical. The outcome of this decision will be reported to the next Overview and Scrutiny meeting.

## **SOUTHERN ENGLAND LOCAL PARTNERS AND EUROPEAN FUNDING UPDATE**

3. A key role of SELP is to help its member organisations to obtain the most out of the UK's membership of the European Union, which includes access to European funding, EU policy advice and programmes. However, in May 2013, Government introduced a new mechanism by which European Funding would be distributed to support priorities that meet the strategic EU objectives. For the period 2014-2020 local areas will have the opportunity to benefit from European funding, which will be devolved to and administered by Local Enterprise Partnerships (LEPs). In response to this Government commitment, all LEPs are currently in the process of developing its respective EU Structural Investment Strategy, which will outline how the devolved fund will be spent against the prescribed EU priorities. For this area, the Solent LEP has been advised of a total confirmed budget of €43 million (which equates to a total of £37 million) to deliver activities that resonate with EU objectives.
4. To date, the Solent LEP have begun its consultation with a range of local partners including PUSH, the first of which was an event held on 22 July 2014 aimed at identifying local strategic priorities and the supporting programme of works that could be funded using the allocated European funding. Attended by approximately 120 delegates, the event highlighted a number of priority areas for inclusion in the Solent EU Investment Strategy. These priorities included employment and skills, support for small business and Social Inclusion (particularly focusing on economic challenges on the Isle of Wight). Working to the processes and timeline prescribed by Government, the Solent LEP is due to submit a Draft EU Investment Strategy to Government by end September 2013 followed by a final strategy submission by end January 2014. Against this backdrop, PUSH continues to work with the Southern England Local Partners (SELP) benefiting from the range of EU facilities, policy advice and services that

the membership provides under the auspices of PUSH's current Level 4 membership subscription, which is due to conclude on 7 February 2014.

5. PUSH is currently serving its 12 months withdrawal notice of its SELP membership, which is due to conclude early February 2014. The decision to serve notice was taken by the PUSH Joint Committee at its March meeting, in recognition that PUSH's funding resource will be significantly reduced going forward and as such activities that deliver value for money outcomes remain a key priority. At its forthcoming meeting therefore, the PUSH Joint Committee will be asked to consider a report, which will describe the facilities/services that SELP provides and the extent to which PUSH has made use of them. In this context, the Joint Committee will be advised to note the progress made in accessing European funding to develop economic development activities of PUSH partners and recommended to support a further year of PUSH subscription to SELP. The report and the outcome of this decision will be presented at the next Overview and Scrutiny Committee.

### **GUIDANCE TO LEPs ON GROWTH DEALS (JULY 2013)**

6. To assist Local Enterprise Partnerships (LEPs) in formulating their Growth Deal strategies, an initial technical Guidance on the mechanisms for negotiating Growth Deals with Government was published on 19 July 2013. Fundamentally, LEPs will have the opportunity to access national funding of £2 billion (through a Single Local Growth Funding pot to support transport, housing and skills growth activities). Alongside the Local Growth Fund, every LEP area is also being given responsibility of drawing up investment plans for a share of £5 billion European Structural and Investment Funds for the period 2014-2020. This certainty of funding enables LEPs to plan for the longer term and reaffirms Government's commitment to invest in local priorities that will ultimately stimulate private sector led growth. The Growth Deal agenda provides both a mechanism and an opportunity for LEP areas to work collaboratively with local partners in identifying strategic priorities and complementary activities that maximise sustainable economic growth for their local area. In return, Government expect evidence of real commitment in the development of ambitious, multi-year Strategic Economic Plans.
7. Locally, the Growth Strategy will be called the Solent Strategic Economic Plan (SEP) and will consider all available funding options open to the LEP and its partners. The final version of the SEP will be submitted in March 2014 and will form the basis of a Growth Deal to be negotiated between government and the local area. The mechanism prescribed by Government for distributing funding to support local Growth plans will be both allocated and competitive. For the competitive element of the process the scale of the deal (in terms of capital and revenue funding allocated to local areas) will be contingent on the strength of the Strategic Economic Plan. Preparation of the EU structural Investment Strategy began early summer and the priorities identified will be used to inform the multi-year Strategic Growth plan for the area. It is important therefore that PUSH continues to work collaboratively with the Solent LEP to ensure that the area maximises its efforts in leveraging a greater share of the national fund.

## **CITY DEAL**

8. Since the submission of an Expression of Interest (EOI) for a City Deal by Portsmouth and Southampton City Councils in January 2013 dialogue between the two Cities and Government continue. A key milestone was Monday 17 July 2013 at which time nominated representatives from the Solent area provided a pitch to an Adhoc Ministerial Group (AMG) consisting of the Department for Transport (DfT), Minister of State for Employment, Ministry of Defence (MOD), Treasury and the Department for Communities and Local Government (DCLG). The Presentation Team consisted of Council Leaders from Portsmouth and Southampton City Councils and Board Director representatives from the Solent LEP. Negotiations remain Marine focussed.
9. Within the government's initial guidance for Wave 2 City Deals, the intention to have a core offer common to all bespoke deals was identified. Since then, this offer from Government has since been rescinded nationally with the focus now on the bespoke element of the deal. To recap, the bespoke element of the deal reflects each areas economic challenge / opportunity and tailored solution to resolving those identified challenges. Furthermore, the workshop led by the two cities in June 2013 confirmed that Government had relaxed its previous condition that all City Deals had to have a Combined Authority governance arrangement in place. This does not, however, remove the need to have a robust governance structure but rather reflects a more flexible approach on how each City Deal determines a structure that is fit for purpose.
10. The two Cities continue to work collaboratively with representatives from the Solent LEP and with PUSH partners to ensure the necessary evidence base required to support the business case for this area's City Deal. A starting point was the independent report commissioned jointly by PUSH and the Solent LEP earlier in the year towards which a total PUSH contribution of £30K was made. The document entitled 'Anchoring Growth: An Economic Assessment of the Solent Area', undertaken by the independent research and policy Institute, Centre for Cities, was published in May 2013. This financial year, PUSH has identified an allocation of £25K within its 2013/14 Business plan to support the evidence base work necessary to understand further the viability of the Key sites identified within the City Deal for the area. Working to the decision making process and timeline prescribed by Government, negotiations on securing a city deal for the area is anticipated to conclude later in the year.

## **SOLENT LOCAL TRANSPORT BODY (LTB)**

11. The Solent LTB was established in May 2013 charged with identifying transport priorities for the Solent Local Enterprise Partnership (LEP) geographical area. The full Board Members consists of the core (voting) members including the Local Transport Authorities (LTAs) of Hampshire County Council, Isle of Wight Council, Portsmouth City Council, Southampton City Council, the Solent LEP and more recently PUSH. An Assurance Framework has also been developed by the Board, which has subsequently been approved by the Department for Transport (DfT). The Framework sets out the Solent LTB's governance and prioritisation arrangements in accordance with the Guidance for Local Transport Bodies, published by the Department for Transport (DfT) on 23<sup>rd</sup> November 2013. A copy of the Framework signed by Members of the Solent LTB is

attached as Appendix A to this report and is also available on the Solent LTB website.<sup>1</sup>

12. The Board has to date met twice and has identified a list of priority transport schemes through a competitive bidding process. Local authorities were invited by the Solent LTB to submit proposals for funding based on a set of Investment criteria determined by the Board. A total of nine applications were submitted and appraised by an independent Consultant, Halcrow. The outcome was an indicative list of three priority schemes that were recommended on the basis that these schemes demonstrated clear evidence of value for money, economic outputs, and were deliverable within the funding period (2015-16). These indicative priority schemes include the Hard Interchange Scheme (Portsmouth City Council), Station Quarter (Southampton City Council) and the A27 Corridor improvements (Hampshire County Council). The remainder of the schemes were considered as good schemes and may form part of a wider programme of investment through the LEPs Growth Strategy. Recognising that there were some potentially viable proposals, the Solent LTB resolved at its last meeting to respond to the DfT by the deadline date of 31 July with the full list of proposed schemes.<sup>2</sup> This wider list additionally included, Portsmouth Bus Rail Transit (BRT) and Highway Improvements Package, Cycling to Prosperity, Portsmouth City Centre Transport Scheme, and Asda Roundabout, Havant.
13. For the Solent area, a total of £19.2m funding has been confirmed for major transport schemes over a four-year period (starting from 2015-16). However, further to the initial Government Guidance to LEP's on Growth Deals published July 2013, this funding will form part of a new devolved Local Growth Fund from 2015-16, which will pool funding from the areas of housing, skills and transport. These resources, of at least £2 billion a year over the next Parliament will be placed under local control of, and channelled through LEPs. The Solent Strategic Economic Plan, which must be developed by March 2014, will provide the negotiating basis for a 'Growth Deal' between Government and local areas from 2015-16. This is a competitive process where the scale of the deal (in terms of capital and revenue allocated to local areas) will be contingent on the strength of the Strategic Economic Plan.
14. PUSH was initially invited to join the Solent LTB as an Associate Member. However at its June meeting, the Solent LTB afforded PUSH with full (voting) Membership alongside the Solent LTAs referred to in paragraph 6 of this report. Consequently, PUSH and the LTAs are required to contribute a membership subscription fee of £10,000 per annum to support the revenue activities necessary to facilitate the Boards work programme, illustratively, the commissioning of Halcrow Consultants in May to undertake an independent assessment of the competitive bidding and subsequent appraisal process.
15. The Overview and Scrutiny Committee are asked therefore to :  
  
NOTE: that a recommendation will be made to the Joint Committee at its September meeting to endorse PUSH's contribution of £10,000 made payable to the Solent LTB for financial year 2013/14.

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<sup>1</sup> [Solent LTB website](#)

<sup>2</sup> [list of transport priorities submitted to Department for Transport on 31<sup>st</sup> July 2013](#)

NOTE: the Solent LTB Assurance Framework appended to this report as Annex A

NOTE: that in response to the query raised at the last Overview and Scrutiny meeting, the Solent LTB meetings are held in public and all papers are published in advance on the Solent LTB website:

<http://www3.hants.gov.uk/transportplanning/solent-local-transport-body>

## **RESEARCH INTO INFRASTRUCTURE FUNDING AND FREIGHT INDUSTRY ISSUES**

16. At the last meeting, an update was provided on the Transport for South Hampshire and the Isle of Wight (TfSHIOW) proposal to commission research into potential sources of funding for the schemes in the recently adopted Transport Delivery Plan. In this regard, Members requested further information on rail improvements in the Solent area and how they might be influenced. In response, I met with Transport for South Hampshire colleagues and was advised that the decision makers on rail improvement schemes are dependent on the nature of the scheme. Illustratively, a scheme related to new or improved rail infrastructure would be the decision of Network Rail. Alternatively if the improvement relates to rail services of stations then accountability rests with the train operating company. In the Solent area, the main train operating company is South West Trains, although Southern, First Great Western and Virgin Cross Country also operate in this area. Proposals for the future of the railways are set out by Network Rail in Rail Utilisation Strategies (RUS) and there is a specific one for London and the South East. Currently, Network Rail is considering longer term planning and is consulting on a methodology employed to take this work forward. However, in recognition that transport responsibilities for the Solent area rests with TfSHIOW and not PUSH, the Partnership will continue to work closely with TfSHIOW to ensure PUSH's views are channelled accordingly.

17. In reference to the query raised at the last meeting on freight movements, the Committee is asked to note that the A3 forms part of the Strategic Road Network and is managed by the Highways Agency. The greatest volume of freight movements from the Solent area are to/from the Port of Southampton and it is unlikely that the introduction of the Hind head Tunnel will have had any impact on access to the Port, as the majority of medium to longer term movements will be by rail or the M3. TfSHIOW currently have no information on benefits realised from freight movements along the A3 corridor following the opening of the Hindhead Tunnel but would be willing to seek further information from the Highways Agency on this matter if required.

## **HAMPSHIRE COMMUNITY BANK PROPOSAL**

18. At the last Meeting, the Overview and Scrutiny Committee were advised of a presentation that was provided to the PUSH Joint Committee for information purposes only in June on a proposed Hampshire Community Bank. A briefing note of the proposal is attached for information as Annex B to this report. It is prudent to note that no decisions were made at the Joint Committee for or against this proposal but a budget provision of £20,000 has been made within the PUSH' Business plan for 2013/14 to develop a business case as to how this proposal would support and stimulate enterprise in the Solent area.

## LOOKING AHEAD

19. The Forward Plan sets out matters which are likely to be subject to a Key Decision by the PUSH Joint Committee at its meetings during the next 4 months. For the September meeting, there are a number of substantive items including: PUSH Budget Monitoring Report for 2013/14; a report on SELP and European Funding activities and a final report on the Strategic Housing Market Assessment (SHMA) work. Other items to be tabled at the meeting for information include both a presentation and summary report by Hampshire County Council on 2011 Census data and the PUSH Interim Executive Director's Report capturing matters, which are significant and merit reporting to the Joint Committee, but do not justify a full report in their own right.
20. Hampshire County Council were approached in June to undertake an assessment of the 2011 census data to create an analysis 'pack', which provides data for each PUSH authority (or part thereof) and the PUSH area as a whole, in easy-to-assimilate graphs and tables. The County Council responded positively to this request and as a consequence, the Joint Committee will receive both a presentation at this meeting and summary report encompassing key census information of significance to PUSH partners. The information to be presented will cover the recently extended PUSH boundary, which now mirrors that of the Solent LEP economic geography subsequent to New Forest District Council and Isle of Wight joining PUSH.

## RECOMMENDATION

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

### Appendices

Appendix A – [The Solent Local Transport Body \(LTB\) Assurance Framework](#)

Appendix B – [A summary of the Hampshire Community Bank proposal](#)

### Enquiries:

For further information on this report please contact:

Gloria Ighodaro (PUSH Programme and Information's Manager)

Tel. No. 02392 688920

E-mail: [gloria.ighodaro@push.gov.uk](mailto:gloria.ighodaro@push.gov.uk)