



# **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: **PUSH Governance Review**

1. PUSH is undertaking a review of its governance arrangements and future focus in response to tighter finances and changes in the external environment in which the Partnership operates including the establishment of the Solent Local Enterprise Partnership.
2. An informal meeting of PUSH authority Leaders on 26 March 2013 discussed the issues set out in the appendix to this report and agreed to invite the views of this Committee and key partners – the Environment Agency, Homes & Communities Agency, and Solent Local Enterprise Partnership.
3. The comments of this Committee are invited on Appendix A, particularly in response to the 'discussion points' within it. These comments will help shape the firm proposals which will be presented to the PUSH Joint Committee on 6 June 2013.

## **RECOMMENDATION**

The Committee is asked to comment on the Appendix A, particularly in response to its 'discussion points'.

### **Enquiries:**

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### **PUSH's future focus and governance.**

#### **INTRODUCTION**

1. The Leaders of the authorities which comprise the Partnership for Urban South Hampshire (PUSH) are undertaking a thorough review of the future role, focus and structure of PUSH. Drivers of the review include the changed landscape in which the Partnership operates and diminishing financial resources. The need for change was acknowledged in the 2011-13 PUSH Business Plan which stated that *"it is anticipated that this will result in changes in the partnership structure, with an increasing emphasis on strategic activity and a move away from delivery."*

#### **PUSH CURRENTLY**

2. PUSH was established in 2003 to enable the local authorities in south Hampshire to work collaboratively to address the economic underperformance of the sub-region. PUSH's current focus is broad: encompassing research, policy formulation, projects and initiatives including delivery projects across four spheres - economic development, housing and planning, sustainability and community infrastructure, quality places. PUSH has been notable for its efforts in striving to balance the environmental and economic growth agendas. In areas such as spatial planning, the PUSH approach is seen nationally as a model of good practice and the partnership is regarded as 'punching above its weight'.
3. PUSH enables activities to be more effectively or efficiently undertaken jointly across authorities – because a project/study needs to be undertaken at strategic level, because economies of scale can be achieved, or because greater purchasing power can be deployed. Thus PUSH enables projects to be undertaken and services procured more cheaply compared to authorities acting alone. PUSH also provides a framework through which new projects can be initiated and run: its ready-made contact networks, governance arrangements, financial accounting, etc avoids the need to create those specifically for each new project. PUSH can therefore be seen as part of the solution to the financial difficulties authorities face.
4. Perhaps the greatest asset that PUSH provides is as the single forum and accountable body of democratically elected authorities, spanning a population of over a million inhabitants. Without undermining local decision making, it provides a forum for democratically elected civic leaders to discuss and agree strategic policy and approach on a wide range of difficult issues that affect the whole area. In doing so, it sets the context and assists confidence for public and private investment across the sub-region.
5. The question has been raised about whether some form of merger should be sought between PUSH and the Solent Local Enterprise Partnership (LEP), but there is little support within the PUSH authorities for such a move and there are legal impediments to a merger. So the starting point for this paper is a continuing,

separate PUSH but with a slimmed down, more strategic role, seeking a symbiotic relationship with the LEP and other partnerships.

## CHANGED LANDSCAPE

6. **The Solent LEP** is the focus of the coalition government's growth initiatives including funding and its ambition for decentralised economic development. Whilst initially dependent on support from PUSH, the Solent LEP now receives considerable funding from central government: it has been successful in securing over £19million of revenue resources for 2012-15 and around the same amount in capital resources. The LEP is now recruiting to expand its capacity and is already leading in areas which were previously the province of PUSH – skills and channelling Government funding to local projects (from the Regional Growth Fund, Growing Places Fund etc). Nonetheless, PUSH involvement in some economic development activities seems set to continue with a joint LEP/PUSH inward investment board being created and through PUSH coordinating business support so as to complement the LEP's other initiatives to stimulate enterprise. PUSH is also driving the work on related areas such as the low carbon economy and how to maximise local job creation under the Green Deal. All in all this means the LEP and PUSH performing complementary roles to deliver a common economic well-being agenda.
7. **The Chancellor's 2012 Autumn Statement** set out a yet wider role for LEPs - leading the preparation of new strategic plans for local growth and being responsible for a single funding pot for housing and transport schemes which will be distributed from Government from 2015. LEPs will be expected to consult with all relevant local partners in developing these "multi-year plans". The Chancellor's comment that the strategic growth plans "*must build on any existing plans and include coordination with ongoing public programmes*" means that PUSH's South Hampshire Strategy is well placed to play an influential role in the Solent LEP's plan. Whilst LEPs will manage the single funding pot, the Chancellor made clear that local authorities or partnerships thereof will deliver the funded projects: "*it is expected that local authorities or other bodies, and not LEPs, will deliver programmes and projects, ensuring that there are proper accountability structures in place*".
8. **Changes in the planning system** herald an enhanced role for partnership working in spatial planning. Joint spatial planning is an ideal means by which authorities can discharge their 'duty to cooperate' on planning issues which cross administrative boundaries - particularly the need for homes and jobs, provision for retailing and leisure development, infrastructure planning, and climate change mitigation/adaptation. This means maximising efficiency through joint action and coordination of policy development including keeping the South Hampshire Strategy up to date. As well as helping to ensure that individual Local Plans take account of the plans and priorities of neighbouring areas, this will help deliver the PUSH Economic Development Strategy. The LEP Board warmly welcomed the preparation of the South Hampshire Strategy: it is an activity which is logically one for PUSH rather than the LEP and it seems improbable that the LEP would wish to take on, for example, the challenge of brokering agreement on housebuilding targets! The Chancellor's reference to the LEP growth plans being "multi-year" implies that they will be shorter term than the South Hampshire Strategy's 15-year time horizon.

9. **The City Deal** is another potential 'game changer' for PUSH. Whilst the prospective City Deal's focus will be on the two cities, the ambition is for it to cover the wider Solent area. The PUSH Joint Committee or an evolution thereof, is one entity that could form the basis of a potential forum for delivering the cross-authority decisions and pooling of resources which the Government requires of a City Deal.
10. **PUSH is living way beyond its means.** Income in the last financial year (2012/13) was around £300,000 – almost entirely from PUSH authorities - yet budgeted revenue expenditure was over three times that, at around £1 million. This is only possible due to a large carry forward from past years - an unsustainable financial situation. Government is now channelling local economic development funding through LEPs rather than local government, and all indications are that this pattern will increase in the future.
11. With PUSH authorities facing challenging financial circumstances, any increase in PUSH income can be ruled out for the foreseeable future. The significant funds which will be carried forward into the financial year 2013/14 would enable the current level of activity to be maintained in the short term. But for the year 2014/15 and beyond, PUSH expenditure must be significantly reduced, with implications for what it can seek to achieve under its current arrangements. It also means that PUSH will need to look across its remit to maximise efficiency and value for money, as well as at innovative methods of funding activities and securing external resources.

## **IMPLICATIONS FOR PUSH**

12. In a functional economic area such as the Solent, it is ever more important that local authorities work in concert. PUSH can continue to play an important role in simplifying interfaces, facilitating dialogue, and brokering joint approaches and collaboration across the local authorities and with bodies such as the Solent LEP and Transport for South Hampshire & Isle of Wight (TfSHIoW). In particular, PUSH provides a strong and well established vehicle for local authorities to work together/collaborate with other partners (including the LEP) on joint studies, strategy and policy development. Such joint working builds on the strong track record PUSH has already established in this regard including: the PUSH Economic Development Strategy; the South Hampshire Strategy; and joint strategies/guidance on green infrastructure, quality of place, developer contributions and skills development.
13. A central issue for PUSH is to clarify and reaffirm its relationship with the Solent LEP. There are several facets to this issue. The first is for both parties to agree their respective but complementary roles and spheres of activity, notably in economic development as discussed in paragraph 8 above. This would recognise that the LEP will not do everything on the economic development front, and that local authorities provide the staff resources for some economic development functions which are fronted by the LEP. The Centre for Cities' report commissioned jointly by PUSH and the LEP (reported to the March 2013 PUSH Joint Committee meeting) calls for the roles of the LEP and PUSH to be clearly defined and understood more widely.
14. Allied to this, the LEP is establishing sub-groups and there is likely to be a need for sub-groups as part of organisational structure to implement a City Deal. So

without close coordination and collaboration, there is a real danger of a proliferation of groups and an impression to the wider world - including Government - of excess bureaucracy. We are in danger of seeking simplification of structures from Government whilst adding to them in our own backyard! PUSH and the LEP must coordinate their respective sub-structures with each having appropriate representation on the other, in order to ensure joined-up working and the avoidance of duplication.

15. The final facet is communications and democratic accountability. Some authorities feel ill informed about the Solent LEP's activities and as a consequence are not as fully engaged as they could be. They feel there is opportunity to improve communications, and clearly PUSH has an important role to play in this as a conduit between the LEP and local authorities.
16. It would be useful to formally confirm these agreements through some form of protocol or Memorandum of Understanding (MoU) between PUSH and the LEP which could then be made publicly available.
17. These issues could be worked through between the two parties in a spirit of mutual respect, recognising their interdependencies: each needs the other if all the obstacles to faster economic growth are to be overcome.

**Discussion point:**

- **Do you agree that PUSH and the Solent LEP should clarify and codify their roles and relationships?**

## **FUTURE FOCUS**

18. Taking account of the analysis above, the following future roles are envisaged for PUSH (not in any priority order):-
  - **Policy development and coordination** - PUSH-wide policy/strategy particularly spatial planning and infrastructure planning, joint research/studies, joint/coordinated policies between authorities and with TfSHIoW and the LEP;
  - **Facilitating joint delivery** - including pooling and aligning funding streams, promulgating best practice, and encouraging cooperation to achieve a common approach or economies of scale ;
  - **Democratic leadership** - facilitating dialogue, brokering joint approaches, and collaboration between the PUSH authorities and other bodies;
  - **Supporting, informing and influencing the LEP** – supporting the LEP's economic growth activities, providing a link between the LEP and PUSH authorities, and on their behalf providing a local democratic perspective to LEP decisions;
  - **Simplifying interfaces** by engaging with partners on behalf of the South Hampshire authorities and providing a common voice, a single point of contact, and a coordinated position;
  - **Raising South Hampshire's profile** within Government and other national bodies in partnership with the LEP to secure a better deal for the sub-region in financial and other respects.
19. Building on the above, the following broad agenda is envisaged for PUSH (not in any priority order):-

- **Development and infrastructure** (including spatial planning, housing and economic development) – policy research, strategy formulation, investment prioritisation, economic development initiatives which supplement the activities and LEP’s lead role on the economy;
  - **Energy and environment** – Low Carbon initiative, energy provision, green infrastructure, ensuring links with the Local Nature Partnership etc;
  - **Quality places** – enhancing quality of place in South Hampshire, including its attractiveness for creative industries and tourism.
20. This agenda may need to be refined in the light of dialogue with the Solent LEP about economic development which is mooted in paragraph 15 above.
21. Whilst at first glance this agenda may appear little changed from PUSH’s current one, there are two significant differences. Firstly, work within each topic will need to be more tightly focused, and secondly, more activities will need to be resourced by in-kind contributions from partners or by only a small cash sum from PUSH matched by financial contributions from other partners.

***Discussion point: do you agree with this focus for PUSH?***

## **GOVERNANCE**

22. PUSH’s governance structure comprises the Joint Committee and its associated Overview and Scrutiny Committee.
23. The PUSH Joint Committee was formally constituted in 2007 under the Local Government Acts 1972 and 2000, and is able to exercise functions delegated to it by the authorities. These functions are listed in the PUSH Joint Agreement and are in the areas of strategy development, studies and analysis, promotional activities, information provision, engagement with other bodies, sharing good practice and shared policy approaches, and developing and monitoring the PUSH business plan. The Committee currently meets approximately five or six times per year.
24. The Joint Committee enables decisions to be made with openness, accountably and transparency, and provides robust governance arrangements. It also provides a forum for Leaders to debate and address common issues, and enables authorities to jointly take a wider perspective. However, some authorities feel that the formality of the Joint Committee precludes frank and open discussion of sensitive issues.
25. To enable robust decision-making but also provide an opportunity for informal discussion, each Joint Committee meeting could be immediately followed by a private meeting at which more frank discussion could take place around an informal agenda of current issues.
26. The function of the Overview and Scrutiny Committee is to scrutinise and call-in Joint Committee decisions, and to scrutinise in particular the PUSH Business Plan and its delivery. The Committee provides a political scrutiny of Joint Committee decisions in the same way as Councils’ own scrutiny committees oversee the decisions of their Cabinet/Executive. Each authority is able to nominate a Member of their choice to serve on the PUSH Overview and Scrutiny Committee. The Committee has two scheduled meetings each year.

27. An overview and scrutiny committee or an overview and scrutiny function is a legal requirement because the Joint Committee is discharging executive arrangements and making executive decisions. So for as long as the PUSH Joint Committee is constituted to exercise delegated functions, the Overview and Scrutiny Committee will be needed.

**Discussion points:**

- **Do you support each Joint Committee meeting being immediately followed by a private meeting at which informal discussion could take place?**
- **Are any changes needed to the Overview and Scrutiny Committee?**

## **ORGANISATIONAL STRUCTURE**

28. Below the Joint Committee, there are currently five Delivery Panels supported by theme lead officers and several officer groups. The current structure may or may not be suited to the revised future focus of PUSH and its governance arrangements: any views on this which you have will be welcome, as they will help PUSH to decide on the structure which would be most appropriate, streamlined and efficient.