

DECISION-MAKER:	COUNCIL		
SUBJECT:	NEGOTIATION AND AGREEMENT OF A DEVOLUTION DEAL FOR HAMPSHIRE AND THE ISLE OF WIGHT.		
DATE OF DECISION:	16 DECEMBER 2015		
REPORT OF:	LEADER OF THE COUNCIL		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY

Not applicable

BRIEF SUMMARY

This report seeks approval from Members for delegated authority to be given to the Chief Executive, after consultation with the Leader of the Council, to conduct negotiations with the Government, and with the other Hampshire and Isle of Wight (HIOW) Councils and partners, and to agree a devolution deal for Hampshire and the Isle of Wight.

RECOMMENDATIONS:

	(i)	That it is noted that the Leader has, by virtue of the Council's Constitution, delegated authority to progress the next stage towards securing a devolution deal for HIOW, including ongoing negotiations with the Government in light of the Government's anticipated proposal of a devolution deal for HIOW.
	(ii)	That delegated authority is given to the Chief Executive, following consultation with the Leader of the Council, to give effect to the contents of this report including (but not limited to) undertaking detailed negotiations with relevant government departments in respect of the proposed devolution deal for HIOW.
	(iii)	The Leader ensures that all members are kept informed of the progress of the negotiations as they move forward.

REASONS FOR REPORT RECOMMENDATIONS

1.	If we are to take advantage of the devolution agenda, it is important that the Leader of the Council and the Chief Executive have the opportunity to continue to work flexibly and quickly with other authorities in the Hampshire and Isle of Wight area to conduct negotiations with Government. The Leader by virtue of the Council's Constitution has the authority to lead the negotiations on behalf of the Council. This report updates members on progress and also gives the Chief Executive appropriate delegated powers to work in support of the Leader. This will enable Southampton City Council to shape any deal and take advantage of devolved powers and responsibilities
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	agreed through the deal.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	All options relating to devolution and the potential establishment of a Combined Authority will be considered as this work progresses. This will be an iterative process and Members will have further opportunities to consider and shape the joint proposal either through consultation mechanisms or formal decision making as appropriate and necessary.
DETAIL (Including consultation carried out)	
3.	To take advantage of the devolution agenda, it is important that the Leader of the Council and the Chief Executive have the opportunity to continue to work flexibly and quickly with other authorities and partners in the HIOW area to develop proposals and negotiate with the Government. The Government expects HIOW to be able to respond at pace to agree the final content of the deal document ahead of a deal announcement, which could be at short notice.
4.	National context The devolution agenda has been gathering pace since Greater Manchester Combined Authority secured the first devolution deal in November 2014. In July 2015, Cornwall became the first County area to secure a devolution deal with Government. Over summer 2015, Government encouraged areas across the country to come forward with devolution propositions by the 4 th September. 38 devolution proposals were submitted to Government by this deadline, including Hampshire and the Isle of Wight. During the autumn, further deals were announced with Sheffield City region, Tees Valley region, the North East, Liverpool City region and the West Midlands.
5.	Cities and Local Government Devolution Bill The Cities and Local Government Devolution Bill was introduced in the House of Lords on 28 May 2015. The Bill signals Government's commitment to devolution and paves the way for the further transfer of powers away from Whitehall to local areas and includes provisions for devolution to combined authorities, which are statutory bodies that enable local authorities to work jointly to deliver a broad range of functions. The Bill will also introduce powers to create a directly-elected mayor for a combined authority. The Bill does not mandate a combined authority for every area or the election of a Mayor for all deals, leaving open the possibility of alternative governance arrangements. The Bill has passed through Committee stage and Report stage will commence on 7 December. Naturally parts of the Bill may well change before it becomes law.
6.	Hampshire and Isle of Wight Devolution On 19 June 2015, the Hampshire and Isle of Wight Local Government Association (HIOWLGA) agreed to support a proposal for a Hampshire wide combined authority, covering the County Council, the 11 District Councils and the 3 Unitary Councils of Portsmouth, Southampton and the Isle of Wight as the basis for developing a devolution deal.
7.	A Statement of Intent was sent to the Rt Hon Greg Clark MP, Secretary of State for Communities and Local Government on 31 July 2015 outlining proposals for a devolution deal for Hampshire and the Isle of Wight and inviting Government to work with HIOW partners to explore the full potential

	<p>for devolution in the area. The letter outlined ambitions in four key areas: accelerating housing delivery, raising productivity, investing in infrastructure and transforming public services. The letter indicated that a refined set of proposals would be set out in a further submission by 4th September for consideration as part of the 2015 Spending Review.</p>
8.	<p>During July, work was undertaken at pace to prepare a more detailed devolution Prospectus which was submitted to Government on 4 September. This outlines proposals across a number of areas including:</p> <ul style="list-style-type: none"> • Boosting business and skills for work (including enterprise and business support, innovation, skills and employment, welfare to work) • Accelerating housing delivery (including accelerating and increasing housing delivery and maintaining community identity) • Investing in infrastructure (including strategic transport connections, local transport opportunities, broadband and utilities and energy) • Transforming public services (including integrating health and social care bringing services closer to communities and transforming adoption).
9.	<p>Proposals across these four themes are underpinned by a commitment to forgo Revenue Support Grant and other grants in exchange for 100% business rates generated within the HIOW area.</p>
10.	<p>On 20th October, HIOW local authority Leaders and Chief Executives met to consider the impact of the Chancellor's announcement of 5th October to allow all areas to retain 100% of business rates locally by 2020, on the HIOW deal. While Members recognised the need for further detailed work and political engagement on this issue, it was agreed that for the best opportunity to secure the right deal for HIOW, partners should continue to pursue a business rate retention scheme for the area as part of the devolution bid and in keeping with existing timescales.</p>
11.	<p>On 17 November a panel of five Leaders and the Chairman of Enterprise M3 LEP participated in a "challenge session" with the Rt Hon Greg Clark MP, Secretary of State for Communities and Local Government, on the content of the HIOW bid. A letter was received by HIOW Leaders and Chairs in early October requesting the meeting. The session was initially scheduled for 23rd October in Winchester, but had to be rescheduled for unforeseen reasons and this short delay has impacted on the bid's timescales.</p>
12.	<p>The Secretary of State was positive about the HIOW deal as a whole, praising HIOW for coming together rapidly to develop a credible and ambitious bid. He felt the HIOW work on business rates was an example of innovative thinking and invited HIOW to model finance proposals with the Treasury. Questions were raised about the HIOW infrastructure proposals; the broad thrust seemed acceptable although there is work still to do to persuade the Government of the importance of green infrastructure, or "green belt", as a necessary part of the HIOW deal.</p>
13.	<p>The majority of the remaining questioning focused on housing and governance where the Secretary of State wanted to see greater levels of ambition. His questions implied that an enhanced offer on housing numbers and other key issues, such as use of public land and a stronger governance model, could help unlock an early devolution deal. He emphasised that as one of the first non-metropolitan areas potentially to secure a devolution deal,</p>

	HIOW would be expected to set a high bar for others to follow.
14.	Subject to ongoing successful negotiations, including addressing issues raised during the challenge session, the Secretary of State has indicated that a deal could be proposed in late January. Leaders and Chairs of partners to the deal will continue to be engaged and ensure that their Councils and Board Members are kept informed.
15.	The prospectus document forms the basis of negotiations with Government to determine the content of a devolution deal. The Leaders and Chairs of partners to the deal will continue to be engaged during detailed negotiations and ensure that their Councils and Board Members are kept informed during this period.
16.	The wording of the deal document will be drafted by the Government and the Government will expect HIOW to be able to respond quickly to agree the final deal document ahead of a Government announcement. To enable HIOW to respond to the Government at pace and take decisions in a timely manner, this report recommends that delegated authority is given to the Chief Executive, after consultation with the Leader, to conduct negotiations, agree the devolution deal and carry out any acts needed to bring the deal to fruition. It should be noted that the deal document is not a statutory document and that much of the detail underpinning proposals will need to be worked through following the deal announcement at which point HIOW will undertake a full governance review and public consultation. It remains at this stage a largely in principle commitment, with legal commitment following when the legislation to establish a HIOW Combined Authority starts to be put in place.
17.	If a devolution deal is agreed and implemented for the HIOW area, a Combined Authority would be the most likely legal vehicle for receiving and exercising new powers and funding. It would be the means by which the 19 partners would come together to make strategic decisions on (for example) economic development or major infrastructure investment. Some of these powers could be passported through to existing structures, e.g. Local Enterprise Partnerships. Metropolitan areas have chosen the option of a directly-elected mayor to lead the Combined Authority, but other options are available to HIOW including executive arrangements or a committee structure. There is tacit recognition that the perceived benefits of an elected mayor may be more suited to metropolitan areas than to counties, and especially to an area as diverse as HIOW.
18.	A Combined Authority is legally a local authority but need not have its own staff, organisation or buildings. There would be some costs but these can be minimised and shared through a 'light touch' approach that would entail no additional cost, drawing as far as possible on existing arrangements and the resources of the 19 partners. It should be noted that any such cost would be commensurate with the devolved finances that should come with any devolution deal.
19.	Current state of negotiations The current position on the negotiations is fluid, ongoing and further negotiations are required.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	

20.	There are no additional financial implications arising directly from the recommendations contained within this report. Any associated financial implications will be reported to a future Council meeting.
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Property/Other

21.	There are no property implications arising from the recommendations contained within this report
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LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

22.	<p>The existing power to establish a Combined Authority is set out in Section 103 of the Local Democracy, Economic Development and Construction Act 2009. Proposed changes to the law around Combined Authorities will substantially empower those seeking to enter into such arrangements. Based on the current drafting of the Cities and Local Government Devolution Bill, and the draft Legislative Reform (Combined Authorities and Economic Prosperity Boards) (England) Order 2015 the changes will:</p> <ul style="list-style-type: none"> • Enable local authorities that do not have contiguous boundaries to form Combined Authorities where the Secretary of State considers they can collaborate effectively in specified statutory functions. • Enable Combined Authorities to take on a broad range of functions, including functions which not only currently reside within individual local authorities, but also a range of public authority functions which go beyond those enjoyed by local authorities, and also to transfer property interests to the Combined Authority relating to those functions. • Allow a Mayoral Combined Authority to precept for its funding. • Provide that the consent of relevant local authorities and public bodies is needed in respect of any changes. • Allow for the possibility of an elected mayor for the combined authority's area who would exercise specified functions individually and chair the authority. • Provide for the possibility for the mayor additionally to undertake the functions of Police and Crime Commissioner for the combined authority area (in place of the Police and Crime Commissioner). • Remove the current statutory limitation on functions that can be conferred on a combined authority (currently economic development, regeneration, and transport).
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Other Legal Implications:

23.	There are no other legal implications arising from the recommendations contained within this report.
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POLICY FRAMEWORK IMPLICATIONS

24.	There are no policy framework implications arising from the recommendations contained within this report.
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KEY DECISION?	No
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WARDS/COMMUNITIES AFFECTED:	ALL
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	None
Documents In Members' Rooms	
1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
Other Background Documents	
Equality Impact Assessment and Other Background documents available for inspection at:	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None
2.	