



# Agenda & minutes

Full Council meeting of  
Tuesday, 11 October 2016



# *Portsmouth City Council*

A MEETING OF THE COUNCIL will be held at the Council Chamber - The Guildhall on Tuesday, 11 October 2016 at 2.00 pm and all members of the council are hereby summoned to attend to consider and resolve upon the following business:-

## *Agenda*

- 1 **Members' Interests**
- 2 **To approve as a correct record the Minutes of** (Pages 1 - 14)
  - the Extraordinary Council meeting held on 12 July 2016; and
  - the Ordinary Council meeting held on 12 July 2016.
- 3 **To receive such communications as the Lord Mayor may desire to lay before the Council, including apologies for absence.**
- 4 **Arts Lodge - The Council has received the following petition -**

### **Statement & Justification**

"We, the citizens of the city of Portsmouth and surrounding areas wish to protest against the termination of the lease for the Arts Lodge & Park Café, Victoria Park.

The Arts Lodge already pays the top market rate for the property to the council and being self-funded saves the council money in both the running and maintaining of the premises. No communication has been received about any future plans for the building and no justification of how their plans are a better deal for the tax payer has been provided. This is unfair not just to the Arts and Soul Traders CIC and the local community, but also to Portsmouth Council Tax payers.

I demand that Portsmouth Tory Council allow the Arts Lodge to continue providing their excellent service to the community and that their lease should be protected for future generations."

The Council's rules state that as the petition contains more than 1,000 signatures it will be debated by the Full Council (if the lead petitioner so requests and they do) even if the issue has been considered by the Council within the last 24 months and it not a matter the Full Council can determine.

1. The petition organiser, Mark Lewis will be given six minutes to present the petition at the meeting,
2. Followed by any public deputations received on this item.

3. The Administration, via a proposer and seconder, will then present its response to the petition
4. The petition will then be discussed by councillors and the normal rules of debate will apply,

Note - As an Executive (Cabinet) matter, the Full Council is precluded from determining the issues raised in the Petition, although of course the petition can still be debated at the Full Council meeting.

**5 Deputations from the Public under Standing Order No 24 (excluding item 4)**

**6 Questions from the Public under Standing Order 25. (Pages 15 - 16)**

**7 Appointments**

**8 Urgent Business - To receive and consider any urgent and important business from Members of the Cabinet in accordance with Standing Order No 26.**

**9 Review of Political Proportionality on Committees and Panels (Pages 17 - 20)**

To consider the Chief Executive's attached report.

**10 Treasury Management Outturn 2015/16 (Pages 21 - 46)**

To receive and consider the attached report and recommendations from the Cabinet held on 22 September 2016 (minute 41 refers).

**11 Treasury Management Mid-Year Review 2016/17 (Pages 47 - 70)**

To receive and consider the attached report and recommendations from the Cabinet held on 22 September 2016 (minute 42 refers).

**12 4 Year Local Government Finance Settlement - Multi Year Settlements (Pages 71 - 80)**

To receive and consider the attached report and recommendations from the Cabinet held on 22 September 2016 (minute 43 refers).

**13 Revenue Budget Monitoring 2016/17 (1st Quarter) to end June 2016 (Pages 81 - 92)**

To receive and consider the attached report and recommendations from the Cabinet held on 22 September 2016 (minute 45 refers).

**14 Proposed Amendments to the Arrangements for the Assessment, Consideration and Investigation of Complaints against Councillors (Pages 93 - 112)**

To receive and consider the attached report and recommendations from the Governance & Audit & Standards Committee held on 16 September 2016 (minute 53 refers).

**15 Notice of Motion Referral - Local Elections Cycle (Pages 113 - 118)**



To receive and consider the attached paper and response recommendations from the Governance & Audit & Standards Committee held on 16 September 2016 (minute 54 refers).

**16 Solent Combined Authority Governance Review and Scheme (Pages 119 - 332)**

To receive and note the Council report from the Chief Executive which includes an appended report for Cabinet (both to follow).

Note - As this issue is formally an Executive (Cabinet) decision, Full Council is precluded from determining the matter.

**17 Notices of Motion**

**(a) Make Fair Transitional State Pension Arrangements for 1950's Women**

Proposed by Councillor Lynne Stagg  
Seconded by Councillor Matthew Winnington

Portsmouth City Council calls upon the Government to make fair transitional state pension arrangements for all women born on or after 6th April 1951, who have unfairly borne the burden of the increase to the State Pension Age (SPA) with lack of appropriate notification.

Hundreds of thousands of women had significant pension changes imposed on them by the Pensions Acts of 1995 and 2011 with little or no personal notification of the changes. Some women had only two years notice of a six-year increase to their state pension age. Many women born in the 1950's are living in hardship. Retirement plans have been shattered with devastating consequences. Many of these women are already out of the labour market, caring for elderly relatives, providing childcare for grandchildren, or suffer discrimination in the workplace so struggle to find employment.

Women born in this decade are suffering financially. These women have worked hard, raised families and paid their tax and national insurance with the expectation that they would be financially secure when reaching 60. It is not the pension age itself that is in dispute - it is widely accepted that women and men should retire at the same time. The issue is that the rise in the women's state pension age has been too rapid and has happened without sufficient notice being given to the women affected, leaving women with no time to make alternative arrangements.

This council recognises the work done by local residents to raise this issue on behalf of the affected women in Portsmouth and the support from many unaffected residents who share this feeling of injustice. Many MPs have backed this campaign, including Portsmouth South's Flick Drummond.

Therefore, Portsmouth City Council calls upon the Leader and the

Chief Executive to write to the Government to urge them to heed the calls of the petition being delivered to Parliament today and reconsider transitional arrangements for women in Portsmouth and the rest of the UK born on or after 6th April 1951, so that women do not live in hardship due to pension changes they were not told about until it was too late to make alternative arrangements.

**(b) Limits on the conversion of family homes into Houses in Multiple Occupation**

Proposed by Councillor Young  
Seconded by Councillor Stubbs

In any modern city, a diverse range of housing options are required to match the needs and pockets of the population. This mix includes Houses in Multiple Occupation (HMOs), however, the council recognise that every community within Portsmouth are unique and distinctive and it is important that we preserve the character of these areas.

There is a need to increase the housing supply, but this must be balanced against the widely held concerns there are about the proliferation of HMOs and about the impact this can have on established communities.

Portsmouth City Council already has policies that seek to restrict the creation of new HMOs in areas where there is a concentration. These policies are amongst the strongest in the country. However the city also has a shortage of family housing and that most new housing supply is made up of one or two bedroom flats.

Planning inspectors can effectively block the implementation of any local plan policy that lacks sufficient justification, making amending policy between plan reviews a risky business. The proper time to develop policy is therefore when the local plan is refreshed, as the whole plan will have to be examined by the inspectorate for policy soundness at that time, meaning any policy signed off then will not be struck down.

Council therefore calls on the council leader in her role as Cabinet Member for PRED to consider the options for further restricting policy on HMOs as part of the revised local plan. This may be via a lower percentage limit or by considering the percentage of street frontage in HMO use as an additional criterion.

The Council also asks the Council Leader to write to the Minister for Housing and Planning to reflect the views of residents in Portsmouth that there is a need within the city to ensure that family homes in communities are protected as well as the need to further restrict the number of HMOs within the City.

**18 Questions from Members under Standing Order No 17. (Pages 333 - 334)**

David Williams  
Chief Executive

Members of the public are now permitted to use both audio visual recording devices and social media during this meeting, on the understanding that it neither disrupts the meeting or records those stating explicitly that they do not wish to be recorded. Guidance on the use of devices at meetings open to the public is available on the Council's website and posters on the wall of the meeting's venue.

Full Council meetings are digitally recorded.

If any member of the public wishing to attend the meeting has access requirements, please notify the contact, the Local Democracy Manager at [Stewart.Agland@portsmouthcc.gov.uk](mailto:Stewart.Agland@portsmouthcc.gov.uk)

Civic Offices  
Guildhall Square  
PORTSMOUTH  
3 October 2016

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# Agenda Item 2

12 July 2016

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MINUTES OF AN EXTRAORDINARY MEETING OF THE COUNCIL held at the Guildhall, Portsmouth on Tuesday, 12 July 2016 at 2.00 pm

## **Council Members Present**

The Right Worshipful The Lord Mayor  
Councillor David Fuller (in the Chair)

## **Councillors**

Dave Ashmore	Hugh Mason
Simon Boshier	Stephen Morgan
Jennie Brent	Gemma New
Ryan Brent	Robert New
Alicia Denny	Steve Pitt
Ben Dowling	Stuart Potter
John Ferrett	Will Purvis
Jim Fleming	Darren Sanders
Colin Galloway	Lynne Stagg
Paul Godier	Luke Stubbs
Scott Harris	Julie Swan
Steve Hastings	Linda Symes
Hannah Hockaday	David Tompkins
Suzy Horton	Gerald Vernon-Jackson CBE
Lee Hunt	Steve Wemyss
Frank Jonas	Matthew Winnington
Donna Jones	Neill Young
Ian Lyon	Rob Wood
Leo Madden	Tom Wood

## **52. Apologies for Absence**

Apologies for absence were received on behalf of Councillor Yahiya Chowdhury and Councillor Ken Ellcome. Councillor Lee Mason sent apologies that he would be slightly late as he was detained on other council business. Councillor Gemma New apologised for having to leave at about 5.00 pm.

The Lord Mayor gave detailed information concerning filming in the chamber, advising that notices had been displayed on the walls concerning the council's rules which strictly prohibit the filming, photographing or recording of members of the public unless they are addressing the meeting and only then if they do not actively object. Filming from gallery to gallery is also prohibited.

The Lord Mayor then gave details of the evacuation procedure and reminded everyone that there are building evacuation signs displayed both inside the public galleries and in the chamber itself.

## **53. Deputations from the Public under Standing Order No 24**

The City Solicitor advised that there were no deputations relating to the business on the agenda of the extraordinary meeting.

**54. Admission to the Roll of Honorary Aldermen - Dr Eleanor Scott**

The Lord Mayor advised that the motion to admit Dr Eleanor Scott as an honorary alderman will need to be passed by not less than two thirds of the members voting.

It was

Proposed by Councillor Gerald Vernon-Jackson  
Seconded by Councillor Donna Jones

That the title of honorary alderman be conferred on Dr Eleanor Scott, a former member of the Portsmouth City Council.

The proposer of the motion gave a short speech in support, as did the seconder of the motion, Councillor Donna Jones and the Leader of the Labour group, Councillor John Ferrett.

**RESOLVED unanimously that the title of honorary alderman be conferred on Dr Eleanor Scott and that a certificate confirming this decision be presented to her at a future city council meeting.**

The meeting concluded at 2.12 pm.

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Lord Mayor

MINUTES OF A MEETING OF THE COUNCIL held at the Guildhall  
Portsmouth on Tuesday, 12 July 2016 at 2.15 pm

**Council Members Present**

The Right Worshipful The Lord Mayor  
Councillor David Fuller (in the Chair)

**Councillors**

Dave Ashmore	Lee Mason
Simon Boshier	Stephen Morgan
Jennie Brent	Gemma New
Ryan Brent	Robert New
Alicia Denny	Steve Pitt
Ben Dowling	Stuart Potter
John Ferrett	Will Purvis
Jim Fleming	Darren Sanders
Colin Galloway	Lynne Stagg
Paul Godier	Luke Stubbs
Scott Harris	Julie Swan
Steve Hastings	Linda Symes
Hannah Hockaday	David Tompkins
Suzy Horton	Gerald Vernon-Jackson CBE
Lee Hunt	Steve Wemyss
Frank Jonas	Matthew Winnington
Donna Jones	Neill Young
Ian Lyon	Rob Wood
Leo Madden	Tom Wood
Hugh Mason	

**55. Declarations of Interests under Standing Order 13(2)(b)**

Councillor Lee Mason and Councillor Linda Symes would leave the Chamber for agenda item 15 a).

The following declarations of interest were made in respect of agenda Item 15 a)

**Cllr Rob Wood** declared an interest as a member of the Council of friends of the Royal Naval Museum which is situated in the Trust but received advice from the City Solicitor that his interest was not such as to require him to leave the Chamber.

**Cllr Jones** declared a possible pecuniary interest as a trustee of the Warrior, as we are a sub-tenant of the person who has the overarching lease of the Historic dockyard the PNBPT, appointed by the Council. The City Solicitor advised that this was a Council appointment so it was not necessary for her to leave the Chamber.

**Cllr Stagg** declared a personal non-prejudicial interest as a trustee of the Mary Rose Museum which was not a council appointment and there is no money involved.

**Cllr Pitt** declared a personal non-prejudicial interest as he used to employ two of the children of Peter Goodship (who is the Chair of PNBPT).

The City Solicitor explained that the item was about the Naval Base Property Trust improving its working relations with separate charities operating from the dockyard and to be more accountable for its actions especially bearing in mind its public funding. Asking for better working relationships in his view meant that financial interests do not come in to play. Therefore his advice to councillors who had declared interests was that they could remain in the Chamber for this item.

**56. Minutes of the Meetings of the Annual Council Meeting held on 17 May 2016 and the Adjourned Council Meeting held on 17 May 2016**

It was

Proposed by Councillor Donna Jones

Seconded by Councillor Gerald Vernon-Jackson

That the minutes of the annual council meeting held on 17 May 2016 be confirmed and signed as a correct record.

**RESOLVED that the minutes of the meeting of the annual council and the adjourned council meeting held on 17 May 2016 be confirmed and signed as a correct record.**

**57. Communications and Apologies for Absence**

Apologies for absence were received on behalf of Councillor Chowdhury and Ellcome. Apologies for lateness were received on behalf of Councillor Lee Mason who was detained on other Council business.

The Lord Mayor advised that a copy of a letter concerning shared senior management arrangements with Gosport Borough Council had been circulated to members for information. The Lord Mayor also congratulated Councillor Gerald Vernon-Jackson on receiving the award of Commander of the British Empire - CBE.

**58. Deputations from the Public under Standing Order No 24**

The City Solicitor advised that four deputation requests had been received, all in respect of item 15(d) - The Lodge. In view of the number of speakers their respective speaking time allocations had been adjusted in consultation with those concerned. Mr Mark Lewis, Mr David Wade, Mr Richard Measey and Ms Pat Arnold each made deputations in support of agenda item 15(d) - The Lodge.



The City Solicitor thanked members of the public for their deputations.

**59. Questions from the Public under Standing Order 25**

The City Solicitor advised that there was one question from the public for today's meeting as circulated with the council agenda. Mrs Curd was then asked to put her question regarding the maintenance of Grafton Street to council.

The question asked was not that on the order paper but was answered by Councillor Wemyss.

**60. Appointments**

The Lord Mayor advised that he had been notified of the proposed appointment of Councillor Steve Hastings as vice-chair of the Economic Development, Culture & Leisure Scrutiny Panel in place of Councillor Scott Harris who would replace Councillor Hastings as a standing deputy on that panel.

**RESOLVED that Councillor Steve Hastings be appointed as a full member and vice-chair of the Economic Development, Culture & Leisure Scrutiny Panel in place of Councillor Scott Harris who would become a standing deputy on that panel.**

**61. Urgent Business**

The Lord Mayor advised that there was no urgent business.

**62. Recommendations from the Cabinet Meetings held on 9 June and 8 July 2016**

**Minute 17 - Notice of Motion Referral - Consultation**

This was opposed.

It was

Proposed by Councillor Donna Jones

Seconded by Councillor Jim Fleming

That the following response statement be adopted.

"The City Council places great importance on consultations particularly by partner agencies such as Hampshire Fire & Rescue Authority. The City Council encourages all of its members, councillors and partners to partake in any consultation in the city. However the City Council does fully respect our partners' position when they are carrying out their own consultation. We do not believe that it is right and proper for the Council to form a position but such that the 42 individual members of the council should form their own

individual opinions and formally consult and reply to the consultation as they so wish."

Following debate, a recorded vote on the Cabinet response was requested by eight members standing.

The following members voted in favour of adopting the Cabinet response.

Simon Boshier	Donna Jones
Jennie Brent	Ian Lyon
Ryan Brent	Lee Mason
John Ferrett	Stephen Morgan
Jim Fleming	Gemma New
Colin Galloway	Rob New
Paul Godier	Luke Stubbs
Scott Harris	Linda Symes
Steve Hastings	Ian Tompkins
Hannah Hockaday	Steve Wemyss
Frank Jonas	Neill Young

The following members voted against

David Ashmore	Will Purvis
Ben Dowling	Darren Sanders
Suzy Horton	Lynne Stagg
Lee Hunt	Gerald Vernon-Jackson
Leo Madden	Matthew Winnington
Hugh Mason	Rob Wood
Steve Pitt	Tom Wood

The following members abstained

Alicia Denny	Stuart Potter
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**RESOLVED that the Cabinet response be approved.**

The following minutes were approved unopposed.

Minute 23 - Approval of UK Municipal Bond Agency's Framework Agreement  
Minute 32 - Safer Portsmouth Partnership Plan 2016

**63. Recommendations from the Governance & Audit and Standards Committee Meeting held on 1 July 2016**

The following minute was opposed

Minute 31 - Cancelled Meetings - Notice of Motion Referral

It was

Proposed by Councillor Ian Lyon  
Seconded by Councillor Scott Harris

That the recommendations contained in minute 31 - Cancelled Meetings - Notion of Motion Referral be approved.

Following debate upon being put to the vote this was CARRIED.

**RESOLVED that whilst the standing order is deemed sufficient, a footnote should be added to state that as a matter of best practice, the Lord Mayor should notify all group leaders of his/her intention to cancel a full council meeting before formal notice is communicated to all other members and made known to the general public.**

The following minute was approved unopposed.

Minute 34 - Appointment of Independent Persons

The following minute was opposed.

Minute 38 - Proposed Amendments to the Arrangements for the Assessment, Consideration and Investigation of Complaints against Councillors

It was

Proposed by Councillor Ian Lyon  
Seconded by Councillor Scott Harris

That the minute be not moved but be referred back to Governance & Audit and Standards Committee under Standing Order 40(e).

Upon being put to the vote this was unanimously CARRIED.

**RESOLVED that the report be referred back to Governance & Audit and Standards Committee without moving the recommendations under Standing Order 40(e).**

#### **64. Recommendations from the Scrutiny Management Panel held on 8 July 2016**

The following minute was opposed.

Minute 8 - Update on Reviews undertaken by the themed scrutiny panels

It was  
Proposed by Councillor Simon Boshier  
Seconded by Councillor Ian Lyon

That the recommendations contained in Minute 8 -Update on Reviews undertaken by the themed scrutiny panels be approved.

The chair of the Scrutiny Management Panel, Councillor Simon Boshier explained that he had opposed the minute in order to speak to it. He wished

to place on record his thanks to all members of the scrutiny panels and all those who had contributed to the reviews and who had supported the work of the panels, including members of the public. He said there had been some very constructive meetings and wished to place on record thanks to all concerned.

**RESOLVED that the recommendations in Minute 8 - Update on Reviews undertaken by the themed scrutiny panels be approved.**

**65. Notices of Motion**

The Lord Mayor advised that there were four notices of motion before council today.

**(a) Portsmouth Naval Base Property Trust**

Councillor Lee Mason and Linda Symes left the chamber for this item.

The City Solicitor advised Councillors Rob Wood, Donna Jones, Steve Pitt and Lynne Stagg that the interests they declared were noted but were not prejudicial.

It was

Proposed by Councillor Alicia Denny  
Seconded by Councillor Colin Galloway

That this matter be debated today.

Upon being put to the vote this was CARRIED.

It was

Proposed by Councillor Alicia Denny  
Seconded by Councillor Colin Galloway

That notice of motion (a) as set out on the agenda be adopted.

Following debate, upon being put to the vote, this was CARRIED.

**RESOLVED that the following Notice of Motion be adopted**

**"The city council is aware of the huge contribution which Portsmouth Historic Dockyard makes to the city, both in terms of its maintenance of the Royal Navy's heritage and drawing tourists to view its magnificent attractions, and wishes this to be continued and expanded.**

**However, this charitable property company was formed in 1986 between the Ministry of Defence and Portsmouth City Council. Out of 12 trustees, the city council now has only two representatives rather than the six which would be equitable. As councillors,**

**these two members have some accountability to the council but the other trustees are responsible to no one apart from the Charity Commission.**

**Where the property trust leases premises within the Historic Dockyard to charities, such as HMS Warrior and the International Boatbuilding Training College, these subsidiary organisations can be put in difficult financial and practical situations due to the approach taken by the landlord.**

**The City Council requests the Leader of the council to write to the Charity Commission asking whether it is willing to facilitate action to force the property trust to revisit its constitution to increase its representation of city councillors, improve its working relations with the separate charities operating with the Historic Dockyard and to be more accountable for its actions, especially bearing in mind its vast amount of public funding."**

Council adjourned at 4.15 pm.

Council resumed at 4.30 pm.

**(b)** It was

Proposed by Councillor Ben Dowling  
Seconded by Councillor Hugh Mason

That notice of motion (b) be debated today.

Upon being put to the vote this was CARRIED unanimously.

It was

Proposed by Councillor Ben Dowling  
Seconded by Councillor Hugh Mason

That notice of motion (b) as set out on the agenda be adopted.

Following debate, upon being put to the vote, this was CARRIED.

**RESOLVED that the following Notice of Motion be adopted**

**"We are proud to live in a diverse and tolerant society. Portsmouth City Council condemns racism, xenophobia and hate crimes unequivocally and believe such attitudes and actions have no place in our city. We will not allow hate to become acceptable.**

**We ask the council's Cabinet to ensure local bodies and programmes have the support and resources needed to fight and prevent racism and xenophobia.**

**Portsmouth City Council would like to reassure all people living in Portsmouth that they are valued members of our community."**

**(c) Moving the Yomper**

It was

Proposed by Councillor Jennie Brent  
Seconded by Councillor Luke Stubbs

That this notice of motion be debated today.

Upon being put to the vote this was CARRIED.

It was

Proposed by Councillor Jennie Brent  
Seconded by Councillor Luke Stubbs

That notice of motion (c) as set out on the agenda be adopted.

As an amendment it was

Proposed by Councillor Matthew Winnington  
Seconded by Councillor Hugh Mason

To Place "royal" before the words "marines" in each paragraph.

Delete third paragraph and replace with.

'This council recognises the hard work that local Eastney residents have done to campaign against the Yomper statue being moved and that a petition to keep the statue where it is has been signed by over 1850 people. The campaign to keep the Yomper at Eastney Barracks has also been backed by its sculptor Philip Jackson who has said that it was designed and made for its iconic location. The council also notes the suggestion from local residents to crowdfund for a replica to be placed in the new museum if that will help keep the Yomper where it is.

Portsmouth City Council therefore resolves to direct the Chief Executive to write to the Director General of the National Museum of the Royal Navy to seek assurances there will be extensive consultation before any relocation and to express that the will of this City Council, on behalf of its residents, is that the statue remain as it is in Eastney.'

The mover of the original motion, Councillor Jennie Brent agreed to accept the amendment in the name of Councillor Winnington as part of the notice of motion. Upon the substantive notice of motion incorporating the amendment being put to the vote, this was unanimously CARRIED.

**RESOLVED that the following Notice of Motion be adopted**

**"The National Museum of the Royal Navy plans to centralise Portsmouth's military museums in the Dockyard and as a result that the Royal Marines' Museum is due to vacate its current home by 2019.**

**The Yomper statue has graced Southsea seafront for many years, serving as a reminder of both the Falklands War and of the Royal Marines' historical association with Eastney.**

**This council recognises the hard work that local Eastney residents have done to campaign against the Yomper statue being moved and that a petition to keep the statue where it is has been signed by over 1850 people. The campaign to keep the Yomper at Eastney Barracks has also been backed by its sculptor Philip Jackson who has said that it was designed and made for its iconic location. The council also notes the suggestion from local residents to crowdfund for a replica to be placed in the new museum if that will help keep the Yomper where it is.**

**Portsmouth City Council therefore resolves to direct the Chief Executive to write to the Director General of the National Museum of the Royal Navy to seek assurances there will be extensive consultation before any relocation and to express that the will of this City Council, on behalf of its residents, is that the statue remain as it is in Eastney.**

**(d) The Lodge**

It was

Proposed by Councillor Steve Pitt  
Seconded by Councillor Darren Sanders

That this notice of motion be debated today.

Upon being put to the vote this was CARRIED.

It was

Proposed by Councillor Steve Pitt  
Seconded by Councillor Darren Sanders

That notice of motion (d) as set out on the agenda be adopted.

As an amendment it was

Proposed by Councillor Lynne Stagg  
Seconded by Councillor Tom Wood

To amend the last paragraph to replace "asks" with "requests" and also replace "ensure that happens" with "consider accordingly".

The proposer of the original motion, Councillor Steve Pitt agreed to subsume the amendment into the notice of motion put forward by him. Following some debate it was

Proposed by Councillor Hugh Mason  
Seconded by Councillor Leo Madden

That the meeting be adjourned under Standing Order 40(m) to help facilitate proceedings.  
Upon being put to the vote this was CARRIED.

Council adjourned at 6.35 pm.

Council resumed at 6.50 pm.

Following further debate, the substantive notice of motion (d) including the amendment proposed by Councillor Stagg was put to the vote. This was CARRIED unanimously.

**RESOLVED that the following Notice of Motion incorporating the amendment be adopted**

**"This Council recognises the valuable contribution made by Art & Soul Traders to the cultural and community life of our city and also their restoration of The Lodge in Victoria Park.**

**After a robust and ultimately successful dialogue in 2012, a new agreement was reached between this Council and the operators, to secure their future, which has resulted in both increased income for the Council and extra flexibility for the operators, who have continued to thrive.**

**The Council therefore supports, in principle, the continuation of the lease for Art & Soul Traders as tenants of The Lodge and requests the Cabinet Member for PRED to consider accordingly."**

**66. Questions from Members under Standing Order No 17**

There were three questions before council.

**Question No 1** was from Councillor Colin Galloway

"Members have recently moved into their newly allocated offices which offer, for some, a degree of improvement over the previous member's rooms, however, such a move must have incurred considerable costs. Is the Leader able to advise us of those costs and also explain how this move will benefit the Council?"

This was answered by the Leader of the Council, Councillor Donna Jones.



Question No 2 was from Councillor Alicia Denny to the Cabinet Member for Culture, Leisure and Sport

"Can the cabinet member for culture, leisure and sport tell us what she is doing to recognise the achievements of pioneering woman scientist Hertha Marks Ayrton, who the creators of Google Doodles know about but of whom the citizens of her native city know little or nothing?"

This and supplementary questions were answered by the Cabinet Member for Culture, Leisure and Sport, Councillor Linda Symes.

Question No 3 was from Councillor Winnington but as the matter had already been debated during notice of motion (c), he did not wish to put the question.

The meeting concluded at 7.20 pm.

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Lord Mayor

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# Agenda Item 6



**Portsmouth**  
CITY COUNCIL

## **COUNCIL MEETING**

### **QUESTIONS BY THE PUBLIC AT COUNCIL MEETINGS UNDER STANDING ORDER NO 25**

**CITY COUNCIL MEETING – 11 OCTOBER 2016**

#### **QUESTION NO 1**

**FROM: MISS DOREEN STEVENSON**

In view of the factors provided separately, would it now be possible to have an investigation and review with the possibility of alterations to the layout at the junction of Bransbury Road with Henderson Road and inclusion of the early proposed modifications to the western end of Henderson Road

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# Agenda Item 9



Portsmouth  
CITY COUNCIL

Agenda item:

**Title of meeting:** City Council

**Date of meeting:** 11 October 2016

**Subject:** Review of Political Proportionality on Committees and Panels

**Report by:** Chief Executive

**Wards affected:** N/A

**Key decision:** No

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## 1. Purpose of report

With the recent change in Group Strengths on the Council with Councillor Ferrett becoming an Independent non-aligned Member, there is a consequent need under the Local Government and Housing Act 1989, to review the allocation of committee seats to the political groups and the non-aligned member. This review affects only the Labour Group and Councillor Ferrett

## 2. Recommendations

### 2.1 That Council

- (a) determine the allocation of seats on committees and Panels based on the information set out below and having regard to any agreement that may be achieved between those affected prior to the meeting, and
- (b) ratify consequent named membership changes proposed at the meeting.

## 3. Background Information and implications

As a result of these changes, the Group Strengths and consequent seats on committees are as shown below (the figures in brackets indicate the position prior to the change)

Group	Councillors	Total Seats 76
Conservative	19	34
Liberal Democrat	15	27
UKIP	4	7
Labour	2(3)	4 (6)
Independent (PG)	1	2
Independent (JF)	1 (0)	2 (0)

## Impact on Committee/Panel Places

As shown above, the Labour Group's overall allocation decreases by two and Councillor Ferrett as an independent non-aligned member receives 2 seats from the Labour Group.

Councillor Ferrett is currently a Member of the Employment Committee and the Governance and Audit and Standards Committee.

The remaining members of the Labour Group currently sit on the following -

Councillor Morgan - Licensing Committee and Scrutiny Management Panel

Councillor Chowdhury - Economic Development Culture and Leisure Scrutiny Panel and the Planning Committee

Subject to any prior agreement between the Labour Group and Councillor Ferrett, Council is asked to determine how it wishes the above 6 seats to be allocated.

Consequently the total number of seats be divided as follows \* (subject to inserting the updated changes once approved .

Members	Party	Licensing Committee	Planning Committee	*Scrutiny & Regulatory (2)	SMP	Total seats	
		15	10	42	9	76	
19	Con	7	4	19	4	34	
15	LD	5	4	15	3	27	
4	UKIP	1	1	4	1	7	
2	Lab	*0/1	*0/1	*1/2	*0/1	4	-2
1	Ind PG	1	-	1	-	2	
1	Ind JF	*0/1	*0/1	*1/2	*0/1	2	+2

15 members	Licensing Committee
10 members	Planning Committee
*7 x 6 member Committee/panels	Employment Committee / Governance & Audit & Standards Committee / Health Overview Scrutiny Panel / EYCP Scrutiny / EDCL Scrutiny / TECS Scrutiny / HSC Scrutiny.
9 members	Scrutiny Management Panel

4. **Legal Implications** - legal comments are embodied in the report

5. **Finance Comments** - none in relation to this report

.....  
Signed by:

#### Appendices:

#### Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by:

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# Agenda Item 10

From CABINET MEETING held on 22 September 2016

Council Agenda Item 10 (Cabinet minute 41)

## Treasury Management Outturn 2015/16

**RECOMMENDED TO COUNCIL** that the following recommendations relating to Appendices A and B of this report be approved:

**Appendix A** - that the following actual prudential indicators based on the unaudited draft accounts be noted:

- (a) The actual ratio of non-Housing Revenue Account (HRA) financing costs to the non HRA net revenue stream of 11.9%;
- (b) The actual ratio of HRA financing costs to the HRA net revenue stream of 13.1%;
- (c) Actual non HRA capital expenditure for 2015/16 of £115,276,000;
- (d) Actual HRA capital expenditure for 2015/16 of £27,437,000;
- (e) The actual non HRA capital financing requirement as at 31 March 2016 of £280,516,000;
- (f) The actual HRA capital financing requirement as at 31 March 2016 of £154,734,000;
- (g) Actual external debt as at 31 March 2016 was £490,378,035 compared with £462,566,096 at 31 March 2015.

**Appendix B** - That the following actual Treasury Management indicators for 2015/16 be noted:

- (a) The Council's gross debt less investments at 31 March 2016 was £118,551,000;
- (b) The maturity structure of the Council's borrowing was

	Under 1 Year	1 to 2 Years	3 to 5 Years	6 to 10 Years	11 to 20 Years	21 to 30 Years	31 to 40 Years	41 to 50 Years
Actual	1%	1%	2%	4%	18%	10%	22%	42%

- (c) The Council's sums invested for periods longer than 364 days at 31 March 2016 were:**

	<b>Actual £m</b>
<b>31/3/2016</b>	<b>196</b>
<b>31/3/2017</b>	<b>106</b>
<b>31/3/2018</b>	<b>33</b>

- (d) The Council's fixed interest rate exposure at 31 March 2016 was £220m, ie. the Council had net fixed interest rate borrowing of £220m**

- (e) The Council's variable interest rate exposure at 31 March 2016 was (£186m), ie. the Council had net variable interest rate investments of £186m.**

<b>Title of meeting:</b>	Governance and Audit and Standards Committee Cabinet City Council
<b>Date of meeting:</b>	Governance and Audit and Standards Committee 16 September 2016 Cabinet 22 September 2016 City Council 11 October 2016
<b>Subject:</b>	Treasury Management Outturn Report 2015/16
<b>Report by:</b>	Director of Finance and Information Services (Section 151 Officer)
<b>Wards affected:</b>	All
<b>Key decision:</b>	No
<b>Full Council decision:</b>	Yes

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## 1. Purpose of report

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code requires local authorities to calculate prudential indicators before the start of and after each financial year. Those indicators that the Council is required to calculate at the end of the financial year are contained in Appendix A of this report.

The CIPFA Code of Practice on Treasury Management also requires the Section 151 Officer to prepare an annual report on the outturn of the previous year. This information is shown in Appendix B of the report.

## 2. Recommendations

That the following recommendations relating to Appendices A and B of this report be approved:

Appendix A - that the following actual prudential indicators based on the unaudited draft accounts be noted:

- (a) The actual ratio of non-Housing Revenue Account (HRA) financing costs to the non HRA net revenue stream of 11.9%;
- (b) The actual ratio of HRA financing costs to the HRA net revenue stream of 13.1%;
- (c) Actual non HRA capital expenditure for 2015/16 of £115,276,000;

(d) Actual HRA capital expenditure for 2015/16 of £27,437,000;

(e) The actual non HRA capital financing requirement as at 31 March 2016 of £280,516,000;

(f) The actual HRA capital financing requirement as at 31 March 2016 of £154,734,000;

(g) Actual external debt as at 31 March 2016 was £490,378,035 compared with £462,566,096 at 31 March 2015.

Appendix B - That the following actual Treasury Management indicators for 2015/16 be noted:

(a) The Council's gross debt less investments at 31 March 2016 was £118,551,000;

(b) The maturity structure of the Council's borrowing was

	Under 1 Year	1 to 2 Years	3 to 5 Years	6 to 10 Years	11 to 20 Years	21 to 30 Years	31 to 40 Years	41 to 50 Years
Actual	1%	1%	2%	4%	18%	10%	22%	42%

(c) The Council's sums invested for periods longer than 364 days at 31 March 2016 were:

	Actual £m
31/3/2016	196
31/3/2017	106
31/3/2018	33

(d) The Council's fixed interest rate exposure at 31 March 2016 was £220m, ie. the Council had net fixed interest rate borrowing of £220m

(e) The Council's variable interest rate exposure at 31 March 2016 was (£186m), ie. the Council had net variable interest rate investments of £186m

### **3. Background**

The Local Government Act 2003 requires local authorities to have regard to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities.

The Prudential Code requires local authorities to adopt the CIPFA Code of Practice for Treasury Management in the Public Sector, which the City Council originally adopted in April 1994. Under the Code of Practice for Treasury Management an Annual Policy Statement is prepared setting out the strategy and objectives for the coming financial year. The Council approved the policy statement for 2015/16 on 17 March 2015. The Council approved the following revisions to the policy statement on 10 November 2015:

- Changing the method of calculating the minimum revenue provision (MRP) for the repayment of debt for post 1 April 2008 self-financed General Fund borrowing (with the exception of finance leases, service concessions and borrowing to fund long term debtors) from the equal instalment of principal method to the annuity method effect from 2015/16
- To allow investments to be made in enhanced or cash plus money market funds on the basis of a single credit rating
- Some investment counter party limits were revised to reflect changes to credit ratings

The Code of Practice also requires the Section 151 Officer to prepare an annual report on the outturn of the previous year. This information is shown in Appendix B of the report.

This report is based on the Council's unaudited draft accounts as the audit is not due to be completed until the end of September. Basing the report on the unaudited draft accounts will enable the report to be considered in the September / October meeting cycle rather than in November.

### **4. Reasons for Recommendations**

The net cost of Treasury Management activities and the risks associated with those activities have a significant effect on the City Council's overall finances.

### **5. Legal implications**

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2011 to ensure that the Council's budgeting, financial management, and accounting practices meet the relevant statutory and professional requirements. Members must have regard to and be aware of the wider duties placed on the Council by various statutes governing the conduct of its financial affairs.

6. **Director of Finance & Information Services (Section 151 Officer) comments**

All financial considerations are contained within the body of the report and the attached appendices

.....  
Signed by Director of Finance & Information Services (Section 151 Officer)

**Appendices:**

- Appendix A: Prudential Indicators**
- Appendix B: Treasury Management Outturn**

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b><u>Title of document</u></b>	<b>Location</b>
1      Information pertaining to the treasury management outturn	Financial Services
2	

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the Cabinet on 22 September 2016.

.....  
Signed by: the Leader of the Council

**ACTUAL PRUDENTIAL INDICATORS****1. RATIO OF FINANCING COSTS TO NET REVENUE STREAM 2015/16**

This ratio reflects the annual cost of financing net debt as a proportion of the total revenue financing received. It therefore represents the proportion of the City Council's expenditure that is largely fixed and committed to repaying debt. The higher the ratio, the lower the flexibility there is to shift resources to priority areas and/or reduce expenditure to meet funding shortfalls.

For the General Fund, this is the annual cost of financing debt and as a proportion of total income received from General Government Grants, Non Domestic Rates and Council Tax. The ratios of financing costs to net revenue streams for the General Fund in 2015/16 were as follows:

	<b>Original Estimate</b>	<b>Actual</b>
	£'000	£'000
<b>Financing Costs:</b>		
Interest Payable	17,100	17,790
Interest Receivable	(2,244)	(3,858)
Provision for Repayment of Debt	7,018	6,335
<b>Total Financing Costs</b>	<b>21,874</b>	<b>20,267</b>
<b>Net Revenue Stream</b>	<b>167,190</b>	<b>169,893</b>
<b>Ratio of Financing Costs to Net Revenue Stream</b>	<b>13.1%</b>	<b>11.9%</b>

Interest payable was £0.7m more than the original estimates. The Council borrowed £33m in 2015/16 which had not been included in the original estimates in order to take advantage of relatively low interest rates. Although this should reduce the amount of interest payable in the long term it did result in an additional £0.3m cost in 2015/16. The Housing Revenue Account's (HRA) contribution towards interest payable was 0.3m lower than anticipated. This was because the original capital program provided for £7.2m of HRA capital expenditure to be financed from borrowing whereas no HRA capital expenditure was actually financed from borrowing.

Interest Receivable was £0.7m more than the original estimates. This was due to the Council having more cash to invest than had been anticipated and the interest rates on the Council's investments being higher than had been anticipated.

The provision for the repayment of debt was £0.8m less than the original estimate. This is mainly because of the Council's decision to change the method of calculating the minimum revenue provision (MRP) for the repayment of debt for post 1 April 2008 self-financed General Fund borrowing (with the exception of finance leases, service concessions and borrowing to fund long term debtors) from the equal instalment of principal method to the annuity method with effect from 2015/16 to General Fund

The ratio of Housing Revenue Account (HRA) financing costs to net revenue stream is shown below. For the HRA, this is the annual cost of financing capital expenditure, as a proportion of total gross income received including housing rents and charges.

	Original Estimate	Actual
HRA	13.4%	13.1%

The actual percentage of HRA financing costs to net revenue stream is lower than anticipated. This was because the original capital program provided for £7.2m of HRA capital expenditure to be financed from borrowing whereas no HRA capital expenditure was actually financed from borrowing.



## 2. ACTUAL CAPITAL EXPENDITURE 2015/16

There has been significant under spending against the original budget. Much of this was due to slippage or funding not being available. This does not represent additional capital resources. Actual capital expenditure in 2015/16 was as follows:

	Estimate £'000	Actual £'000
Culture & Leisure	4,355	1,360
Children's & Education Services	11,905	9,408
Environment & Community Safety	12,321	6,135
Health & Social Care (Adults Services)	5,243	407
Resources	5,798	3,550
Planning, Regeneration & Economic Development	22,759	43,995
Commercial Port	6,432	3,559
Traffic & Transportation	17,594	9,304
Housing General Fund	1,859	2,575
Local Enterprise Partnership	48,739	34,983
<b>Total Non HRA</b>	<b>137,005</b>	<b>115,276</b>
Housing Revenue Account (HRA)	41,720	27,437
<b>Total</b>	<b>178,725</b>	<b>142,713</b>

Actual capital expenditure was £36.0m below the original capital programme. The main variances were as follows:

#### Culture & Leisure - £3.0m Underspend

This underspend was due to slippage on the D Day Museum refurbishment and the development of the Hotwalls ARTches Studios. There were delays in obtaining funding from the Heritage Lottery Fund for the D Day Museum refurbishment. Much of the ARTches site is an ancient monument with the remainder being grade 1 listed. There were delays in consulting with Historic England and other agencies to ensure that the appropriate consents were obtained and planning conditions discharged.

#### Children's & Education Services - £2.5m Underspend

This underspend was due to slippage of £0.8m on the Goldsmith and Brambles Nursey expansion and £1.7m on the development of the Vanguard Centre. The Goldsmith and Brambles Nursey expansion was delayed due to finding asbestos on the site, uncertain ground conditions and contractor delays. The process of selecting a contractor for the Vanguard Centre development took longer than anticipated.

#### Environment and Community Safety - £6.2m Underspend

Much of this underspend is due to slippage on flood defence works. Works at Anchorage Park took longer than anticipated and the design phase of the Southsea flood works has taken longer than anticipated due to delays in obtaining approval from the Environment Agency.

#### Health and Social Care (Adults Services) - £4.8m Underspend

This underspend is due to the East Lodge scheme being put on hold due to the contract tender pricing being considered to be too high.

#### Resources - £2.2m Underspend

There was significant slippage in preparing the specifications for business intelligence, landlord's maintenance, utilities management and channel shift. In addition the residual budget for the Windows 7 upgrade was not required.

#### Planning, Regeneration and Economic Development - £21.2m Overspend

£32.5m was spent on acquiring commercial properties which was not included in the original budget. This was partly mitigated by an underspend of £6m on City Centre road improvements due to delays in securing funding & an underspend of £7m on the City Deal due to delays in reaching an agreement to purchase land from the private sector at Tipner West.

### Commercial Port - £2.9m Underspend

The main reason for the significant underspend on the port's 2015/16 capital programme against the original estimate is because of the Floating Dock Jetty, Berth Extension and Passenger Facilities Scheme. In terms of the demolition of the Floating Dock Jetty, the contractor's original pile extraction methodology was unsuccessful which meant the scheme slipped into 2016/17. In addition, works associated with extending Berth 2 are still to commence because the feasibility study and business case identified a number of complications that still need to be resolved.

### Traffic and Transportation - £8.3m Underspend

A number of capital schemes in the Traffic and Transportation Portfolio have slipped including Dunsbury Hill Farm Access Road, rebuilding the Hard Interchange, the City Centre Development Road and the Local Transport Plan. The slippage on rebuilding the Hard Interchange was particularly severe at £2.7m due to a retendering process. In addition there were a number of events within the city throughout the year which added extra pressures to the teams.

### Local Enterprise Partnership (LEP) - £13.8m Underspend

The £3m Red Funnel scheme financed by the Growing Places Fund has slipped due to delays in obtaining planning permission. The £8m Solent Futures Fund has not been spent due to a significant delay in processing projects. In addition the Government has clawed back much of the uncommitted funding as part of the spending review.

### Housing Revenue Account (HRA) - £14.3m Underspend

This variance is made up of two main elements: the new build programme for houses (£9.1m), and the major repairs to dwellings (£5.3m).

The building of new houses within the HRA has underspent by £9.1m, compared to the original estimate. Following the 2015 DCLG legislation on rent setting, which reduced rents for four years, the build programme had to be revised because of the reduction of available funds. This resulted in postponements and revisions of the majority of housing schemes, whilst funding sources were investigated and sought before proceeding.

The variance within the major repairs to dwellings area was mainly caused by three schemes: Hawthorn Crescent (£1m) - Works were delayed due to the lack of surveying resources; Grosvenor House (£1.6m) - Extent of the works were reviewed after 2015 new legislation introduced around rent reductions - the scheme will be on site in 2016/17, and Wilmcote House (£2.1m) - the contractor is six months behind the programme or works which has affected the cash flow and spend forecasts.

### 3. ACTUAL CAPITAL FINANCING REQUIREMENT

This represents the underlying requirement to borrow for capital expenditure. It takes the total value of the City Council's fixed assets and determines the amount that has yet to be repaid or provided for within the Council's accounts. The capital financing requirement also forms the basis of the calculation of the amount of money that has to be set aside for the repayment of outstanding General Fund debt. The capital financing requirement is increased each year by any new borrowing and reduced by any provision for the repayment of debt. Broadly, the higher the capital financing requirement, the higher the amount that is required to be set aside for the repayment of debt in the following year.

The actual capital financing requirements as at 31<sup>st</sup> March 2016 were as follows:

	<b>Original Estimate</b>	<b>Actual</b>
	£'000	£'000
Non HRA	260,185	280,516
HRA	170,166	154,734
Total	430,351	435,250

The non HRA capital financing requirement is higher than had been originally estimated due to the acquisition of commercial properties which was not included in the original budget.

The HRA capital financing requirement is lower than the original estimate due to less capital works financed by borrowing being undertaken in 2014/15 which led to a lower than anticipated opening capital financing requirement at 1 April 2015 and further underspending on capital works financed by borrowing in 2015/16.

### 4. ACTUAL EXTERNAL DEBT

At 31 March 2016, the City Council's level of external debt amounted to £490,378,035 consisting of the following:

- Long Term Borrowing £406,119,768
- Finance leases £2,149,010
- Service concessions (including PFI schemes) £82,109,257

The overall level of debt, excluding debt managed by Hampshire County Council, has increased between 2014/15 and 2015/16 by £27,811,939.

## **5. CODE OF PRACTICE**

The Prudential Code requires local authorities to adopt CIPFA's Code of Practice for Treasury Management in Local Authorities. The City Council has complied with this code.

**TREASURY MANAGEMENT DECISIONS 2015/16****1. GOVERNANCE**

Treasury management activities were performed within the Prudential Indicators approved by the City Council.

Treasury management activities are also governed by the Treasury Management Policy Statement, Annual Minimum Revenue Provision for Debt Repayment Statement and Annual Investment Strategy approved by the City Council.

**2. FINANCING OF CAPITAL PROGRAMME**

The 2015/16 capital program was financed as follows:

Source of Finance	Anticipated £'000	Actual £'000
Corporate Reserves (including Capital Receipts)	19,800	5,223
Grants & Contributions	100,862	68,095
Revenue & Reserves	31,158	28,040
Long Term Borrowing	26,905	41,355
Total	<u>178,725</u>	<u>142,713</u>

There was significant slippage in the capital programme and some schemes were curtailed or abandoned. This meant that less capital resources were used to finance the capital programme.

Financing from long term borrowing is higher than had been originally estimated due to the acquisition of commercial properties which was not included in the original budget.

**3. ECONOMIC BACKGROUND**

Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2018 due to many fears including concerns that China's economic growth could be heading towards a hard landing; the potential destabilisation of some emerging market countries particularly exposed to the Chinese economic slowdown; and the continuation of the collapse in oil prices during 2015 together with continuing Eurozone growth uncertainties.

These concerns have caused sharp market volatility in equity prices during the year with corresponding impacts on bond prices and bond yields due to safe haven flows. Bank Rate, therefore, remained unchanged at 0.5% for the seventh successive year. Economic growth (GDP) in the UK surged strongly during both 2013/14 and 2014/15 to make the UK the top performing advanced economy in 2014. However, 2015 has been disappointing with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4.

The Funding for Lending Scheme, announced in July 2012, resulted in a flood of cheap credit being made available to banks which then resulted in money market investment rates falling materially. These rates continued at very low levels during 2015/16.

The sharp volatility in equity markets during the year was reflected in sharp volatility in bond yields. However, the overall dominant trend in bond yields since July 2015 has been for yields to fall to historically low levels as forecasts for inflation have repeatedly been revised downwards and expectations of increases in central rates have been pushed back. In addition, a notable trend in the year was that several central banks introduced negative interest rates as a measure to stimulate the creation of credit and hence economic growth.

The ECB had announced in January 2015 that it would undertake a full blown quantitative easing programme of purchases of Eurozone government and other bonds starting in March at €60bn per month. This put downward pressure on Eurozone bond yields. There was a further increase in this programme of QE in December 2015. The anti-austerity government in Greece, elected in January 2015 eventually agreed to implement an acceptable programme of cuts to meet EU demands after causing major fears of a breakup of the Eurozone. Nevertheless, there are continuing concerns that a Greek exit has only been delayed.

As for America, the economy has continued to grow healthily on the back of resilient consumer demand. The first increase in the central rate occurred in December 2015 since when there has been a return to caution as to the speed of further increases due to concerns around the risks to world growth.

On the international scene, concerns have increased about the slowing of the Chinese economy and also its potential vulnerability to both the bursting of a property bubble and major exposure of its banking system to bad debts. The Japanese economy has also suffered disappointing growth in this financial year despite a huge programme of quantitative easing, while two of the major emerging market economies, Russia and Brazil, are in recession. The situations in Ukraine, and in the Middle East with ISIS, have also contributed to volatility.

The UK elected a majority Government in May 2015, removing one potential concern but introducing another due to the promise of a referendum on the UK remaining part of the EU. The government maintained its tight fiscal policy stance but the more recent downturn in expectations for economic growth has made it more difficult to return the public sector net borrowing to a balanced annual position within the period of this parliament.

#### 4. GROSS AND NET DEBT

The Council's net borrowing position at 31 March 2016 excluding accrued interest was as follows:

	1 April 2015	31 March 2016
	£'000	£'000
Borrowing	376,471	406,120
Finance Leases	3,027	2,149
Service Concession Arrangements (including PFIs)	83,068	82,109
<b>Gross Debt</b>	<b>462,566</b>	<b>490,378</b>
Investments	(321,917)	(371,827)
<b>Net Debt</b>	<b>140,649</b>	<b>118,551</b>

The Council has a high level of investments relative to its gross debt due to a high level of reserves, partly built up to meet future commitments under the Private Finance Initiative schemes and future capital expenditure. The £84m of borrowing taken in 2011/12 to take advantage of very low PWLB rates has also temporarily increased the Council's cash balances. The Council's investments increased by £49.9m in 2015/16. This was mainly due to borrowing £33m from the Public Works Loans Board (PWLB) in 2015/16 to fund future capital expenditure and slippage in the capital programme.

The current high level of investments increases the Council's exposure to credit risk, ie. the risk that an approved borrower defaults on the Council's investment. In the interim period where investments are high because loans have been taken in advance of need, there is also a short term risk that the rates (and therefore the cost) at which money has been borrowed will be greater than the rates at which those loans can be invested. The level of investments will fall as capital expenditure is incurred and commitments under the Private Finance Initiative (PFI) schemes are met.



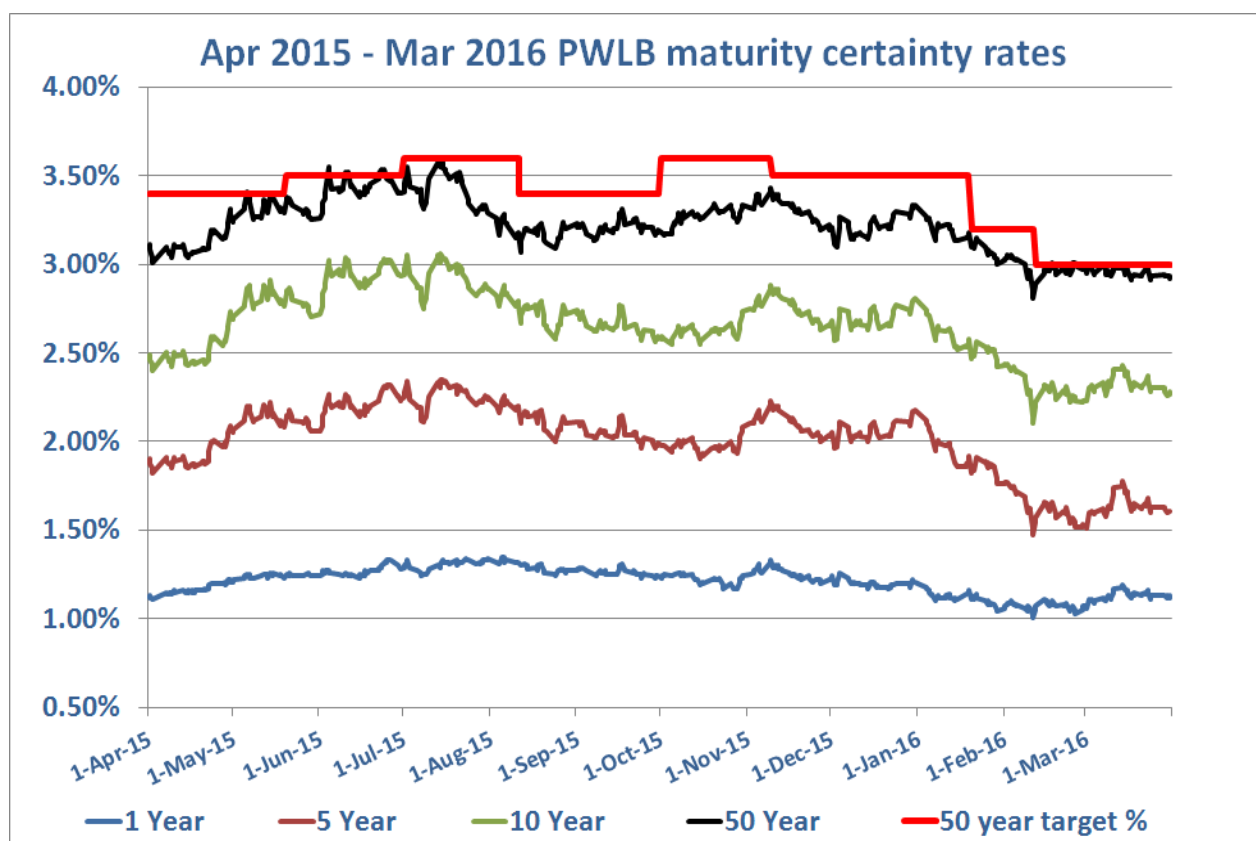
## 5. DEBT RESCHEDULING

Under certain circumstances it could be beneficial to use the Council's investments to repay its debt. However this normally entails paying a premium to the lender, namely the Public Works Loans Board (PWLB). Debt rescheduling is only beneficial to the revenue account when the benefits of reduced net interest payments exceed the cost of any premiums payable to the lender. Debt rescheduling opportunities have been limited in the current economic climate and by the structure of interest rates following increases in PWLB new borrowing rates in October 2010.

No debt rescheduling was undertaken in 2015/16.

## 6. BORROWING ACTIVITY

The table below shows the PWLB's certainty rates in 2015/16.



There were many small movements in PWLB rates in 2015/16, both upwards and downwards, but overall rates rose until June and then followed a downward trend. Any one of the movements upwards could have marked the start of an upward trend which was expected, but in the event, did not happen. PWLB rates were below the target rate recommended by the Council's advisors, Capita Asset Services, for considering new borrowing for most of the year. Consequently £9m was borrowed from the PWLB for 15 years at the project rate of 2.73% repayable at maturity in August 2015. A further £9m was borrowed from the PWLB for 15 years at the project rate which was then 2.76% repayable at maturity in December 2015. The project rate is 0.20% below the certainty rate. These loans were taken out to fund the City Deal and the development of Dunsbury Hill Farm. In February 2016 after PWLB rates had fallen the Council borrowed a further £15m for 50 years repayable at maturity at the certainty rate of 2.94% to fund future capital expenditure.

This borrowing, in addition to £88.6m borrowed at National Loans Fund Rates to fund the HRA Self Financing payment in March 2012, has resulted in the Council's external debt exceeding its capital financing requirement by £55.1m.

## **7. REFINANCING RISK**

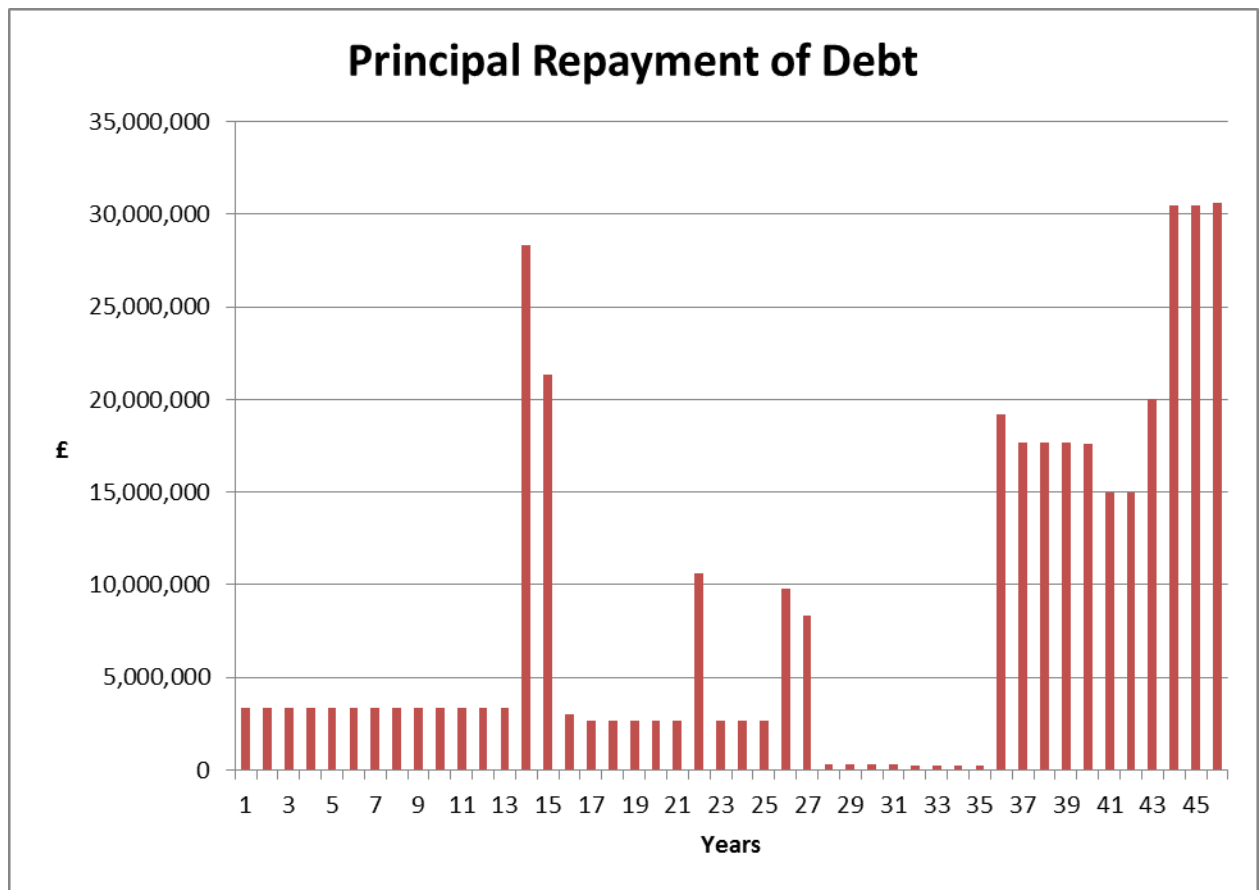
In recent years the cheapest loans have often been very long loans repayable at maturity.

During 2007/08 the Council rescheduled £70.8m of debt. This involved repaying loans from the Public Works Loans Board (PWLB) early and taking out new loans from the PWLB with longer maturities ranging from 45 to 49 years. The effect of the debt restructuring was to reduce the annual interest payable on the Council's debt and to lengthen the maturity profile of the Council's debt.

£50m of new borrowing was taken in 2008/09 to finance capital expenditure. Funds were borrowed from the PWLB at fixed rates of between 4.45% and 4.60% for between 43 and 50 years.

A further £173m was borrowed in 2011/12 to finance capital expenditure and the HRA Self Financing payment to the Government. Funds were borrowed from the PWLB at rates of between 3.48% and 5.01%. £89m of this borrowing is repayable at maturity in excess of 45 years. The remaining £84m is repayable in equal instalments of principal over periods of between 16 and 26 years.

As a result of interest rates in 2007/08 when the City Council rescheduled much of its debt and interest rates in 2008/09 and 2011/12 when the City Council undertook considerable new borrowing 64% of the City Council's debt matures in over 30 years' time.



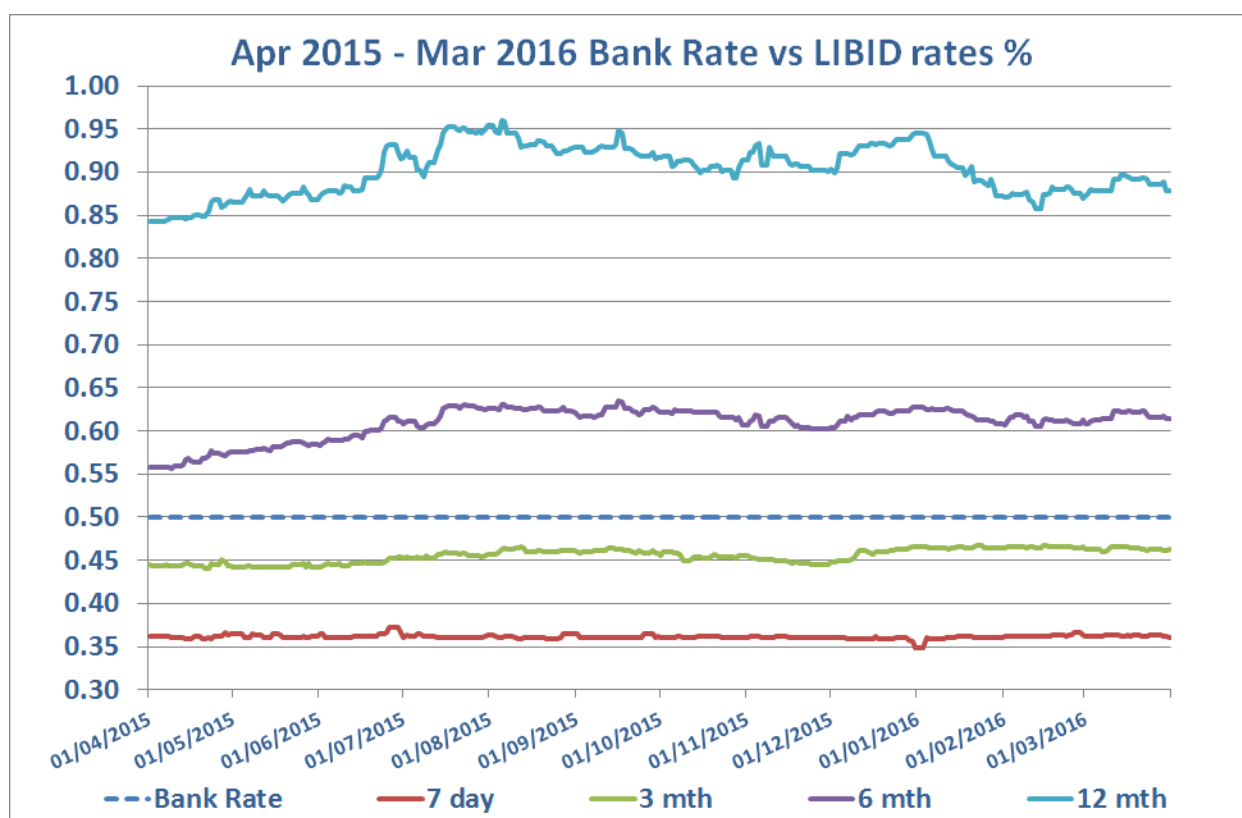
The CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes require local authorities to set upper and lower limits for the maturity of borrowings in defined periods. The Council's performance against the limits set by the City Council is shown below.

	Under 1 Year	1 to 2 Years	3 to 5 Years	6 to 10 Years	11 to 20 Years	21 to 30 Years	31 to 40 Years	41 to 50 Years
Lower Limit	0%	0%	0%	0%	0%	0%	0%	0%
Upper Limit	10%	10%	20%	20%	40%	40%	40%	50%
Actual	1%	1%	2%	4%	18%	10%	22%	42%

## 8. INVESTMENT ACTIVITY

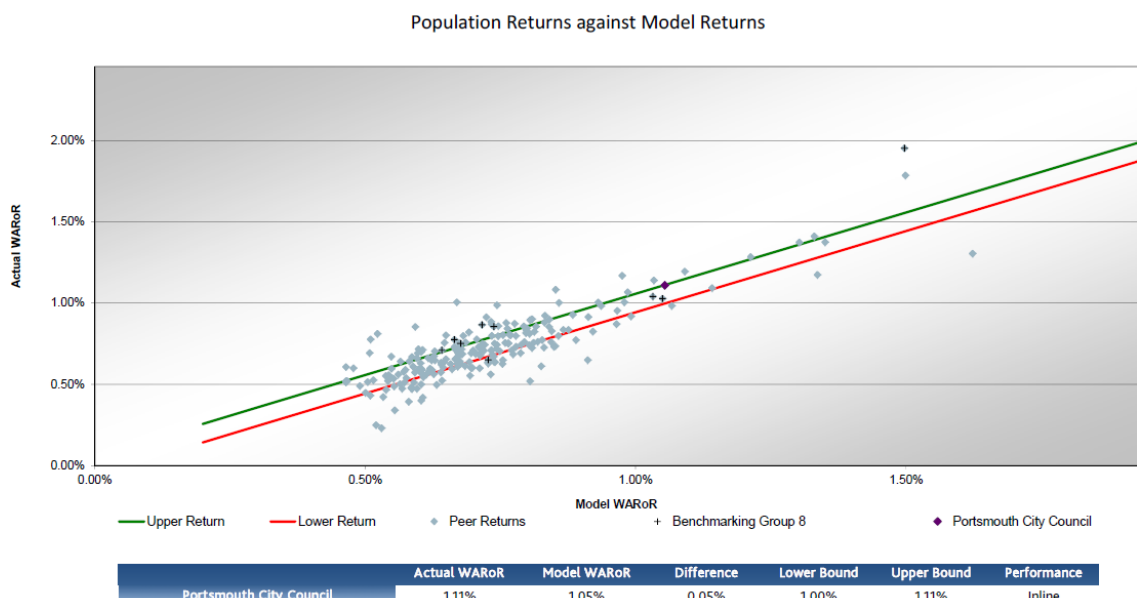
Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for seven years. Market expectations as to the timing of the start of monetary tightening started the year at quarter 1 2016 but then moved back to around quarter 2 2018 by the end of the year. Deposit rates remained depressed during the whole of the year, primarily due to the effects of the Funding for Lending Scheme and due to the continuing weak expectations as to when Bank Rate would start rising.

London inter-bank lending rates in 2015/16 are shown in the graph below:



The average return on the Council's investments was 0.97% in 2015/16 which was an improvement to the average return of 0.76% in 2014/15. This was achieved through lengthening the average duration of the portfolio (longer investments generally offer better returns) and reducing the amount invested in local authorities which offer very secure investments but low returns.

The City Council's investment activities are benchmarked by Capita Asset Services against its other clients. The graph below shows the councils' weighted average rates of return (WARoR) as at 31 March 2016 compared to a model WARoR taking account of duration risk and credit risk. The returns on Portsmouth's investment portfolio are in line with where they should be given the risks inherent in the portfolio.



Portsmouth is slightly above the model band width indicating that Portsmouth's returns are a little better than would be expected for the degree of credit and duration risk inherent in the portfolio.

## 9. SECURITY OF INVESTMENTS

The risk of default has been managed through limiting investments in any institution to a maximum £30m, setting investment limits for individual institutions that reflect their financial strength and spreading investments over countries and sectors.

The 2015/16 Treasury Management Policy approved by the City Council on 17 March 2015 and amended by the City Council on 10 November only permitted deposits to be placed with the Council's subsidiaries, namely MMD (Shipping Services) Ltd, the United Kingdom Government, other local authorities and institutions that have the following minimum credit ratings:

### Short Term Rating

F2 (or equivalent) from Fitch, Moody's (P-2) or Standard and Poor (A-2)

### Long Term Rating

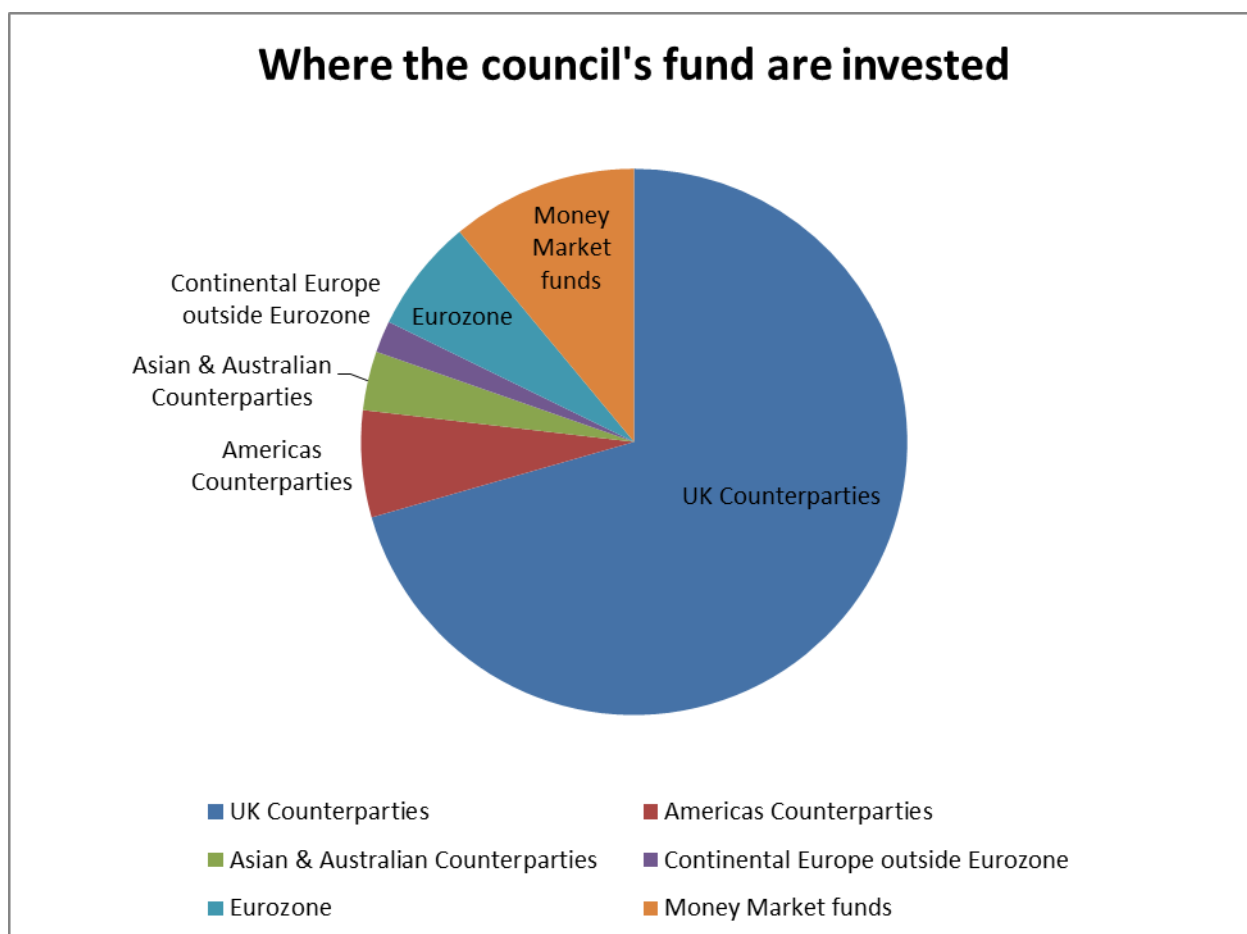
BBB

In addition the 2015/16 Treasury Management Policy approved by the City Council on 17 March 2015 also permitted deposits to be placed with the stronger unrated building societies.

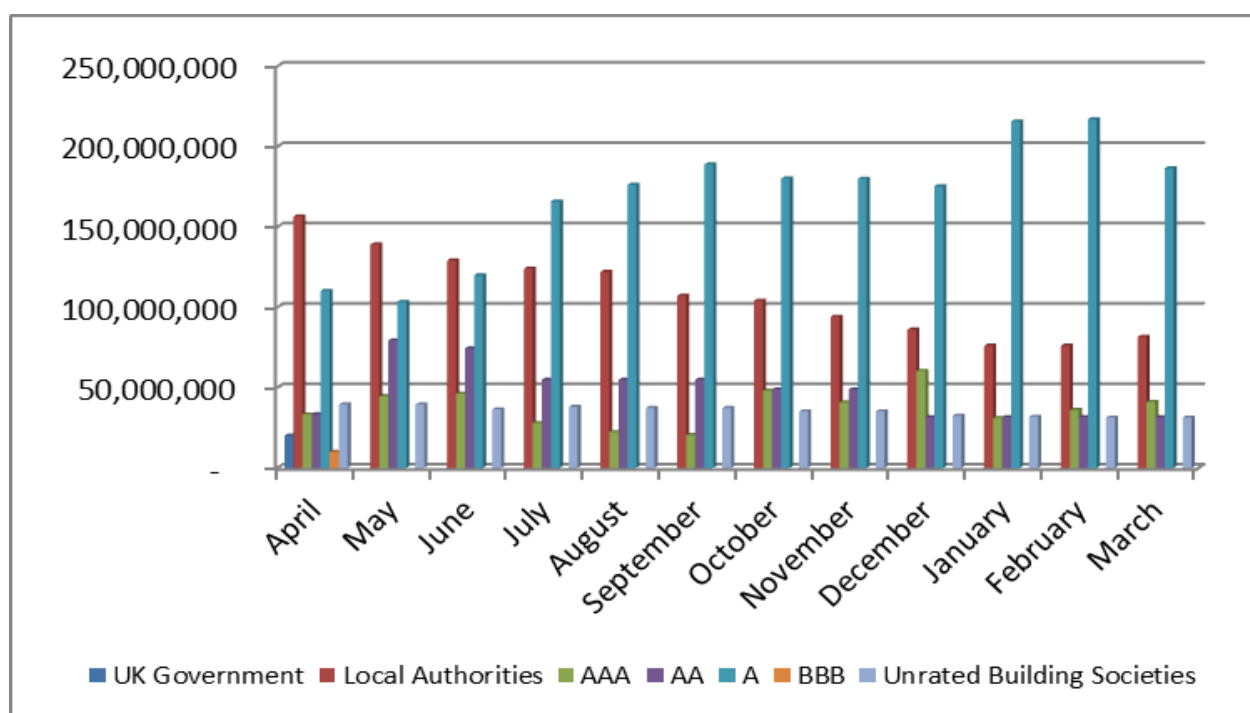
At 31 March 2016 the City Council had on average £6.8m invested with each institution.

Credit risk also exists from the Council's current bank accounts. This arises not only from the Council's overnight current account bank balances, but also from settlement risk, ie. the Council's intra-day exposure can temporarily exceed the balance on the accounts after all transactions have been processed. This counter party exposure is in addition to the Council's investment limits.

The chart below shows how the Council's funds were invested at 31 March 2016.



The chart below shows how the Council's investment portfolio has changed in terms of the credit ratings of investment counter parties over 2015/16.

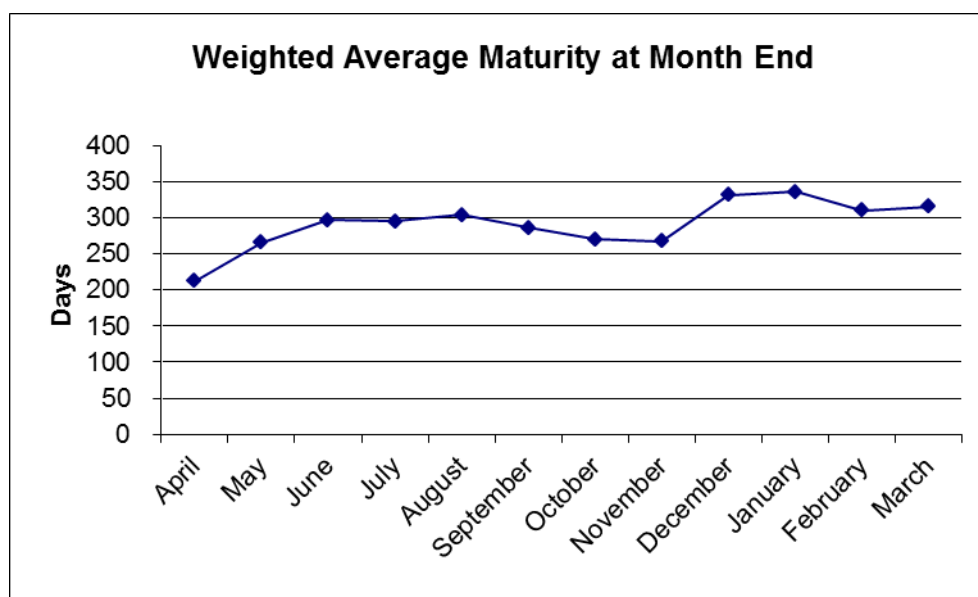


It can be seen from the graph above that investments in local authorities have declined over 2015/16. These investments have largely been replaced by investments in A rated private sector counter parties which generally offer a better return than investments in local authorities.

## 10. LIQUIDITY OF INVESTMENTS

The 2015/16 Treasury Management Policy seeks to maintain the liquidity of the portfolio, ie. the ability to liquidate investments to meet the Council's cash requirements, through maintaining at least £10m in instant access accounts. At 31 March 2016 £41.6m was invested in instant access accounts. Whilst short term investments provide liquidity and reduce the risk of default, they do also leave the Council exposed to falling interest rates.

The weighted average maturity of the City Council's investment portfolio started at 212 days in April and rose to 315 days in March. Investment rates are expected to fall further and the longer maturity pattern of the investment portfolio will delay the effect that this will have in diminishing the returns on the Council's investments. This is shown in the graph below.



Under CIPFA's Treasury Management Code it is necessary to specify limits on the amount of long term investments, ie. Investments exceeding 364 days that have maturities beyond year end in order to ensure that sufficient money can be called back to meet the Council's cash flow requirements. The Council's performance against the limits set by the City Council is shown below.

	<b>Limit</b> <b>(Not Exceeding)</b>  £m	<b>Actual</b>  £m
31/3/2016	243	196
31/3/2017	231	106
31/3/2018	228	33



## 11. INTEREST RATE RISK

This is the risk that interest rates will move in a way that is adverse to the City Council's position.

The CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes require local authorities to set upper limits for fixed interest rate exposures. Fixed interest rate borrowing exposes the Council to the risk that interest rates could fall and the Council will pay more interest than it need have done. Long term fixed interest rate investments expose the Council to the risk that interest rates could rise and the Council will receive less income than it could have received. However fixed interest rate exposures do avoid the risk of budget variances caused by interest rate movements. The Council's performance against the limit set by the City Council as at 31 March 2016 is shown below.

	<b>Limit</b>	<b>Actual</b>
	<b>£m</b>	<b>£m</b>
Maximum Projected Gross Borrowing – Fixed Rate	395	406
Minimum Projected Gross Investments – Fixed Rate	(91)	(186)
Fixed Interest Rate Exposure	304	220

Although the Council ended the year with more fixed rate gross borrowing than had been allowed for it also had a far greater level of long term fixed rate investments than had been anticipated leaving the Council well within its fixed interest rate exposure limit.

The CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes also require local authorities to set upper limits for variable interest rate exposures. Variable interest rate borrowing exposes the Council to the risk that interest rates could rise and the Council's interest payments will increase. Short term variable interest rate investments expose the Council to the risk that interest rates could fall and the Council's investment income will fall. Variable interest rate exposures carry the risk of budget variances caused by interest rate movements. The Council's performance against the limit set by the City Council is shown below.

	<b>Limit</b>	<b>Actual</b>
	<b>£m</b>	<b>£m</b>
Minimum Projected Gross Borrowing – Variable Rate	-	-
Maximum Projected Gross Investments – Variable Rate	(278)	(186)
Variable Interest Rate Exposure	(278)	(186)

## 12. REVENUE COSTS OF TREASURY MANAGEMENT ACTIVITIES IN 2015/16

Expenditure on treasury management activities against the revised budget is shown below.

### Interest 2015/16

	Revised Estimate 2015/16 £000	Actual 2015/16 £000	Variance +/- £000
PWLB – Maturity Loans	11,595	11,635	40
PWLB - E.I.P Loans	3,699	3,697	(2)
Other Long Term Loans	512	516	4
HCC Transferred Debt	439	442	3
Interest on Finance Lease	302	302	-
Interest on Service	8,920	8,901	(19)
Concession Arrangements (including PFIs)			
Interest Payable to External Organisations	16	1	(15)
	<hr/> 25,483	<hr/> 25,494	<hr/> 11
<u>Deduct</u>			
Investment Income	(4,670)	(5,318)	(648)
	<hr/> 20,813	<hr/> 20,176	<hr/> (637)
<b>Provision for Repayment of Debt</b>	9,259	9,206	(53)
<b>Debt Management Costs</b>	465	398	(67)
	<hr/> <b>30,537</b>	<hr/> <b>29,780</b>	<hr/> <b>(757)</b>

Net treasury management costs were £0.8m below the revised budget mainly due to investment returns being higher than had been anticipated.

# Agenda Item 11

From CABINET MEETING held on 22 September 2016

Council Agenda Item 11 (Cabinet minute 42)

## Treasury Management Mid-Year Review 2016/17

RECOMMENDED (1) that the operational boundary be increased by £50m from £549.5m to £599.5m

(2) that the geographic investment limits applied to regions outside the United Kingdom be increased as follows:

Region	Current Limits	Recommended Revised Limits
Asia & Australia	£60m	£80m
Americas	£60m	£80m
Eurozone	£30m	£60m
Continental Europe outside the Eurozone	£30m	£60m

(3) that the limits placed on total sums invested for periods longer than 364 is increased as follows:

Sums invested beyond:	Current Limits	Recommended Revised Limits
31/3/2017	£196m	£288m
31/3/2018	£123m	£199m
31/3/2019	£90m	£90m

(4) that investments should only be placed with institutions based in either the United Kingdom or sovereign states with at least an AA credit rating (the current strategy requires at least an AA+ credit rating)

(5) It is recommended that investments be permitted in counter parties that do not meet the Council's credit criteria if the investment is secured against assets that do meet the Council's investment criteria

(6) that investments in counter parties with long term credit ratings of BBB+ / Baa1 and short term credit ratings of F2 / P-3 / A3 be permitted for periods up to 364 days with an individual counter party limit of £7m

(7) that up to £8m is invested in corporate bond funds where the underlying investments have an average credit rating of at least BBB+ but may include lower rated investment grade holdings

(8) that up to £10m be invested in bonds issued by Hampshire Community Bank providing the bonds can be secured against good quality assets owned by the Bank

(9) that the following actual Treasury Management indicators for July 2016 be noted:

(a) The Council's debt at 31 July was as follows:

	<b>Original Prudential Indicator</b>	<b>Revised Prudential Indicator Under Standing Order 58</b>	<b>Recommended Prudential Indicator</b>	<b>Position at 31/7/16</b>
Authorised Limit	£567.8m	£617.8m	£617.8m	£582.4m
Operational Boundary	£549.5m	£549.5m	£599.5m	£582.4m

(b) The maturity structure of the Council's borrowing was:

	<b>Under 1 Year</b>	<b>1 to 2 Years</b>	<b>3 to 5 Years</b>	<b>6 to 10 Years</b>	<b>11 to 20 Years</b>	<b>21 to 30 Years</b>	<b>31 to 40 Years</b>	<b>41 to 50 Years</b>
Lower Limit	0%	0%	0%	0%	0%	0%	0%	0%
Upper Limit	10%	10%	10%	20%	30%	30%	30%	40%
Actual	1%	1%	4%	7%	22%	12%	18%	35%

(c) Sums invested for periods longer than 364 days at 31 July 2016 were:

<b>Maturing after</b>	<b>Limit £m</b>	<b>Actual £m</b>
31/3/2017	196	168
31/3/2018	123	90
31/3/2019	90	25

(d) The Council's interest rate exposures at 31 July 2016 were:

	<b>Limit £m</b>	<b>Actual £m</b>
Fixed Interest	358	289
Variable Interest (Net Investments)	(444)	(288)

**Title of meeting:** Governance and Audit and Standards Committee  
Cabinet  
City Council

**Date of meeting:** Governance and Audit and Standards Committee 16  
September 2016  
Cabinet 22 September 2016  
City Council 11 October 2016

**Subject:** Treasury Management Mid-Year Review 2016/17

**Report by:** Director of Finance and Information Services (Section 151 Officer)

**Wards affected:** All

**Key decision:** Yes

**Full Council decision:** Yes

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## 1. Purpose of report

The purpose of the report is to review the current treasury management position and strategy and make recommendations to improve the strength and performance of the treasury management operation. This report seeks to further diversify the Council's investment portfolio by increasing the number of countries that the Council can invest in and by allowing investments with a BBB credit rating. Appendix A aims to inform members and the wider community of the Council's current Treasury Management position and of the risks attached to that position.

## 2. Recommendations

1. That the operational boundary be increased by £50m from £549.5m to £599.5m
2. That the geographic investment limits applied to regions outside the United Kingdom be increased as follows:

Region	Current Limits	Recommended Revised Limits
Asia & Australia	£60m	£80m
Americas	£60m	£80m
Eurozone	£30m	£60m
Continental Europe outside the Eurozone	£30m	£60m

3. That the limits placed on total sums invested for periods longer than 364 is increased as follows:

<b>Sums invested beyond:</b>	<b>Current Limits</b>	<b>Recommended Revised Limits</b>
31/3/2017	£196m	£288m
31/3/2018	£123m	£199m
31/3/2019	£90m	£90m

4. That investments should only be placed with institutions based in either the United Kingdom or sovereign states with at least an AA credit rating (the current strategy requires at least an AA+ credit rating)
5. It is recommended that investments be permitted in counter parties that do not meet the Council's credit criteria if the investment is secured against assets that do meet the Council's investment criteria
6. That investments in counter parties with long term credit ratings of BBB+ / Baa1 and short term credit ratings of F2 / P-3 / A3 be permitted for periods up to 364 days with an individual counter party limit of £7m
7. That up to £8m is invested in corporate bond funds where the underlying investments have an average credit rating of at least BBB+ but may include lower rated investment grade holdings
8. That up to £10m be invested in bonds issued by Hampshire Community Bank providing the bonds can be secured against good quality assets owned by the Bank

9. That the following actual Treasury Management indicators for July 2016 be noted:

(a) The Council's debt at 31 July was as follows:

	<b>Original Prudential Indicator</b>	<b>Revised Prudential Indicator Under Standing Order 58</b>	<b>Recommended Prudential Indicator</b>	<b>Position at 31/7/16</b>
Authorised Limit	£567.8m	£617.8m	£617.8m	£582.4m
Operational Boundary	£549.5m	£549.5m	£599.5m	£582.4m

(b) The maturity structure of the Council's borrowing was:

	<b>Under 1 Year</b>	<b>1 to 2 Years</b>	<b>3 to 5 Years</b>	<b>6 to 10 Years</b>	<b>11 to 20 Years</b>	<b>21 to 30 Years</b>	<b>31 to 40 Years</b>	<b>41 to 50 Years</b>
Lower Limit	0%	0%	0%	0%	0%	0%	0%	0%
Upper Limit	10%	10%	10%	20%	30%	30%	30%	40%
Actual	1%	1%	4%	7%	22%	12%	18%	35%

(c) Sums invested for periods longer than 364 days at 31 July 2016 were:

<b>Maturing after</b>	<b>Limit</b>	<b>Actual</b>
	£m	£m
31/3/2017	196	168
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31/3/2019	90	25

(d) The Council's interest rate exposures at 31 July 2016 were:

	<b>Limit</b>	<b>Actual</b>
	£m	£m
Fixed Interest	358	289
Variable Interest (Net Investments)	(444)	(288)

### **3. Background**

CIPFA's Treasury Management Code requires a Treasury Management Mid-Year Review to be considered by the City Council. The Council's treasury management position at 31 July and the risks attached to that position are reported in Appendix A.

Following the referendum result to leave the EU there was a sharp fall in Public Works Loans Board (PWLB) rates as investors anticipated that there would be further quantitative easing in the form of purchases of gilts in the coming months. In order to take advantage of the low rates on offer the Chief Executive made an urgent decision under Standing Order 58 to increase the authorised limit for external debt by £50m from £567.8m to £617.8m.

The Council's investment portfolio has increased by 35% in 2016/17 from £371.8m on 1 April to £500.7m as at 31 July largely due to borrowing £94m to take advantage of low interest rates. Consequently the Council has invested up to its geographical limits in Europe. Despite this there have only been limited opportunities to place investments with counter parties based in Asia, Australia and the Americas. The geographic counter party limits for these regions have yet to be fully utilised.

Investment rates have fallen since the referendum decision to leave the EU. The optimal investment period is now 2 years with investment rates now being around 0.65% for 1 year, 0.85% for 2 years and 0.90% for 5 years.



Following the result of the referendum on EU membership, the sovereign credit ratings of the UK Government have been cut as follows:

<b>Agency</b>	<b>Pre Referendum Credit Rating</b>	<b>Current Post Referendum Credit Rating</b>
Fitch	AA+	AA
Moody's	AA+	AA+
Standard and Poor's	AAA	AA

One of the lending objectives of the Treasury Management Strategy is to make funds available for the regeneration of Hampshire. Hampshire Community Bank is seeking to raise £5m to £10m through a corporate bond issue. The bond would offer up to 3.5% interest and would enable the bank to lend to small and medium sized entities at rates from 5.5%.

#### **4. Reasons for Recommendations**

The authorised limit for external debt is the maximum amount of debt which the authority may legally have outstanding at any time. The Authorised Limit includes headroom to enable the Council to take advantage of unexpected movements in interest rates and to accommodate any short-term debt or unusual cash movements that could arise during the year. In addition to the authorised limit, the Council also sets an operational boundary. The Operational Boundary is based on the probable external debt during the course of the year. It is not a limit, but acts as a warning mechanism to prevent the authorised limit being breached. The Council's external debt on 5 July 2016 after the Council last undertook long term borrowing was £582.4m which exceeds the current operational boundary of £549.5m. It is recommended that the operational boundary be increased by £50m from £549.5m to £599.5m in line with the increase in the authorised limit so that the operational boundary can continue to act as a warning mechanism.

In order to ensure that the Council's exposure to regions outside the United Kingdom can be maintained on a proportionate basis it is recommended that the geographic investment limits be increased. It is recommended that the geographic investment limits for Asia and Australia, and the Americas be increased in line with the overall increase in the investment portfolio from £60m to £80m each. It is recommended that the geographic limits for the Eurozone and continental Europe outside the Eurozone be increased by a greater amount from £30m to £60m each to compensate for the difficulties experienced in placing investments with counter parties based in Asia, Australia and the Americas

It is recommended that the limits for sums invested for over 364 days be increased as follows to take account of the current cash flow forecast and facilitate investing for the optimal period of two years.

<b>Sums invested beyond:</b>	<b>Current Limits</b>	<b>Recommended Revised Limits</b>
31/3/2017	£196m	£288m
31/3/2018	£123m	£199m
31/3/2019	£90m	£90m

Sovereign credit ratings are driven by the ability of countries to collect tax to repay their debts. This is largely a reflection of the strength of a country's economy. For many years the Council has had an implied policy of only investing in institutions that are based in countries that have at least as strong a credit rating as the UK, ie. with economic prospects that are at least as good as the UK's. Now that two of the three main credit rating agencies rate the UK as AA it would be appropriate to include institutions based in other countries with an AA credit rating as approved investments. This would allow the Council to invest in banks and commercial companies based in Belgium, France and Qatar including BNP Paribas, Credit Agricole, Credit Industriel et Commercial and Societe Generale in France, and Qatar National Bank. Increasing the number of available investment counter parties will increase diversification and increase the opportunities to earn good rates of interest.

There are a number of other recommendations that should increase diversification and increase the opportunities to earn good rates of interest.

Investing in counter parties that do not meet the Council's credit criteria if the investment is secured against assets that do meet the Council's investment criteria will increase the number of counter parties the Council can invest in and may increase investment returns. Although this will increase the risk of defaults, it should not increase the risk of investment losses provided that the contracts are properly drawn up and the assets offered as security pass to the Council.

Investing up to 364 days in investments with a long term credit rating of BBB+ / Baa1 and a short term credit rating of at least F2 / P-3 / A3 would diversify the portfolio by enabling investments to be made in more commercial companies such as British Telecom. The risk of an investment defaulting is driven by the credit quality of the investment counter party and the duration of the investment, ie. the amount of time that credit quality can deteriorate over. An investment counter party rated BBB+ is more likely to default than an investment counter party rated A-. However an 18 month investment is more likely to default than a 12 month investment. Therefore a 12 month investment rated BBB+ can offer a lower probability of default than an 18 month investment rated A-. Therefore investing up to 364 days in investments rated BBB+ would diversify the portfolio by enabling investments to be made in more commercial companies without increasing the risk of default. Such investments could also achieve investment returns in excess of 0.9%.

Further diversification could be achieved by investment in a corporate bond fund. Investing in a corporate bond fund where the average credit rating of the underlying investments is BBB+ could yield 1.92% after fees. Such funds could include underlying investments with BBB- credit ratings although each investment would amount to no more than 4% of the fund. If one of the underlying investments did default the Council's holding in the fund could be worth less than what it paid into the fund, ie. the Council could make a loss. It is therefore recommended that total investments in such funds be restricted to £8m.

Purchasing a bond in Hampshire Community Bank (HCB) would contribute to the regeneration of Hampshire and offer interest of up to 3.5%. Investing in HCB would carry greater risk than the other approved investments contained in the Council's Annual Investment Strategy as HCB is a new entity that is in the process of developing its business, and currently has neither a banking license nor a credit rating. However HCB may be able to offer assets as security to cover a corporate bond. These assets would consist of good performing loans secured against tangible assets. The loan assets offered as security would pass to the Council in the event of HCB defaulting. It is recommended that investments in HCB of up to £10m be permitted provided that HCB can offer adequate security.

## **5. Equality impact assessment (EIA)**

The contents of this report do not have any relevant equalities impact and therefore an equalities impact assessment is not required.

## **6. Legal Implications**

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2015 to ensure that the Council's budgeting, financial management, and accounting practices meet the relevant statutory and professional requirements. Members must have regard to and be aware of the wider duties placed on the Council by various statutes governing the conduct of its financial affairs.

## **7. Director of Finance's comments**

All financial considerations are contained within the body of the report and the attached appendices

.....  
Signed by Director of Financial Services & IS (Section 151 Officer)

### **Appendices:**

**Appendix A: Treasury Management Mid-Year Review 2016/17**

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b><u>Title of document</u></b>		<b>Location</b>
1	Information pertaining to treasury management strategy and performance	Financial Services
2		

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the Cabinet on 22 September 2016.

.....  
Signed by: Leader of the Council

**TREASURY MANAGEMENT MID YEAR REVIEW OF 2016/17**

**1. GOVERNANCE**

The Treasury Management Policy Statement, Annual Minimum Revenue Provision for Debt Repayment Statement and Annual Investment Strategy approved by the City Council on 22 March 2016 provide the framework within which Treasury Management activities are undertaken.

**2. ECONOMIC UPDATE**

UK gross domestic product (GDP) growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country. However, the 2015 growth rate finally came in at a disappointing 1.8% so this shows that growth had slowed down, though it still remained one of the leading rates among the G7 countries. Growth improved in quarter 4 of 2015 from +0.4% to +0.7% but fell back again to +0.4% (2.0% y/y) in quarter 1 of 2016. During most of 2015, the economy had faced headwinds for exporters from the appreciation during the year of sterling against the Euro, and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme and uncertainty created by the Brexit referendum.

Following the Brexit referendum a new Prime Minister was appointed and there was a major Cabinet reshuffle including the appointment of a new Chancellor. The new Chancellor has said he will do "whatever is needed" to promote growth. The Chancellor could seek to promote growth through fiscal policy, for example cutting taxes and increasing investment allowances for business, and / or increasing government expenditure on infrastructure and housing etc.

On 4 August the Bank of England (BoE) announced the following measures:

- Cut the base rate from 0.50% to 0.25%
- New gilt purchases of £60bn
- High quality corporate bond purchases of £10bn
- Term Funding Scheme to provide £100bn of cheap funding to banks

The last three measures will boost the amount of quantitative easing from £375bn to £545bn.

The Bank of England Governor, Mark Carney, has provided forward guidance that there could be a further cut in the base rate to near zero, if data comes in as forecast. Mark Carney has dismissed ideas of negative interest rates and helicopter money.

The August Inflation Report which was released at the same time showed the BoE left its growth forecasts unchanged at 2% for 2016 as the economy expanded faster in the first half of 2016 than it had expected in May. The forecast for 2017 has been revised down significantly to 0.8% from a previous estimate of 2.3%.

Forecast for inflation was revised up sharply as a result of a big drop in sterling since the EU referendum result, with inflation forecast to rise above the MPC's 2% target in 2018 to about 2.3%.

A number of geopolitical risks are arising including:

- Under capitalisation of Italian banks poses a major risk with state aid firmly ruled out by the EU as a potential way out
- October 2016 Italian constitutional referendum on reforming the Senate and reducing its powers has also become a confidence vote on Prime Minister Renzi who has said he will resign if there is a 'no' vote; this could destabilise Italy and stop progress to fundamental political and economic reform which is urgently needed to deal with Italy's core problems, especially low growth
- Nov 2016 US presidential election
- 2017: French Presidential election April – May and German Federal general election between August and October could be affected by significant shifts in voter intentions as a result of terrorist attacks and a rise in anti EU sentiment
- Core EU principle of free movement of people within the EU is a growing issue leading to major stress and tension between EU states

The US economy is growing strongly. The next rate rise is now likely to be postponed until December 2016. Then sharper increases will cause Treasury yields to also rise. This should give rise to a growing gap between Treasury and gilt yields over time.

There is lack lustre economic growth in the EU (our biggest trading partner), which could be negatively impacted by political developments.

Japan is bogged down in anaemic growth and making little progress on fundamental reform of the economy

Chinese economic growth is weakening.

### 3. INTEREST RATE FORECAST

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. An eventual world economic recovery may also see investors switching from the safe haven of bonds to equities.

Apart from the uncertainties already explained above, downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or Federal Reserve rate increases, causing a further flight to safe havens (bonds).
- Geopolitical risks in Europe, the Middle East and Asia, increasing safe haven flows.
- UK economic growth and increases in inflation are weaker than currently anticipated.
- Weak growth or recession in the UK's main trading partners - the EU and US.
- A resurgence of the Eurozone sovereign debt crisis.
- Weak capitalisation of some European banks.
- Monetary policy action failing to stimulate sustainable growth and combat the threat of deflation in western economies, especially the Eurozone and Japan

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- The pace and timing of increases in the Federal Reserve funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

The Council's treasury advisor, Capita Asset Services, has provided the following forecast:

	Now	Dec 16	Mar 17	Jun 17	Sep 17	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18	Mar 19	Jun 19
Base Rate	0.25	0.10	0.10	0.10	0.10	0.10	0.10	0.25	0.25	0.25	0.25	0.50
3 month LIBID	0.29	0.20	0.20	0.20	0.20	0.20	0.30	0.30	0.30	0.40	0.50	0.60
6 month LIBID	0.40	0.30	0.30	0.30	0.40	0.40	0.50	0.50	0.50	0.60	0.60	0.70
12 month LIBID	0.61	0.50	0.50	0.60	0.60	0.70	0.70	0.70	0.80	0.80	0.80	0.90
5 year PWLB	1.01	1.00	1.00	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.30
10 year PWLB	1.54	1.50	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80
25 year PWLB	2.33	2.30	2.30	2.40	2.40	2.40	2.40	2.50	2.50	2.50	2.50	2.60
50 year PWLB	2.10	2.10	2.10	2.20	2.20	2.20	2.20	2.30	2.30	2.30	2.30	2.40

#### 4. NET DEBT

The Council's net borrowing position excluding accrued interest at 31 July 2016 was as follows:

	1 April 2016	31 July 2016
	£'000	£'000
Borrowing	406,120	499,278
Finance Leases	2,149	1,869
Service Concession Arrangements (including Private Finance Initiative)	82,109	81,285
<b>Gross Debt</b>	<b>490,378</b>	<b>582,432</b>
Investments	(371,827)	(500,682)
<b>Net Debt</b>	<b>118,551</b>	<b>81,750</b>

The Council has a high level of investments relative to its gross debt due to a high level of reserves, partly built up to meet future commitments under the Private Finance Initiative schemes and future capital expenditure. However these reserves are fully committed and are not available to fund new expenditure. £84m of borrowing taken in 2011/12 and £94m of new borrowing taken in 2016/17 to take advantage of the very low PWLB rates has also temporarily increased the Council's cash balances.

The current high level of investments increases the Council's exposure to credit risk, ie. the risk that an approved borrower defaults on the Council's investment. In the interim period where investments are high because loans have been taken in advance of need, there is also a short term risk that the rates (and therefore the cost) at which money has been borrowed will be greater than the rates at which those loans can be invested. The level of investments will fall as capital expenditure is incurred and commitments under the Private Finance Initiative (PFI) schemes are met.



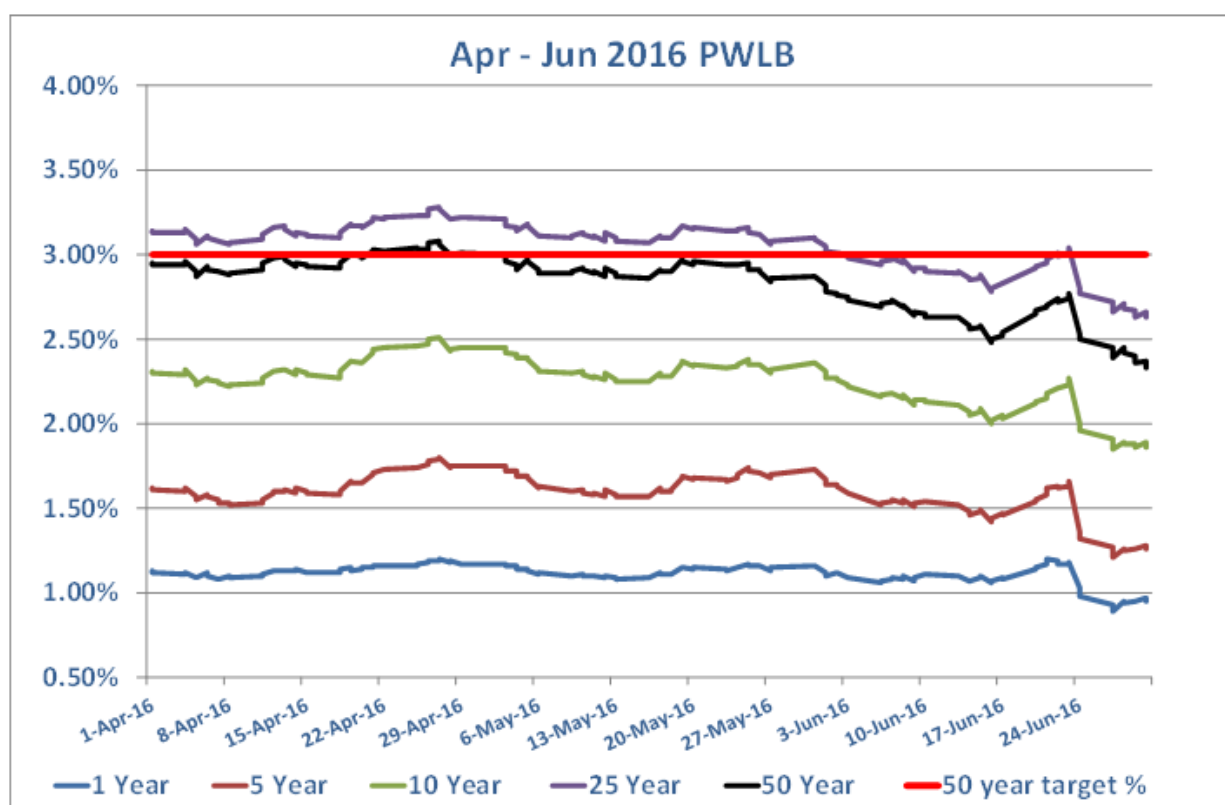
## 5. DEBT RESCHEDULING

Under certain circumstances it could be beneficial to use the Council's investments to repay its debt. However this normally entails paying a premium to the lender, namely the Public Works Loans Board (PWLB). Debt rescheduling is only beneficial to the revenue account when the benefits of reduced net interest payments exceed the cost of any premiums payable to the lender. Debt rescheduling opportunities have been limited in the current economic climate and by the structure of interest rates following increases in PWLB new borrowing rates in October 2010.

No debt rescheduling was undertaken in 2016/17.

## 6. BORROWING ACTIVITY

The graph below shows the PWLB's certainty rates in the first quarter of 2015/16.



There were many small movements in PWLB rates in the first three months of 2015/16, both upwards and downwards, but overall the general trend has been an increase in interest rates during April but then a fall during the rest of the quarter. PWLB rates were below the target rates for new borrowing supplied by Capita for most of the quarter.

The Council took three loans from the PWLB repayable in equal instalments over 25 years prior to the EU referendum as follows:

- £25m on 11 May at 2.57%
- £30m on 8 June at 2.42%
- £9m on 17 June at 2.34%

Following the referendum result to leave the EU there was a sharp fall in Public Works Loans Board (PWLB) rates as investors anticipated that there would be further quantitative easing in the form of purchases of gilts in the coming months. In order to take advantage of the low rates on offer the Chief Executive made an urgent decision under Standing Order 58 to increase the authorized limit for external debt by £50m from £567.8m to £617.8m. This enabled the Council to borrow £25m at 2.24% on 28 June and £5m at 1.97% on 5 July. Both loans are repayable in equal instalments over 25 years.

The Council's debt at 31 July was as follows:

	<b>Original Prudential Indicator</b>	<b>Revised Prudential Indicator Under Standing Order 58</b>	<b>Recommended Prudential Indicator</b>	<b>Position at 31/7/16</b>
Authorised Limit	£567.8m	£617.8m	£617.8m	£582.4m
Operational Boundary	£549.5m	£549.5m	£599.5m	£582.4m

## **7. MATURITY STRUCTURE OF BORROWING**

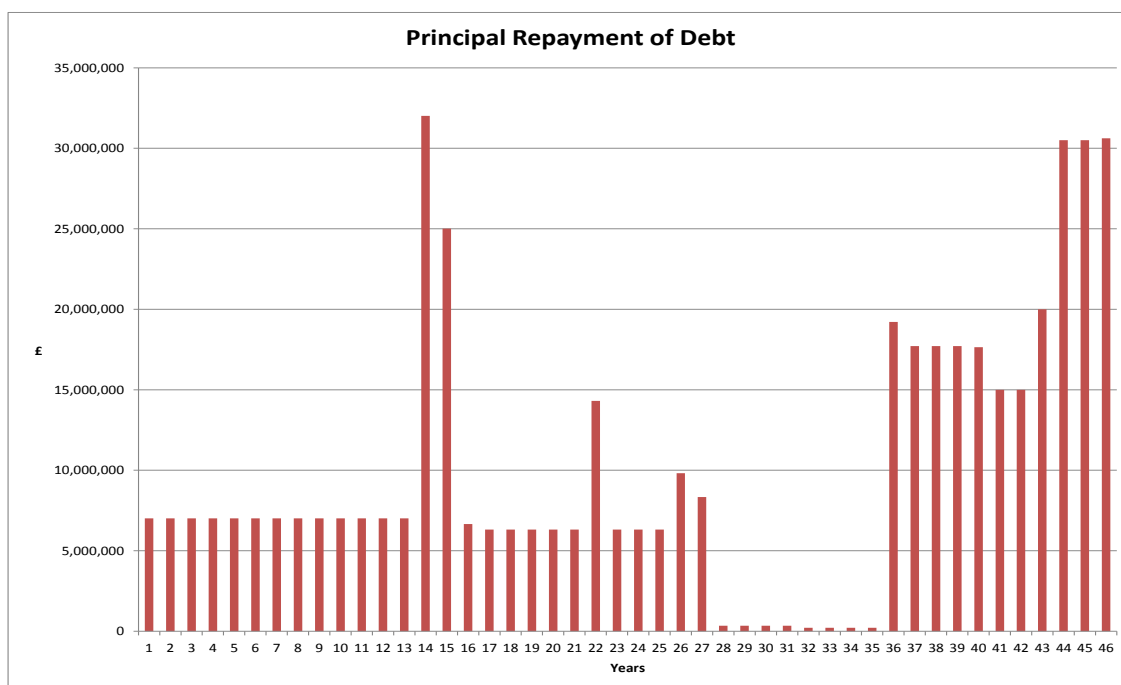
In recent years the cheapest loans have often been very long loans repayable at maturity.

During 2007/08 the Council rescheduled £70.8m of debt. This involved repaying loans from the Public Works Loans Board (PWLB) early and taking out new loans from the PWLB with longer maturities ranging from 45 to 49 years. The effect of the debt restructuring was to reduce the annual interest payable on the Council's debt and to lengthen the maturity profile of the Council's debt.

£50m of new borrowing was taken in 2008/09 to finance capital expenditure. Funds were borrowed from the PWLB at fixed rates of between 4.45% and 4.60% for between 43 and 50 years.

A further £173m was borrowed in 2011/12 to finance capital expenditure and the HRA Self Financing payment to the Government. Funds were borrowed from the PWLB at rates of between 3.48% and 5.01%. £89m of this borrowing is repayable at maturity in excess of 48 years. The remaining £84m is repayable in equal installments of principal over periods of between 20 and 31 years.

As a result of interest rates in 2007/08 when the City Council rescheduled much of its debt and interest rates in 2008/09 and 2011/12 when the City Council undertook considerable new borrowing 60% of the City Council's debt matures in over 30 years' time. This is illustrated in graph below.



CIPFA's Treasury Management in the Public Services Code of Practice which the City Council is legally obliged to have regard to requires local authorities to set upper and lower limits for the maturity structure of their borrowing. The limits set by the City Council on 22 March together with the City Councils actual debt maturity pattern are shown below.

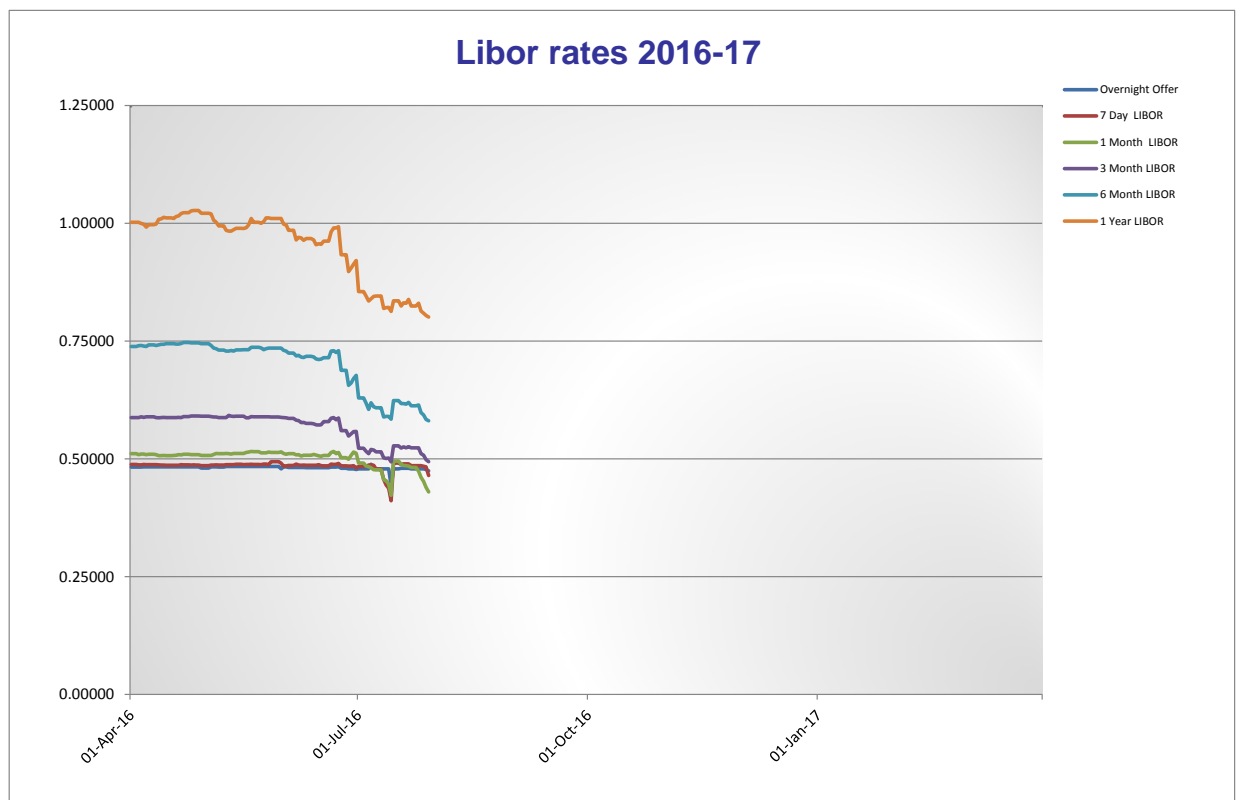
	Under 1 Year	1 to 2 Years	3 to 5 Years	6 to 10 Years	11 to 20 Years	21 to 30 Years	31 to 40 Years	41 to 50 Years
Lower Limit	0%	0%	0%	0%	0%	0%	0%	0%
Upper Limit	10%	10%	10%	20%	30%	30%	30%	40%
Actual	1%	1%	4%	7%	22%	12%	18%	35%

## 8. INVESTMENT ACTIVITY

In accordance with the Government's statutory guidance, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite.

Investment rates available in the market were broadly stable until mid-May but then took a slight downward path in the second half concluding with a significant drop after the referendum on a sharp rise in expectations of an imminent cut in Bank Rate and lower for longer expectations thereafter.

Short term market interest rates for the first four months of 2016/17 are shown in the graph below:



The Council's investment portfolio has increased by 35% in 2016/17 from £371.8m on 1 April to £500.7m as at 31 July largely due to borrowing £94m to take advantage of low interest rates. Consequently the Council has invested up to some of its geographical limits. In addition it is becoming harder to find counter parties that will accept the Council's investments and pay good rates of interest.

The overall investment portfolio yield for the first four months of the year is 1.09%.

The Council's budgeted investment return for 2016/17 is £3,184k, and performance for the year to date is £588k above budget. This is due to having more cash to invest than had been anticipated and improved investment returns.

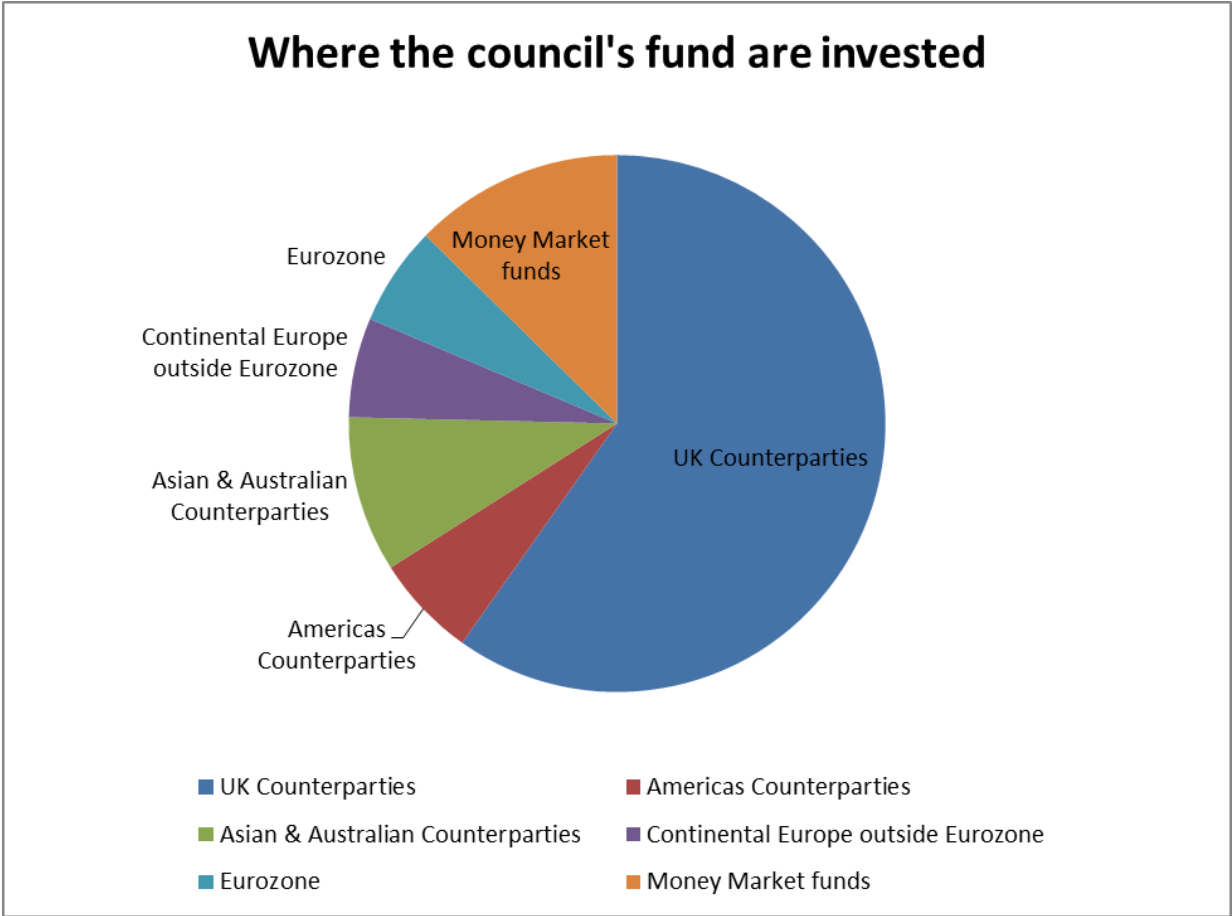
The significant fall in investment rates following the referendum and further likely reductions in investment rates following the Bank of England's reactions are likely to reduce the yield from the investment portfolio.

## **9. SECURITY OF INVESTMENTS**

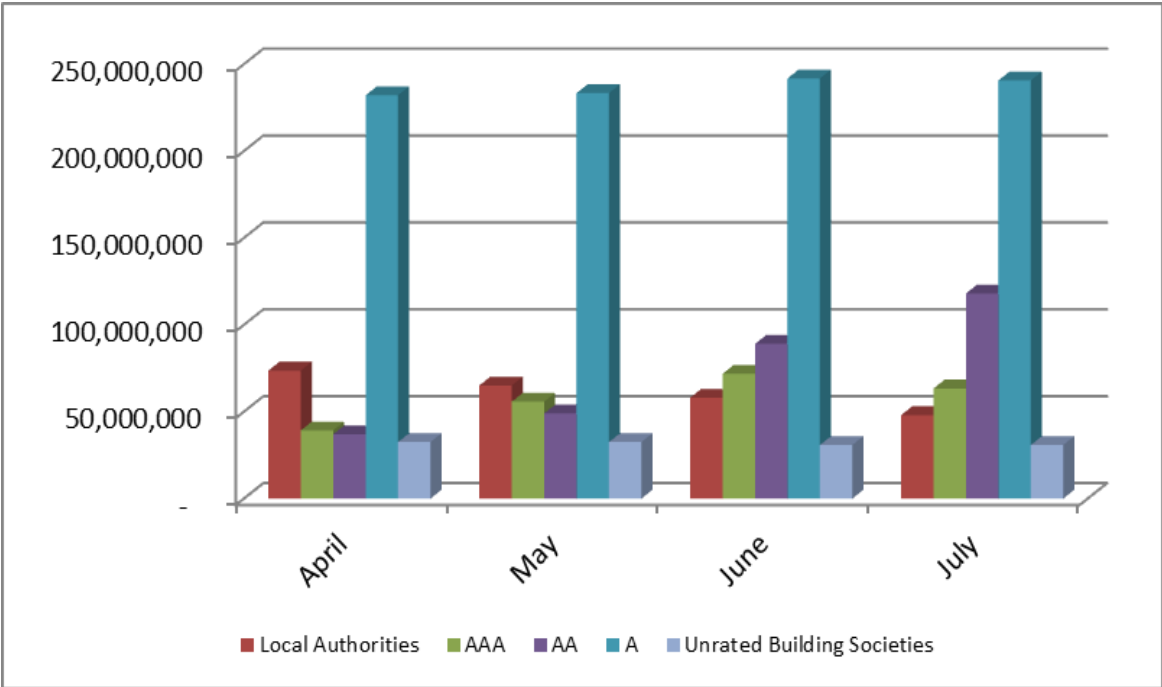
The risk of default has been managed through limiting investments in any institution to £30m or less depending on its credit rating and spreading investments over countries and sectors.

At 31 July 2016 the City Council had on average £8.8m invested with each institution.

The chart below shows where the Council's funds were invested at 31 July 2016.



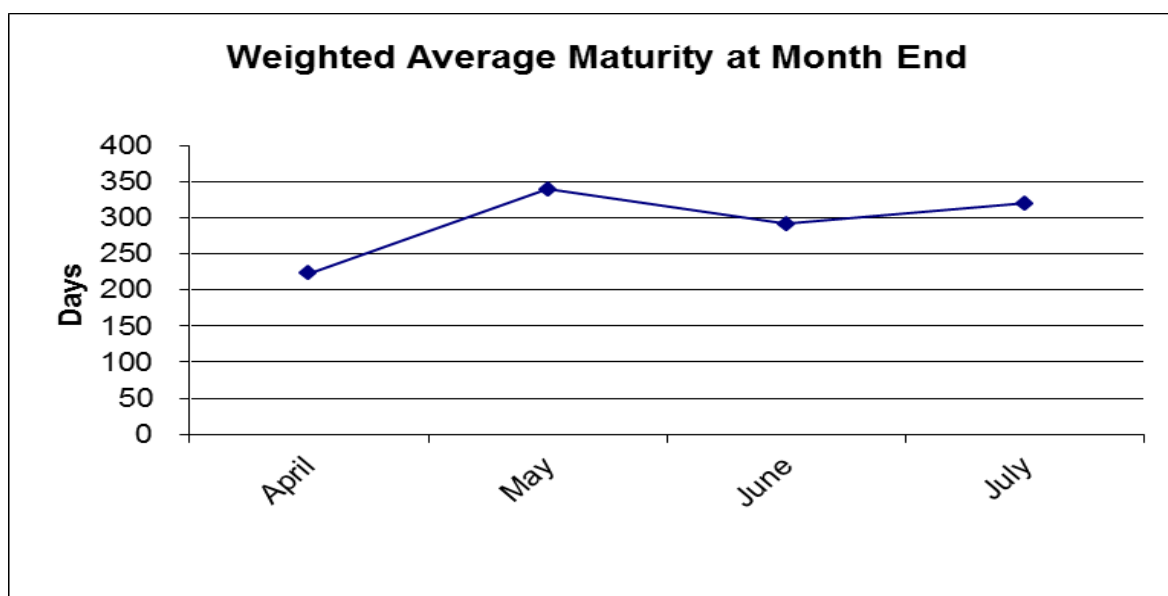
The chart below shows how the Council's investment portfolio has changed in terms of the credit ratings of investment counter parties over the first four months of 2016/17.



It can be seen from the graph above that investments in local authorities have declined over the first four months of 2016/17. These investments have largely been replaced by investments in AA rated counter parties which generally offer a better return than investments in local authorities.

**10. LIQUIDITY OF INVESTMENTS**

The weighted average maturity of the City Council's investment portfolio started at 223 days in April and increased to 339 days in May reflecting the increased level of cash at the beginning of the year. Since May the weighted maturity of the investment portfolio has been fairly stable. This is shown in the graph below.



The Treasury Management Policy seeks to maintain the liquidity of the portfolio, ie. the ability to liquidate investments to meet the Council's cash requirements, through maintaining at least £10m in instant access accounts. At 31 July £66.3m was invested in instant access accounts. Whilst short term investments provide liquidity and reduce the risk of default, they do also leave the Council exposed to falling interest rates.

Under CIPFA's Treasury Management Code it is necessary to specify limits on the amount of long term investments, ie. investments exceeding 364 days that have maturities beyond year end in order to ensure that sufficient money can be called back to meet the Council's cash flow requirements. The Council's performance against the limits set by the City Council on 22 March 2016 is shown below.

<b>Maturing after</b>	<b>Limit</b>	<b>Actual</b>
	£m	£m
31/3/2017	196	168
31/3/2018	123	90
31/3/2019	90	25



## 12. INTEREST RATE RISK

This is the risk that interest rates will move in a way that is adverse to the City Council's position.

The CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes require local authorities to set upper limits for fixed interest rate exposures. Fixed interest rate borrowing exposes the Council to the risk that interest rates could fall and the Council will pay more interest than it need have done. Long term fixed interest rate investments expose the Council to the risk that interest rates could rise and the Council will receive less income than it could have received. However fixed interest rate exposures do avoid the risk of budget variances caused by interest rate movements. The Council's performance against the limits set by the City Council on 22 March 2016 is shown below.

	<b>Limit</b>	<b>Actual</b>
	<b>£m</b>	<b>£m</b>
Maximum Projected Gross Borrowing – Fixed Rate	464	499
Minimum Projected Gross Investments – Fixed Rate	(106)	(211)
Fixed Interest Rate Exposure	358	288

£94m was borrowed to take advantage of the relatively low interest rates in the first 4 months of 2016/17. Although this resulted in the Council having both more fixed rate borrowing and more fixed rate investments than had been anticipated, the overall fixed interest rate exposure limit was not exceeded.

The CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes also require local authorities to set upper limits for variable interest rate exposures. Variable interest rate borrowing exposes the Council to the risk that interest rates could rise and the Council's interest payments will increase. Short term and variable interest rate investments expose the Council to the risk that interest rates could fall and the Council's investment income will fall. Variable interest rate exposures carry the risk of budget variances caused by interest rate movements. The Council's performance against the limits set by the City Council on 22 March 2016 is shown below.

	<b>Limit</b> <b>£m</b>	<b>Actual</b> <b>£m</b>
Minimum Projected Gross Borrowing – Variable Rate	-	-
Maximum Projected Gross Investments – Variable Rate	(444)	(289)
Variable Interest Rate Exposure	(444)	(289)

The City Council is particularly exposed to interest rate risk because all the City Council's debt is made up of fixed rate long term loans, but most of the City Council's investments are short term. Future movements in the Bank Base Rate tend to affect the return on the Council's investments, but leave fixed rate long term loan payments unchanged. This could favour the City Council if short term interest rates rise.

The risk of a 0.5% change in interest rates to the Council is as follows:

<b><u>Effect of +/- 0.5% Rate Change</u></b>	<b>2016/17 (Part Year)</b>  £'000	<b>2017/18</b>  £'000	<b>2018/19</b>  £'000
Long Term Borrowing	2	55	55
Investment Interest	(1,509)	(1,218)	(803)
<b>Net Effect of +/- 0.5% Rate Change</b>	<b>(1,507)</b>	<b>(1,163)</b>	<b>(748)</b>

# Agenda Item 12

From CABINET MEETING held on 22 September 2016

Council Agenda Item 12 (Cabinet minute 43)

## **4 Year Local Government Finance Settlement - Multi Year Settlements**

**The Cabinet RECOMMENDED to Council:**

- (1) The government offer of a multi-year settlement to 2019/20 announced on 17 December 2015, be accepted**
- (2) That in accepting the offer of a multi-year settlement, the Efficiency Plan clearly states that the Plan outlines the method by which the Council will pursue its necessary savings in response to both its cost pressures and government funding reductions but that there is no implied acceptance that those cost pressures and government funding reductions can be achieved through efficiencies alone without significant detriment to service provision.**

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**Decision maker:** Cabinet 22<sup>nd</sup> September 2016  
City Council 11<sup>th</sup> October 2016

**Subject:** Multi-Year Settlements

**Report by:** Director of Finance & Information Service (s151 Officer)

**Wards affected:** All

**Key decision (over £250k):** Yes

## 1 Purpose of Report

- 1.1 This report considers the government's offer of a four year funding settlement up to and including 2019/20 to any council that wishes to take it up. Conditional upon acceptance by Government is the publication of an Efficiency Plan on the Council's website and the link being notified to the Department of Communities and Local Government (DCLG) by 14<sup>th</sup> October 2016.

## 2 Recommendations

- 2.1 It is recommended that:

- i) the government offer of a multi-year settlement to 2019/20 announced on 17<sup>th</sup> December 2015, be accepted
- ii) that in accepting the offer of a multi-year settlement, the Efficiency Plan clearly states that the Plan outlines the method by which the Council will pursue its necessary savings in response to both its cost pressures and government funding reductions but that there is no implied acceptance that those cost pressures and government funding reductions can be achieved through efficiencies alone without significant detriment to service provision

## 3 Background

- 3.1 Local authorities have experienced the biggest proportionate reduction in funding of all Government departments since 2010. The scale of reduction, along with a degree of volatility around the phasing and timing of these reductions to different authority types, can make it very difficult for authorities to plan their spending priorities strategically. For some there may even be a risk of not balancing their budget at all over the upcoming spending review period. The need for effective medium term planning has therefore never been greater.
- 3.2 The government's response to these concerns from local authorities and contained within the Local Government Finance Settlement 2016 to 2017 has been to offer a guaranteed minimum grant envelope, paid to councils for a 4 year period from April 2016. This, the Secretary of State said, should increase local authority certainty and confidence and would be a key step towards supporting councils to strengthen

financial management and work collaboratively with local partners when considering the way local services are provided in future.

- 3.3 Further details became available in a letter from the Secretary of State dated 10<sup>th</sup> March 2016 clarifying the offer (see Appendix 1). In essence the government has offered a guaranteed budget to every council which desires one and which can demonstrate efficiency savings for 2016/17, and for every year of the current parliament.
- 3.4 The multi-year settlement offer relates to Revenue Support Grant, Transitional Grant and Rural Services Delivery Grant allocations along with the top-ups to the Council's Individual Authority Business Rates Baseline for each of the three years to 2019/20 (**note: the final year may be subject to implementation of 100% business rates retention**).
- 3.5 Accepting the Governments offer of multi-year settlement will guarantee the following minimum levels of funding for these lines within the settlement as follows:

<b>Multi-Year Settlement</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Revenue Support Grant	22,313,120	16,956,583	11,482,607
Transitional Grant	-	-	-
Rural Services Delivery Grant	-	-	-
Top Up to Individual Authority Business Rates Baseline	4,591,567	4,727,022	4,878,106
<b>Value of Guaranteed Funding</b>	<b>26,904,687</b>	<b>21,683,605</b>	<b>16,360,713</b>
<b>Guaranteed Funding as Proportion of Total Funding</b>	<b>17.4%</b>	<b>14.0%</b>	<b>10.5%</b>

- 3.6 Specific statements made by the Secretary of State in relation to the four year settlement include:

*"Those councils that chose not to accept the offer, or do not qualify, will be subject to the existing yearly process for determining the local government finance settlement.*

*Allocations could be subject to additional reductions dependant on the fiscal climate and the need to make further savings to reduce the deficit.*

*At present we do not expect any further multi-year settlements to be offered over the course of the parliament."*

- 3.7 The offer of a four year settlement will help to provide greater certainty and will help the planning framework of the Council. It is however, important to recognise what is not within the scope of the settlement, it does not for example include the following significant funding streams:

- Education Services Grant
- Public Health Grant
- Housing Benefit & Council Tax Administration Grant
- Better Care Fund
- New Homes Bonus
- Business Rates Local Share (retained 49%)

- 3.8 The DCLG will only consider expressions of interest in accepting the offer if a link to a published efficiency plan is received by 5pm Friday 14<sup>th</sup> October 2016. The government has not issued detailed guidance regarding what these plans should include although some outline guidance was included in the letter reproduced at Appendix 1.
- 3.9 In considering the multi-year settlement offer, the following key advantages and disadvantages should be borne in mind:

<b>Advantages</b>	<b>Disadvantages</b>
Provides a degree of certainty over funding levels for the next three years	Applies only to limited funding streams within the settlement offer - excludes other significant funding streams
Facilitates improved financial planning over the period	Implied acceptance that reduced funding over the period is achievable
	Requirement for an efficiency plan suggests a level of government control over the Councils plans to meet the identified funding gap
	Funding is not fully guaranteed - government reserves the right to change the settlement due to unforeseen circumstances

- 3.10 In addition the recent EU referendum result may have far reaching political and economic ramifications which could have a material impact on the public sector finances generally and consequently the settlement for local government.

## **4 Conclusion**

- 4.1 The funding contained within the multi-year settlement offer, whilst significant, represents a small proportion of the total funding expected to be available to the Council up to and including 2019/20. It is considered highly unlikely that non-acceptance would lead to additional funding and there remains a real risk of further funding reductions in the medium term should the Council decide not to take up the government's offer. The likelihood of further funding reductions in the medium term is now regarded as higher following the EU referendum result and it is therefore recommended that the offer of multi-year settlements from government is accepted.

## **5 Director of Finance & Information Service (s151 Officer) Comments**

- 5.1 Financial implications are contained within the body of the report.

## **6 City Solicitor's Comments**

- 6.1 The City Solicitor is satisfied that it is within the Council's powers to approve the recommendations as set out.

## 7 Equalities Impact Assessment

7.1 This report does not require an Equalities Impact Assessment as there are no proposed changes to PCC's services, policies, or procedures included within the recommendations.

.....

**Chris Ward**

**Director of Finance & Information Service (s151 Officer)**

### **Background List of Documents –**

Section 100D of the Local Government Act 1972

The following documents disclose facts or matters which have been relied upon to a material extent by the author in preparing this report –

<b>Title of Document</b>	<b>Location</b>
Local Government Finance Settlement 2016/17	<a href="https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2016-to-2017">https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2016-to-2017</a>
Letter from Secretary of State for Communities and Local Government dated 10 <sup>th</sup> March 2016	Attached at Appendix 1

The recommendations set out above were:

Approved / Approved as amended / Deferred / Rejected by the Cabinet on 22<sup>nd</sup> September, 2016

Signed: .....

Approved / Approved as amended / Deferred / Rejected by the City Council on 11<sup>th</sup> October, 2016

Signed: .....



# APPENDIX 1



Department for  
Communities and  
Local Government

**The Rt Hon Greg Clark MP**  
*Secretary of State for Communities and Local  
Government*

***Department for Communities and Local  
Government***

4th Floor, Fry Building  
2 Marsham Street  
London SW1P 4DF

Tel: 0303 444 3450  
Fax: 0303 444 3289  
E-Mail: [greg.clark@communities.gsi.gov.uk](mailto:greg.clark@communities.gsi.gov.uk)

[www.gov.uk/dclg](http://www.gov.uk/dclg)

10 March 2016

*Dear Colleagues*

## **MULTI-YEAR SETTLEMENTS AND EFFICIENCY PLANS**

On 17 December I announced a historic opportunity for councils to achieve greater certainty and confidence from a 4-year budget. I see this as a key step to supporting you to strengthen your financial management, at the same time as working collaboratively with your local partners and reforming the way services are provided.

The settlement consultation process showed great support for this approach and identified a number of queries about what the offer includes and the requirements for applying to accept this offer. I have therefore set out some further details in the attached annex. But I want to reiterate that I want this offer, and the production of an efficiency plan, to be as simple and straightforward as possible, and reassure you that this is not about creating additional bureaucracy.

If you wish to apply to accept the offer you simply need to send an email or letter to [MultiYearSettlements@communities.gsi.gov.uk](mailto:MultiYearSettlements@communities.gsi.gov.uk) by **5pm on Friday 14<sup>th</sup> October** and include a link to your published efficiency plan.

I do not intend to provide further guidance on what efficiency plans should contain – they should be locally owned and locally driven. But it is important that they show how this greater certainty can bring about opportunities for further savings. They should cover the full 4-year period and be open and transparent about the benefits this will bring to both your council and your community. You should collaborate with your local neighbours and public sector partners and link into devolution deals where appropriate.

Of course this offer is entirely optional. It is open to any council to continue to work on a year-by-year basis, but I cannot guarantee future levels of funding to those who prefer not to have a four year settlement.

I have been delighted by the response of councils all over the country to the offer of four year budgets and I look forward to hearing from you if you would like to avail yourself of it.

For any further queries, please contact officials at the above address.

*Yours sincerely*

A handwritten signature in black ink, appearing to be 'Gh' or 'Greg', written in a cursive style.

**THE RT HON GREG CLARK MP**

## **Annex**

### **Conditions of the multi-year settlement**

The Government will offer any council that wishes to take it up a four-year funding settlement to 2019-20. This includes:

- Common Council of the City of London
- London borough councils
- district councils
- county councils
- Council of the Isles of Scilly
- Greater London Authority
- metropolitan county fire and rescue authorities
- combined fire and rescue authorities.

The Government is making a clear commitment to provide minimum allocations for each year of the Spending Review period, should councils choose to accept the offer and if they have published an efficiency plan.

#### **What the offer includes**

On 9 February we provided summaries and breakdown figures for each year to your s151 Officer. From those figures the relevant lines that are included in the multi-year settlement offer, where appropriate, are:

- Revenue Support Grant;
- Transitional Grant; and
- Rural Services Delivery Grant allocations.

In addition, tariffs and top-ups in 2017-18, 2018-19 and 2019-20 will not be altered for reasons related to the relative needs of local authorities, and in the final year may be subject to the implementation of 100% business rates retention.

The Government is committed to local government retaining 100% of its business rate revenues by the end of this Parliament. This will give them control over an additional £13 billion of tax that they collect.

To ensure that the reforms are fiscally neutral local government will need to take on extra responsibilities and functions. DCLG and the Local Government Association will soon be publishing a series of discussion papers which will inform this and other areas of the reform debate.

The new burdens doctrine operates outside the settlement, so accepting this offer will not impact on any new burden payments agreed over the course of the four years.

The Government will also need to take account of future events such as the transfer of functions to local government, transfers of responsibility for functions between local authorities, mergers between authorities and any other unforeseen events. However, barring exceptional circumstances and subject to the normal statutory consultation process for the local government finance settlement, the Government expects these to be the amounts presented to Parliament each year.

### **Process for applying for the offer**

Interest in accepting this offer will only be considered if a link to a published efficiency plan is received by 5pm Friday 14<sup>th</sup> October. We will provide confirmation of the offer shortly after the deadline.

### **Efficiency Plans**

Efficiency plans do not need to be a separate document. They can be combined with Medium Term Financial Strategies or the strategy set out in the guidance (<https://www.gov.uk/government/publications/guidance-on-flexible-use-of-capital-receipts>) on how you intend to make the most of the capital receipt flexibilities if appropriate.

The Home Office will provide guidance on the criteria and sign off process for efficiency plans for single purpose Fire and Rescue authorities. All Fire and Rescue authorities, including those which are county councils, should set out clearly in their efficiency plans how they will collaborate with the police and other partners to improve their efficiency.

### **Process for those who do not take up the offer**

Those councils that chose not to accept the offer, or do not qualify, will be subject to the existing yearly process for determining the local government finance settlement.

Allocations could be subject to additional reductions dependant on the fiscal climate and the need to make further savings to reduce the deficit.

At present we do not expect any further multi-year settlements to be offered over the course of this parliament

# Agenda Item 13

From CABINET MEETING held on 22 September 2016

Council Agenda Item 13 (Cabinet minute 45)

## **Revenue Budget Monitoring 2016/17 (1st Quarter) to end June 2016**

### **RECOMMENDED that**

- (i) The forecast outturn position for 2016/17 be noted:**
  - (a) An overspend of £1,620,400 before further forecast transfers from/(to) Portfolio Specific Reserves & Ring Fenced Public Health Reserve**
  - (b) An overspend of £661,100 after further forecast transfers from/(to) Portfolio Specific Reserves & Ring Fenced Public Health Reserve.**
- (ii) Members note that any actual overspend at year end will in the first instance be deducted from any Portfolio Specific Reserve balance and once depleted then be deducted from the 2017/18 Cash Limit.**
- (iii) Directors, in consultation with the appropriate Cabinet Member, consider options that seek to minimise any forecast overspend presently being reported and prepare strategies outlining how any consequent reduction to the 2017/18 Portfolio cash limit will be managed to avoid further overspending during 2017/18.**

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**Decision maker:** Cabinet 22 September 2016  
City Council 11<sup>th</sup> October 2016

**Subject:** Revenue Budget Monitoring 2016/17 (1<sup>st</sup> Quarter) to end June 2016

**Report by:** Director of Finance & Information Service

**Wards affected:** All

**Key decision (over £250k):**

## 1. Purpose of Report

- 1.1 The purpose of this report is to update members on the current Revenue Budget position of the Council as at the end of the first quarter for 2016/17 in accordance with the proposals set out in the "Portsmouth City Council - Budget & Council Tax 2016/17 & Medium Term Budget Forecast 2017/18 to 2019/20" report approved by the City Council on the 9<sup>th</sup> February 2016.

## 2. Recommendations

- 2.1 It is recommended that:

- (i) The forecast outturn position for 2016/17 be noted:
  - (a) An overspend of £1,620,400 before further forecast transfers from/(to) Portfolio Specific Reserves & Ring Fenced Public Health Reserve
  - (b) An overspend of £661,100 after further forecast transfers from/(to) Portfolio Specific Reserves & Ring Fenced Public Health Reserve.
- (ii) Members note that any actual overspend at year end will in the first instance be deducted from any Portfolio Specific Reserve balance and once depleted then be deducted from the 2017/18 Cash Limit.
- (iii) Directors, in consultation with the appropriate Cabinet Member, consider options that seek to minimise any forecast overspend presently being reported and prepare strategies outlining how any consequent reduction to the 2017/18 Portfolio cash limit will be managed to avoid further overspending during 2017/18.

## 3. Background

- 3.1 A Budget for 2016/17 of £157,992,700 was approved by City Council on the 9<sup>th</sup> February 2016. This level of spending enabled a contribution to General Reserves of £1.43m since in year income exceeds in year spending.

3.2 Since the 9<sup>th</sup> February City Council meeting, the Council has been allocated additional one off non ring-fenced grants totalling £105,000 in 2015/16 and £214,700 in 2016/17. In order to achieve the government's priorities in these areas, service budgets have been adjusted as appropriate. In addition, the adjusted budget includes £42,100 grant income relating to additional Local Taxation Administration Subsidy notified in May 2016.

3.3 In summary, changes to the budget as approved on 9<sup>th</sup> February 2016 are as follows:

	£
Budget Approved 9 <sup>th</sup> February 2016	157,992,700
Special Education Needs & Disability (SEND)	154,500
Early Implementer Innovator Grant	105,000
Individual Electoral Registration	60,200

<b>Adjusted 2015/16 Budget</b>	<b>158,312,400</b>
--------------------------------	--------------------

3.4 Once the above budget changes are taken into account, the Budget (as adjusted) for 2016/17 has increased to £158,312,400. After the additional non ring fenced grant funding is taken into account this results in an overall contribution to General Reserves of £1.36m for 2016/17 (i.e. assuming no overall budget variance).

3.5 This is the first quarter monitoring report of 2016/17 and reports on the forecast 2016/17 outturn as at the end of June 2016. The forecasts summarised in this report are made on the basis that management action to address any forecast overspends are only brought in when that action has been formulated into a plan and there is a high degree of certainty that it will be achieved.

3.6 Any variances within Portfolios that relate to windfall costs or windfall savings will be met / taken corporately and not generally considered as part of the overall budget performance of a Portfolio. "Windfall costs" are defined as those costs where the manager has little or no influence or control over such costs and where the size of those costs is high in relation to the overall budget controlled by that manager. "Windfall costs" therefore are ordinarily met corporately from the Council's central contingency. A manager / Cabinet Member however, does have an obligation to minimise the impact of any "windfall cost" from within their areas of responsibility in order to protect the overall Council financial position. Similarly, "windfall savings" are those savings that occur fortuitously without any manager action and all such savings accrue to the corporate centre.

3.7 The Financial summary attached at Appendix A has been prepared in Portfolio format and is similar in presentation, but not the same as, the more recognisable "General Fund Summary" presented as part of the Budget report approved by Council on 9<sup>th</sup> February 2016. The format presented at Appendix A has been amended to aid understandability for monitoring purposes by excluding all non cash items which have a neutral effect on the City Council's budget such as Capital Charges. In addition to this, Levies and Insurances are shown in total and have therefore been separated from Portfolios to also provide greater clarity for monitoring purposes.



#### 4 Forecast Outturn 2016/17 – As at end June 2016

4.1 At the first quarter stage, the revenue outturn for 2016/17 after further forecast transfers from/to Portfolio Specific Reserves (Underspends are retained by right) is forecast to be overspent by £661,100 representing an overall budget variance of 0.4%.

4.2 The quarter 1 variance consists of a number of forecast under and overspends.

The most significant overspendings at the quarter 1 stage are:

	Quarter 1 Forecast Variance	Quarter 1 Forecast Variance (After Transfers From Portfolio Reserves)
	£	£
Children's Social Care	450,800	415,800
Health & Social Care	2,428,200	1,524,200

These are offset by the following significant forecast underspends at the quarter 1 stage:

	Quarter 1 Forecast Variance	Quarter 1 Forecast Variance (After Transfers To Portfolio Reserves)
	£	£
Asset Management Revenue Account	537,300	537,300
Contingency	750,000	750,000

#### 5 Quarter 1 Significant Budget Variations – Forecast Outturn 2016/17

5.1 Children's Social Care – Overspend £450,800 (or 1.9%) or After Transfer From Portfolio Reserve £415,800 (1.8%)

The cost of Children's Social Care is forecast to be £450,800 higher than budgeted.

The overspend is primarily related to higher costs and numbers of child placements (£377,000) and delays in the delivery of savings plans related to commissioned and shared services arrangements (£162,000) offset by reduced staffing costs due to staff turnover and the holding of posts vacant (£125,000).

Of the £450,800 forecast overspending in 2016/17, £200,000 relates to an underlying budget deficit within the Portfolio. Proposals to minimise the current underlying deficit and to eliminate any deficit arising in 2017/18 are currently being formulated.

Whilst there are individual variances within budget areas covered by the Dedicated Schools Grant, in aggregate these are neutral.

## 5.2 Health and Social Care – Overspend £2,428,200 (5.8%) or After Transfer From Public Health Reserve £1,524,200 (3.6%)

The cost of Health & Social Care is forecast to be £2,428,200 higher than budgeted.

The key variances are:

- The cost of Public Health is forecast to be £904,000 higher than budgeted. This overspending will be met from the ring fenced Public Health Reserve. The overspend has arisen due to reductions in the Public Health Grant paid by central government notified after the budget was set and the funding of "change projects" outside of core operations that will improve health outcomes within the City.
- Increased volume of demand for Physical Support, Deprivation of Liberty (DoLs) assessments and delays in the implementation of planned savings (£1,349,000).
- Increased staffing costs within Memory & Cognition as a result of unusually high levels of staff sickness combined with a reduction in the number of clients placed that make a contributions towards the cost of their care (£351,000).

These overspends are offset by underspendings across the Portfolio of £228,000.

Of the £2,428,200 forecast overspending in 2016/17, £256,000 relates to an underlying budget deficit within Public Health and £600,000 within Adult Social Care. Proposals to minimise the current underlying deficit and to eliminate any deficit arising in 2017/18 are currently being formulated.

## 5.3 Asset Management Revenue Account – Underspend £537,300 (or 2.3%)

This budget funds all of the costs of servicing the City Council's long term debt portfolio that has been undertaken to fund capital expenditure. It is also the budget that receives all of the income in respect of the investment of the City Council's surplus cash flows. As a consequence, it is potentially a very volatile budget particularly in the current economic climate and is extremely susceptible to both changes in interest rates as well as changes in the Council's total cash inflows and outflows.

The forecast underspend relates to:

Increased interest earned due to higher cash balances than originally budgeted, primarily as a result of additional borrowing being undertaken to take advantage of

exceptionally low interest rates in the lead up to, and immediately after the EU Referendum and capital expenditure planned to be incurred in 2015/16 slipping to 2016/17 (1,059,100). This additional interest income is offset by higher interest payments as a result of the additional borrowing referred to above (£925,200).

The slippage in the capital programme in 2015/16 has reduced the amount the Council is required to set aside to repay debt in 2016/17 by £407,800.

#### 5.4 Contingency - Planned Release £750,000

As outlined above, Adults and Children's Social Care are presently forecast to overspend by £1,940,000 (after transfers from reserves). Some of this forecast overspending may be mitigated by action plans currently under development; however it is unlikely that these Portfolio's will be able to contain this level of overspending within their current cash limits. The contingency had been deliberately prepared to guard against the risk that some of the savings proposals of these Services may not be fully achievable. The amount of contingency that can be estimated to be releasable at this stage for this purpose is £750,000.

#### 5.5 All Other Budget Variations – Overspend £28,700 or After Transfers Form/To Portfolio Reserves Overspend – £8,400

All variations are summarised in Appendix A

### 6. **Transfers From/To Portfolio Specific Reserves**

In November 2013 Full Council approved the following changes to the Council's Budget Guidelines and Financial Rules:

- Each Portfolio to retain 100% of any year-end underspending and to be held in an earmarked reserve for the relevant Portfolio
- The Portfolio Holder be responsible for approving any releases from their reserve in consultation with the Section 151 Officer
- That any retained underspend (held in an earmarked reserve) be used in the first instance to cover the following for the relevant portfolio:
  - i. Any overspendings at the year-end
  - ii. Any one-off Budget Pressures experienced by a Portfolio
  - iii. Any on-going Budget Pressures experienced by a Portfolio whilst actions are formulated to permanently mitigate or manage the implications of such on-going budget pressures
  - iv. Any items of a contingent nature that would historically have been funded from the Council's corporate contingency provision
  - v. Spend to Save schemes, unless they are of a scale that is unaffordable by the earmarked reserve (albeit that the earmarked reserve may be used to make a contribution)
- Once there is confidence that the instances i) to v) above can be satisfied, the earmarked reserve may be used for any other development or initiative

The forecast balance of each Portfolio Specific Reserve that will be carried forward into 2017/18 is set out below:

Portfolio/Committee Reserve	Balance Brought Forward £	Approved Transfers 2016/17 £	Forecast Under/ (Over) Spending £	Balance Carried Forward £
Children's Social Care	0	35,000	(35,000)	0
Culture, Leisure & Sport	451,300	0	(167,100)	284,200
Education	0	0	0	0
Environment & Community Safety	1,026,700	(252,300)	143,800	918,200
Health & Social Care	0	0	0	0
Housing	791,400	(65,000)	(2,400)	724,000
Leader	41,500	0	0	41,500
PRED	842,500	(399,000)	11,100	454,600
Port	897,300	1,072,900	(129,100)	1,841,100
Resources	933,300	(324,600)	133,800	742,500
Traffic & Transportation	283,100	(30,000)	(12,500)	240,600
Licensing	110,700	0	0	110,700
Governance, Audit & Standards	372,900	200	2,100	375,200
<b>Total</b>	<b>5,750,700</b>	<b>37,200</b>	<b>(55,300)</b>	<b>5,732,600</b>

Note: Releases from Portfolio Reserves to fund overspending cannot exceed the balance on the reserve

## 7. Conclusion - Overall Finance & Performance Summary

- 7.1 The overall forecast outturn for the City Council in 2016/17 as at the end of June 2016 is forecast to be £158,973,500. This is an overall overspend of £661,100 against the Amended Budget and represents a variance of 0.4%.
- 7.2 The forecast takes account of all known variations at this stage, but only takes account of any remedial action to the extent that there is reasonable certainty that it will be achieved.
- 7.3 The overall financial position is deemed to be “red” since the forecast outturn is higher than budget.
- 7.4 In financial terms, the forecast overspend within the Children's Social Care and Health & Social Care Portfolios represent the greatest concerns in terms of the impact that they have on the overall City Council budget for 2016/17. Of the £2.9m forecast overspending (before transfers from reserves) relating to these areas, £1.06m is estimated to be ongoing and therefore represents their combined underlying deficits. This is a significant improvement in the underlying stability of these budgets compared to previous years and is expected to be manageable over time if the savings plans currently being prepared are successfully implemented. Consequently, it is recommended that Directors continue to work with the relevant portfolio holder to consider measures to significantly reduce or eliminate the adverse

budget position presently being forecast by these Portfolios, and any necessary decisions presented to a future meeting of the relevant portfolio.

- 7.5 In terms of the overall budget position for 2016/17, the Council has set aside funding within the Contingency Provision to guard against potential overspending. So, whilst the forecast of overspend of £661,100 in the current year can be mitigated to a large extent, the underlying deficit will need to be addressed in 2017/18.
- 7.6 Where a Portfolio is presently forecasting a net overspend in accordance with current Council policy, any overspending in 2016/17 which cannot be met by transfer from the Portfolio Specific Reserve will be deducted from cash limits in 2017/18 and therefore the appropriate Directors in consultation with Portfolio Holders should prepare an action plan outlining how their 2016/17 forecast outturn or 2017/18 budget might be reduced to alleviate the adverse variances currently being forecast.
- 7.7 Based on the Budget (as adjusted) of £158,312,400 the Council will remain within its minimum level of General Reserves for 2016/17 of £7.0m as illustrated below:

	<u>£m</u>
General Reserves brought forward @ 1/4/2016	16.411
<u>Less:</u>	
Forecast Overspend 2016/17	(0.661)
<u>Add:</u>	
Planned Contribution to General Reserves 2016/17	1.363
<b>Forecast General Reserves carried forward into 2017/18</b>	<b>17.113</b>

Levels of General Reserves over the medium term are assumed to remain within the Council approved minimum sum of £7.0m in 2016/17 and future years since any ongoing budget pressures / savings will be reflected in future years' savings targets.

## 8. City Solicitor's Comments

- 9.1 The City Solicitor is satisfied that it is within the Council's powers to approve the recommendations as set out.

## 9. Equalities Impact Assessment

- 10.1 This report does not require an Equalities Impact Assessment as there are no proposed changes to PCC's services, policies, or procedures included within the recommendations.

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Chris Ward

## Director of Finance & Information Service

### **Background List of Documents –**

Section 100D of the Local Government Act 1972

The following documents disclose facts or matters which have been relied upon to a material extent by the author in preparing this report –

<b>Title of Document</b>	<b>Location</b>
Budget & Council Tax 2016/17 & Medium Term Budget Forecast 2017/18 to 2019/20	Office of Deputy Director of Finance
Electronic Budget Monitoring Files	Financial Services Local Area Network

The recommendations set out above were:

Approved / Approved as amended / Deferred / Rejected by the Cabinet on 16<sup>th</sup> September, 2016

Signed: .....

Approved / Approved as amended / Deferred / Rejected by the City Council on 11<sup>th</sup> October, 2016

Signed: .....

# FINANCIAL AND SERVICE PERFORMANCE MONTH ENDING JUNE 2016 Appendix A

## MONTHLY BUDGET MONITORING STATEMENT - CASH LIMIT 2016/17

**PORTFOLIO** City Council General Fund

**BUDGET** Total General Fund Expenditure

**TOTAL CASH LIMIT** 158,312,400

**CHIEF OFFICER** All Budget Holders

**MONTH ENDED** June 2016

ITEM No.	BUDGET HEADING	BUDGET FORECAST 2016/17			
		Total Budget	Forecast Year End Outturn	Variance vs. Total Budget	
		£	£	£	%
1	Children's Social Care	23,371,700	23,822,500	450,800	1.9%
2	Culture, Leisure & Sport	6,463,300	6,630,400	167,100	2.6%
3	Education	5,772,900	5,781,300	8,400	0.1%
4	Environment & Community Safety	13,871,900	13,728,100	(143,800)	(1.0%)
5	Health & Social Care	41,518,200	43,946,400	2,428,200	5.8%
6	Housing	3,520,300	3,522,700	2,400	0.1%
7	Leader	122,000	122,000	0	0.0%
8	PRED	(3,861,200)	(3,872,300)	(11,100)	(0.3%)
9	Port	(5,584,600)	(5,455,500)	129,100	2.3%
10	Resources	18,221,500	18,087,700	(133,800)	(0.7%)
11	Traffic & Transportation	14,652,700	15,090,600	437,900	3.0%
12	Licensing Committee	(226,000)	(226,000)	0	0.0%
13	Governance, Audit & Standards Com	240,200	238,100	(2,100)	(0.9%)
14	Levies	80,600	80,600	0	0.0%
15	Insurance	1,312,400	1,312,400	0	0.0%
16	Asset Management Revenue Account	23,185,100	22,647,800	(537,300)	(2.3%)
17	Other Miscellaneous	15,651,400	14,901,400	(750,000)	(4.8%)
<b>TOTAL</b>		<b>158,312,400</b>	<b>160,358,200</b>	<b>2,045,800</b>	<b>1.3%</b>
<b>Total Value of Remedial Action (from Analysis Below)</b>			(425,400)		
<b>Forecast Outturn After Remedial Action</b>		<b>158,312,400</b>	<b>159,932,800</b>	<b>1,620,400</b>	<b>1.0%</b>
<b>Forecast Transfers To Portfolio Specific Reserves</b>			(55,300)		
<b>Forecast Transfer From Ring Fenced Public Health Reserve</b>			(904,000)		
<b>Forecast Outturn After Transfers (From)/To Portfolio Specific Reserves</b>		<b>158,312,400</b>	<b>158,973,500</b>	<b>661,100</b>	<b>0.4%</b>

Note All figures included above exclude Capital Charges  
Income/underspends is shown in brackets and expenditure/overspends without brackets

## VALUE OF REMEDIAL ACTIONS & TRANSFERS (FROM)/TO PORTFOLIO SPECIFIC RESERVES

Item No.	Reason for Variation	Value of Remedial Action	Forecast Portfolio Transfers
1	Children's Social Care	0	(35,000)
2	Culture, Leisure & Sport	0	(167,100)
1	Education	0	0
3	Environment & Community Safety	0	143,800
4	Health & Social Care	0	0
5	Housing	0	(2,400)
6	Leader	0	0
7	PRED	0	11,100
8	Port	0	(129,100)
9	Resources	0	133,800
10	Traffic & Transportation	(425,400)	(12,500)
11	Licensing Committee	0	0
12	Governance, Audit & Standards Com	0	2,100
13	Levies	0	
14	Insurance	0	
15	Asset Management Revenue Account	0	
16	Other Miscellaneous	0	
<b>Total Value of Remedial Action</b>		<b>(425,400)</b>	<b>(55,300)</b>

Note Remedial Action resulting in savings should be shown in brackets

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# Agenda Item 14

From GOVERNANCE & AUDIT & STANDARDS COMMITTEE MEETING held on 16 September 2016

Council Agenda Item 14 (GAS minute 53)

**Proposed amendments to the Arrangements for the Assessment, Consideration and Investigation of Complaints against Councillors**

**RECOMMENDED to Council to approve**

- (1) The amended arrangements for assessment, investigation and determination of complaints (Appendix 1 of the report)**
- (2) The amended Complaint Form (Appendix 2 of the report).**

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<b>Title of meeting:</b>	Governance and Audit and Standards Committee
<b>Date of meeting:</b>	16 September 2016
<b>Subject:</b>	Proposed amendments to the Arrangements for the Assessment, Consideration and Investigation of Complaints against Councillors
<b>Report by:</b>	City Solicitor
<b>Wards affected:</b>	N/A
<b>Key decision:</b>	No
<b>Full Council decision:</b>	Yes

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### **1. Purpose of report**

To allow members to further consider proposed changes to the arrangements for the consideration and investigation of complaints against Members, which were presented to members for consideration on 1 July 2016.

### **2. Recommendations**

The Committee is asked to consider and recommend to Council the following amendments to the process:

- 2.1. Approve the amended Arrangements for Assessment, Investigation and Determination of Complaints attached at Appendix 1 to this report.
- 2.2. Approve the amended Complaint Form attached at Appendix 2 to this report.

### **3. Background**

#### **3.1. Proposed amendments**

The 'new' Arrangements for Assessment, Investigation and Determination of Complaints which were brought in following the Localism Act of 2011 have now been in place for four years and as a result of the practical application of the Council's adopted procedures, it is now thought it would be helpful to make some practical amendments to those procedures. The proposed amendments, it is hoped, will make the procedure more transparent to members of the public and also help with the more efficient management of the process.

#### **3.2. Members expressing a different view to the Monitoring Officer**

The proposed changes do not materially differ from those in the July report save that at paragraph 4.4 (of the Arrangements for the Assessment, Consideration and Investigation of Complaints against Councillors), the proposed change whereby it was suggested that the Monitoring Officer should provide details of Members' consideration of the complainant when they expressed a different view to that of the Monitoring Officer has been deleted, as this did not previously meet with Members' approval.

### **3.3. Concerns as to process**

It has been further suggested that where any concerns are raised in relation to the process which has been followed in the consideration of complaints, that these concerns should be passed to the Monitoring Officer for response and both officers and Members should avoid corresponding. Such complaints could lead to legal proceedings.

### **3.4. Receipt of complaints**

It is proposed that any complaint should be received within 30 days of the alleged facts. It is considered that this would provide a reasonable timescale for complaints to be made and also ensure that if they are, the complaint is still current.

### **3.5. Review**

Further, Members are asked to consider whether they would be content to agree a reduced period within which the complainant could ask for the Monitoring Officer's decision to be reconsidered by an "Assessment Committee" to be reduced from 30 days to 10 working days.

## **4. Reasons for recommendations**

4.1. Members will note at Appendix 2 alterations are proposed to the Complaint Form and also the Arrangements for Assessment, Investigation and Determination of Complaints at Appendix 1. None of the proposed changes to either of these documents is substantive but it is hoped will give greater clarity to the procedure which is followed. The proposed alterations, in part, arise from a number of discussions and correspondence which we have had with residents who have upon occasions found the process somewhat lacking in clarity.

## **5. Equality impact assessment**

This report does not require an Equality Impact Assessment as it does not propose any new or changed services, policies or strategies.

## **6. Legal implications**

The legal implications are embodied within this report.

## 7. Director of Finance's comments

There are no financial implications arising from the recommendations contained within this report.

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Signed by:

### Appendices:

Appendix 1 - Arrangements for Assessment, Investigation and Determination of Complaints (clean copy)

Appendix 2 - Complaint Form (clean copy)

### Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by:

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**Governance and Audit and Standards Committee Arrangements for Assessment, Investigation and Determination of a Complaint that a Councillor has failed to Comply with the Councillors' Code of Conduct**

**Please note that the timescale for these arrangements is subject to delay during the purdah and election period.**

**1. Application of these Arrangements**

- 1.1. These are the Arrangements to be followed by the Governance and Audit and Standards Committee of Portsmouth City Council ("the Council") in the assessment, investigation and determination of a complaint that any Councillor has failed to comply with the Councillors' Code of Conduct. The Arrangements are in accordance with the requirements of the Localism Act 2011.

**2. Receipt of Complaint**

- 2.1. A complaint shall be made by email to [michael.lawther@portsmouthcc.gov.uk](mailto:michael.lawther@portsmouthcc.gov.uk) or by post addressed to the Monitoring Officer to Portsmouth City Council (Civic Offices, Guildhall Square, Portsmouth PO1 2AL). The Complaint Form shall be used for this purpose.
- 2.2. Anonymous complaints will not normally be considered unless the complaint is accompanied by documentary or photographic evidence indicating an exceptionally serious or significant matter. Any complaint must be received within 30 days of the alleged facts.

**3. Notification to Councillor**

- 3.1. The Monitoring Officer shall provide the Councillor with a copy of the complaint

**4. Terms of Reference of Initial Filtering Panel.**

- 4.1. As soon as practicable the Monitoring Officer shall establish an Initial Filtering Panel to assist him in his consideration of the complaint.
- 4.2. The Initial Filtering Panel is an informal meeting to enable the Monitoring Officer to obtain the views of Councillors upon a complaint. It shall be made up of three Councillors drawn from members of the Governance and Audit and Standards committee including standing deputies which may include independents and those groups represented. An Independent Person will also be invited to attend and express their view on the complaint.

- 4.3. When it is a complaint by a Councillor of this authority against another Councillor, the Initial Filtering Panel shall comprise at least two independent persons who will be invited to attend and express their view on the complaint. No Councillors will be present.
- 4.4. Having considered the complaint against the Assessment Criteria and taken into account the views of the Councillors and Independent Persons (as appropriate), the Monitoring Officer will:-
  - 4.4.1. Arrange:
    - 4.4.1.1. a formal investigation of the complaint; or
    - 4.4.1.2. training or conciliation; or such other appropriate alternative steps; or
  - 4.4.2. decide that no action should be taken in respect of the complaint.
- 4.5. The Monitoring Officer will take reasonable steps to notify the person making the complaint ("the Complainant"), and the Councillor of the decision.
- 4.6. The complainant will be advised of their right to request an Assessment of the decision, under paragraph 5 below. This notification shall normally be given within ten working days of the decision being made.
- 4.7. When it is decided to investigate or take other action, it does not mean that the Monitoring Officer has come to a conclusion about the complaint.

The Monitoring Officer makes no findings of fact on the complaint. It simply means that the Monitoring Officer believes the alleged conduct, if proven, may amount to a failure to comply with the Code of Conduct, and that some action should be taken in response to the complaint.

## **5. Right to Request an Assessment Sub-Committee**

- 5.1. Where a decision is made by the Monitoring Officer that no action should be taken in respect of the complaint, the Complainant may make a request for the complaint to be considered by an Assessment Sub-Committee.. The request shall be made in writing addressed to the Monitoring Officer. The request must be received within 10 days of notification being given under paragraph 4.5 above.

## **6. Convening of Meeting of the Governance and Audit and Standards Assessment Sub-Committee**

- 6.1. The Monitoring Officer shall appoint, and convene a meeting of, the Governance and Audit and Standards Assessment Sub-Committee, ("the Assessment Sub-Committee"). The meeting shall take place within 20 working days of the date of receipt of the request for an Assessment Sub-Committee to meet, where practicable.



- 6.2. The Assessment Sub-Committee shall comprise three Councillors drawn from members of the Governance and Audit and Standards committee including standing deputies which may include independents and those groups represented. An Independent Person will also be invited to attend and express their view upon the complaint.
- 6.3. The Assessment Sub-Committee shall not include any Councillor who was a member of the Initial Filtering Panel whose decision to take no action is subject to the Assessment Sub-Committee's consideration. This is to minimise the risk of conflicts of interest and ensure fairness for all parties.
- 6.4. The decision of the Assessment Sub-Committee is final and there is no further review.<sup>1</sup>

## **7. Notification to Councillor**

- 7.1. The Monitoring Officer shall notify the Councillor that a request for an Assessment Sub-Committee to meet has been received.

## **8. Terms of Reference of Governance and Audit and Standards Assessment Sub-Committee**

- 8.1. The Governance and Audit and Standards Assessment Sub-Committee is established to consider the complaint "afresh".
- 8.2. Upon receipt of such request for an Assessment Sub-Committee to consider the complaint, by the Complainant the Governance and Audit and Standards Assessment Sub-Committee shall, within 20 working days where practicable, consider the complaint and do one of the following:
  - 8.2.1. refer the complaint to the Monitoring Officer with an instruction that he/she arrange a formal investigation of the complaint or directing that he/she arrange training, conciliation or other appropriate alternative steps; or
  - 8.2.2. decide that no action should be taken in respect of the complaint
- 8.3. In reaching its decision, the Sub-Committee shall have regard to the Local Assessment Criteria and the views of the Independent Person
- 8.4. The Sub-Committee shall instruct the Monitoring Officer to take reasonable steps to notify the Complainant, and the Councillor concerned, of their decision. Where the decision is that no action should be taken, reasons for the decision shall be given. This notification shall normally be given within ten working days of the decision being made.
- 8.5. When a matter is referred for investigation or other action, it does not mean

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<sup>1</sup> Any subsequent challenge to the Council's process must be made through the Local Government Ombudsman judicial review

that the Sub-Committee has made up its mind about the complaint. The Sub-Committee makes no findings of fact on the matter. It simply means that the Sub-Committee believes the alleged conduct, if proven, may amount to a failure to comply with the Code of Conduct, and that some action should be taken in response to the complaint.

## 9. **Referral for Investigation**

9.1. Where there has been a decision to refer the complaint for investigation, the Monitoring Officer shall arrange for such investigation to be carried out by the Deputy Monitoring Officer, or other person the Monitoring Officer considers to be suitably qualified and experienced to undertake the task ("the Investigating Officer"). This may include:

- 9.1.1. making inquiries of such persons as the Investigating Officer considers necessary or expedient;
- 9.1.2. requiring such persons to give such information or explanation as the Investigating Officer considers expedient;
- 9.1.3. inspection of such documents as the Investigating Officer considers expedient.

The Monitoring Officer may set up a Sub-Committee to consider its further progress if the Councillor is unable to attend due to illness, and he is of the opinion that it is no longer appropriate to continue with an investigation.

9.2. Where the matter is referred back to a Sub-Committee they may decide not to proceed with the investigation.

9.3. On completion of an investigation, the Investigating Officer shall prepare a written report of the investigation making one of the following findings:

- 9.3.1. that there has been a failure to comply with the Code of Conduct; or
- 9.3.2. that there has not been a failure to comply with the Code of Conduct.

9.4. The Monitoring Officer shall send a copy of the Investigating Officer's report to the Councillor.

## 10. **Investigating Officer's finding of no failure to observe the Code of Conduct**

10.1. In the event that the Investigating Officer finds that there is no failure to observe the Code of Conduct, the Monitoring Officer shall consult with the Initial Filtering Panel or Assessment Sub Committee as appropriate and if the Initial Filtering Panel or Assessment Sub Committee, accepts the Investigating Officer's findings, the Investigating Officer shall give written notice of this to the Complainant and the Councillor.

10.2. In the event that the finding is not accepted, the Initial Filtering Panel or Assessment

Sub Committee may give further directions to the Monitoring Officer as appropriate.

**11. A finding of a breach of the Code of Conduct**

- 11.1. Where the Investigating Officer finds that there has been a breach of the Code the matter will be referred for consideration at a hearing of the Governance and Audit and Standards Hearings Sub- Committee

**12. Convening a meeting of the Governance and Audit and Standards Hearings Sub-Committee ("the Hearings Sub-Committee")**

- 12.1. The Sub-Committee shall be appointed from amongst the Members of the Governance and Audit and Standards Committee including Standing Deputies, provided that at all times the composition of the Sub-Committee complies with Paragraph 12.2.
- 12.2. The Hearings Sub-Committee shall comprise three members. Membership may include any member who has participated in consideration of the allegation at a meeting of the Governance and Audit and Standards Review Sub-Committee at an earlier stage.
- 12.3. The meeting shall be held within one month of the date of completion of the Investigating Officer's report (or as soon as reasonably practicable thereafter) and at least fourteen days after the date on which the Monitoring Officer sent the Investigating Officer's report to the Councillor (unless the Councillor agrees to it being held earlier).
- 12.4. This meeting shall normally be open to the press and public, unless the Hearing Sub- Committee decides that the report should be considered in exempt session.
- 12.5. The meeting of the Hearings Sub-Committee may consider the report in the Councillor's absence if the Councillor does not attend the hearing. If the Sub-Committee is satisfied with the Councillor's reasons for not being able to attend the meeting, it may arrange for the hearing to take place on another date.

**13. Pre-Hearing Procedure**

- 13.1. The Monitoring Officer shall write to the Councillor proposing a date for the hearing. The letter shall outline the hearing procedure, and the Councillor's rights, asking for a response within a set time. In the event that the Councillor does not respond within the timescale given, the Monitoring Officer may proceed to establish the hearing without further reference to the Councillor and if necessary in the absence of the Councillor. The letter shall enquire whether the Councillor:

- 13.1.1. can attend the hearing;

- 13.1.2. wants to be represented at the hearing;
- 13.1.3. disagrees with any of the findings in the investigation report, including reasons for any disagreements;
- 13.1.4. wants to give evidence at the hearing, either verbally or in writing;
- 13.1.5. wants to call relevant witnesses to give evidence and, if so to provide outlines or statements of the evidence those witnesses intend to give;
- 13.1.6. wants any part of the hearing to be held in exempt session;
- 13.1.7. wants to have any part of the investigation report or other documents withheld from the public; and

13.2. The Monitoring Officer shall send a copy of the Councillor's response to the Investigating Officer, inviting him/her to say by a set date whether they wish to:

- 13.2.1. be represented at the hearing;
- 13.2.2. call relevant witnesses to give evidence;
- 13.2.3. have any part of the hearing held in exempt session; and
- 13.2.4. have any part of the investigation report or other documents withheld from the public.

13.3. The Monitoring Officer shall advise the Hearings Sub-Committee as necessary on any matter arising out of the responses received. At least two weeks before the hearing, the Monitoring Officer shall write to the parties and advise them of the procedure which is to be followed at the hearing

#### **14. Terms of Reference of Hearings Sub-Committee**

14.1. The Hearings Sub-Committee is established to hold a hearing and make one of the following findings:

- 14.1.1. that the Councillor did not fail to comply with the Code of Conduct; or
- 14.1.2. that the Councillor did fail to comply with the Code of Conduct, but that no action needs to be taken in respect of the matters considered at the hearing; or
- 14.1.3. that the Councillor did fail to comply with the Code of Conduct and that one of, or any combination of, the following sanctions should be imposed:

- 14.1.3.1. censure of the Councillor;
  - 14.1.3.2. restriction for a period not exceeding six months of the Councillor's access to Council premises or Councillor's use of Council resources, provided that those restrictions are reasonable and proportionate to the nature of the breach, and do not unduly restrict the Councillor's ability to perform the functions of a Councillor;
  - 14.1.3.3. recommending to the Councillor's Group Leader (where applicable) that he/she be removed from any position on the Council or an outside body to which they have been appointed;
  - 14.1.3.4. reports its findings to the Council.
- 14.2. Any sanction imposed shall take effect immediately, except where the Sub-Committee directs that it shall take effect on a later date within the following six months.

## **15. Hearing Procedure**

- 15.1. The hearing is a formal meeting of the Council and is not a court of law. It does not hear evidence under oath, but it does decide factual evidence on the balance of probabilities. The hearing will be conducted in a demonstrably fair, independent and politically impartial way, so that members of the public and Councillors have confidence in the Council's procedures and findings.

## **16. Notification of Findings**

- 16.1. As soon as reasonably practicable after the Hearings Sub-Committee makes its finding, the Monitoring Officer shall give written notice of the finding and the reasons for it to the Councillor and the Complainant.

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## COMPLAINT FORM - Councillors' Code of Conduct



This form is required to be used to make an allegation that a Councillor of Portsmouth City Council has failed to comply with the Councillors' Code of Conduct. It should not be used if the concern is in respect to dissatisfaction with a Council decision.

### 1. Your details

Please provide us with your name and contact details

<b>Title:</b>	
<b>First name:</b>	
<b>Last name:</b>	
<b>Address:</b>	
<b>Daytime telephone:</b>	
<b>Evening telephone:</b>	
<b>Mobile telephone:</b>	
<b>Email address:</b>	

Your address and contact details will not usually be released unless necessary to deal with your complaint.

If you do not wish details of your name to be released, please complete section 6 of this form.

### 2. The complaint process

Once you have submitted your complaint, it is considered by the Monitoring Officer who will decide on the next steps. The Monitoring Officer will meet with the Initial Filtering Panel ("the IFP") to enable the Monitoring Officer to consider and determine the complaint as soon as reasonably practicable after the complaint has been received

When reaching their decision, the Monitoring Officer meets with the IFP and also a person unconnected with the Council, known as an Independent Person. The IFP shall comprise three Councillors from the membership of the committee which may include independent Councillors and will include those groups represented, insofar as practicable. The availability of Councillors may be affected by any conflicts of

interest which may preclude them from being involved in the complaint process. Any member of Governance and Audit and Standards including Standing Deputies may be requested to sit on an IFP.

On the basis of your written submission the IFP will assess whether your allegation, if it was investigated, is likely to amount to a breach of the Councillors' Code of Conduct. The Monitoring Officer may then:-

1. Refer the complaint for investigation.
2. Decide that what has been alleged does not come within the requirements of the Code of Conduct and even if investigated could not amount to a breach of the Code of Conduct. (See Local Assessment Criteria <https://www.portsmouth.gov.uk/ext/documents-external/cou-complaints-assessment-criteria.pdf>).
3. Decide on alternative action being taken e.g. mediation or an apology being given.
4. Defer their decision and request further information or clarification from the complainant in respect of the complaint.

If it is decided that your complaint is not to be investigated you may, within 30 days of notification of the decision, ask for that decision to be reconsidered. This will be undertaken by a Governance and Audit and Standards Assessment Sub-Committee which consists of three different Councillors from those who originally considered your complaint. The Assessment Sub-Committee will have the same range of options available to it as the Monitoring Officer.

If it is decided to investigate your complaint, the Monitoring Officer or someone appointed by them will be instructed to undertake the investigation. You will be given further information at that time should an investigation be necessary.

3. **Please provide us with the name of the Councillor(s) you believe have breached the Code of Conduct:**

Title	First Name	Last Name

4. **Please explain in this section (or on separate sheets) what the Councillor has done that you believe breached the Code of Conduct.**

(You should give sufficient information to show that what was alleged could amount to a breach of the Code of Conduct).



If you are complaining about more than one Councillor you should clearly explain what each individual Councillor has done that you believe breached the Code of Conduct.

A copy of the Councillors Code of Conduct can be found here:

<https://www.portsmouth.gov.uk/ext/the-council/councillors-and-mps/complaining-about-a-councillor.aspx>

- You should be specific, wherever possible, about exactly what you are alleging the Councillor said or did. For instance, instead of writing that the Councillor insulted you, you should state what it was they said.
- You should provide the dates of the alleged incidents wherever possible. If you cannot provide exact dates it is important to give a general timeframe.
- You should confirm whether there are any witnesses to the alleged conduct and provide their names and contact details if possible.
- You should provide any relevant background information.

Please provide us with the details of your complaint and the desired outcome from this complaints process. Continue on a separate sheet if there is not enough space on this form.

Signature.....

Date.....

**5. Only complete this next section if you are requesting that your identity is kept confidential.**

In the interests of fairness and natural justice, we believe Councillors who are complained about have a right to know who has made the complaint. We also believe they have a right to be provided with a copy of the complaint. We are unlikely to withhold your identity or details of your complaint unless you have good reason to justify that we do so.

Please note that requests for confidentiality are unlikely to be granted. The Monitoring Officer will consider the request alongside the substance of your complaint. The Monitoring Officer will then contact you with their decision. If your request for confidentiality is not granted, we will usually allow you the option of withdrawing your complaint.

However, it is important to understand that in certain exceptional circumstances where the matter complained about is very serious, we can proceed with an investigation or other action and disclose your name even if you have expressly asked us not to.

Please provide us with details of why you believe we should withhold your name and/or the details of your complaint:

**6. Additional Help**

Complaints must be submitted in writing on this form. It will assist the processing of your complaint if this is submitted electronically. However, in line with the requirements of the Disability Discrimination Act 2000 we can make reasonable adjustments to assist you if you have a disability that prevents you from making your complaint in writing.

We can also help if English is not your first language.

If you need any support in completing this form, please let us know as soon as possible.

This complaint should be submitted to the Monitoring Officer by email to:  
[michael.lawther@portsmouthcc.gov.uk](mailto:michael.lawther@portsmouthcc.gov.uk)

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# Agenda Item 15

From GOVERNANCE & AUDIT & STANDARDS COMMITTEE MEETING held on 16 September 2016

Council Agenda Item 15 (GAS minute 54)

## **Notice of Motion Referral - Local Elections once every four years**

**RECOMMENDED** that the following response be sent to Full Council

**"That whilst there is merit in exploring the issue of all out elections further, there are currently a number of factors regionally which do not enable an informed decision on this matter to be taken at this time. Consequently the Officers be asked to produce a report for both the Governance and Audit and Standards Committee and for Group Leaders' consideration in due course when the regional and local Governance picture, including any potential boundary review, is clearer, and its impact can then be taken into account."**

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## **Electoral Arrangements - Briefing Paper for Governance and Audit Committee**

At the 22 March 2016 Full Council meeting, the following motion was referred to the Governance and Audit and Standards Committee for consideration -

### **"Local Elections Once Every Four Years**

Proposed by Councillor Colin Galloway

Seconded by Councillor Julie Swan

With continuing reductions in central government grants and the desperate need to find ways to make our city budget fit the needs of all our people in Portsmouth, this Council ask the Governance and Audit and Standards Committee to consider the possibility of introducing a four year cycle of local elections so that the costs of holding an election every year can be minimised by holding local elections once every four years".

To assist the Governance and Audit and Standards Committee in its deliberations and report back to Full Council, the following information is presented.

### **The process for moving to whole council elections if that was the Council's wish**

1. Full Council resolves to undertake public consultation as the Council thinks appropriate on any proposed change
2. Have regard to the outcome of the consultation before making its decision
3. Convene a Specially convened meeting of the Council
4. Full Council must pass a resolution by a two-thirds majority of those voting at that Special meeting
5. The resolution must specify the commencement year
6. The resolution is the means by which the term of office is reduced for any members whose term would not be completed
7. Any election(s) scheduled to take place before the start date indicated in the Council's resolution would continue as normal
8. An explanatory document on the decision must be published after the resolution is made

9. The Council must notify the Boundary Commission of the scheme adopted and the commencement year
10. If the Council resolves to change to whole council elections, the decision cannot be reversed until five years from the date of the resolution

The relevant legislation is contained in sections 32-36 of the Local Government and Public Involvement in Health Act 2007 (as amended by the Localism Act 2011)

### **Future election timetable (current schedule)**

	Current scheduled elections
2017	None scheduled
2018	<ul style="list-style-type: none"> <li>• City Council Elections</li> </ul>
2019	<ul style="list-style-type: none"> <li>• City Council Elections</li> <li>• *European Parliamentary Elections</li> </ul>
2020	<ul style="list-style-type: none"> <li>• City Council Elections</li> <li>• Parliamentary General Election</li> <li>• Police &amp; Crime Commissioner Elections</li> </ul>
2021	None scheduled
2022	<ul style="list-style-type: none"> <li>• City Council Elections</li> </ul>
2023	<ul style="list-style-type: none"> <li>• City Council Elections</li> </ul>
2024	<ul style="list-style-type: none"> <li>• City Council Elections</li> <li>• European Parliamentary Elections</li> <li>• Police &amp; Crime Commissioner Elections</li> </ul>
2025	<ul style="list-style-type: none"> <li>• Parliamentary General Election</li> </ul>
2026	<ul style="list-style-type: none"> <li>• City Council Elections</li> </ul>

### **Financial considerations**

- If whole elections were to be introduced, the extent of any potential savings would depend on when such Council elections commenced and whether they were to be combined with another poll.
- \*At this stage no notification concerning future arrangements for the scheduled European Parliamentary elections in 2019, has been received
- There is the potential for a further referendum and/ or other elections.
- Any potential savings would be spread across a number of financial years and not evenly distributed over the four year cycle.
- On the basis of the indicative election costs shown and caveats mentioned above, moving to four yearly elections would save circa £ 172,000 over the four year period (equivalent to an average of approximately £43,000 a year.)



**Indicative election costs**

Average current cost of a single City Council Election	£153,900
Estimated cost of proposed Whole City Council Election	£179,600
Average cost of City Council Election when combined with Parliamentary Election	£102,200
Estimated cost of City Council Election when combined with Police and Crime Commissioner Election	£95,000

**Next Stage**

The Committee is asked to consider what it wishes to report back to Full Council. Does Full Council wish to request the Committee to explore this issue further at this stage or possibly review at a later date when the national and regional picture is clearer

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# Agenda Item 16



Portsmouth  
CITY COUNCIL

Agenda item:

**Title of meeting:** Full Council

**Date of meeting:** 11<sup>th</sup> October 2016

**Subject:** Solent Combined Authority Governance Review and Scheme

**Report From:** Chief Executive

**Report by:** Paddy May, Corporate Strategy Manager

**Wards affected:** All

**Key decision:** No

**Full Council decision:** No

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**1. Purpose of report**

1.1. The purpose of this report is to allow all members of the Council the opportunity to discuss a report that is due to be considered at Cabinet on 12<sup>th</sup> October 2016 so that Cabinet can hear the views of the individual Portsmouth City Council councillors and reflect on these when it makes its decision on whether to publish a scheme for the establishment of a Combined Authority.

1.2. It is important to note that under the Local Government Act 2000 and the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (SI 2000 No 2853 as amended – “the Functions Regulations”) the decisions relating to the creation of a Combined Authority are Executive decisions, that is, decisions for the Leader and her Cabinet.

**2. Recommendations**

**2.1 Council is recommended to note the report (attached as Appendix A) that is due to be discussed at Cabinet on 12<sup>th</sup> October 2016.**

**3. Background**

3.1 Cabinet received a report on 8<sup>th</sup> July 2016 that gave the background to the negotiation of a draft deal for the Solent area and the actions that had been undertaken to that point. At this meeting the Leader gave a commitment that the Council would have a chance to discuss the whole devolution agenda in the autumn. Cabinet delegated authority to the Leader and Chief Executive to take forward the necessary actions to arrange for the consultation on the draft review and scheme.

3.2 A meeting of the Leader and Chief Executive on 21<sup>st</sup> July 2016 noted the conclusions of the draft Governance Review that the setting up of a Solent Combined Authority would be likely to improve the exercise of relevant statutory functions and also approved a draft Scheme which described how a Combined Authority would work, with both documents to be subject to a thorough consultation process. This was designed to enable a decision to be taken on the outcome of the review - that is, whether the Cabinet is satisfied that the establishment of a combined authority would be likely to improve the exercise of the powers and functions described in the review. Where it is, a decision is also invited from Cabinet on the publication and submission of a finalised scheme, containing the proposals contained in the review and draft scheme (as amended following the consultation process). Similar decisions are being made at Isle of Wight Cabinet and Southampton City Council Cabinet.

**4. Equality impact assessment (EIA)**

4.1. There is no equality impact assessment required for the Full Council discussion on the Cabinet report.

**5. City Solicitor comments**

5.1. Under the Local Government Act 2000 and the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (SI 2000 No 2853 as amended – “the Functions Regulations”) the decisions relating to the creation of a Combined Authority are Executive decisions. It is important that Council recognises that it cannot instruct Cabinet to take a certain decision: this would be an unlawful decision, and would act as an improper fetter on the discretion of Cabinet, which it would be constrained to ignore.

**6. Director of Finance and Information Services comments**

6.1. There are no financial implications for the Council discussion on the Cabinet report.

.....  
Signed by: David Williams, Chief Executive

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed

Agenda item:

**Title of meeting:** Cabinet

**Date of meeting:** 12<sup>th</sup> October

**Subject:** Solent Combined Authority Governance Review and Scheme

**Report From:** David Williams, The Chief Executive

**Report by:** Paddy May, Corporate Strategy Manager

**Wards affected:** All

**Key decision:** YES

**Full Council decision:** No

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**1. Purpose of report**

- 1.1. This report provides Cabinet with the detail of responses made during the consultation conducted in relation to the Strategic Governance Review (the *Review* (at appendix 1)) and the draft Scheme, and proposals for a Mayoral Combined Authority (as described in the Review, and draft Scheme) and invites Cabinet to decide whether the establishment of a combined authority would be likely to improve the exercise of statutory functions in relation to the area of the combined authority.
- 1.2. Subject to that decision, Cabinet is invited to publish the attached Scheme (appendix 2) and to submit it to the Secretary of State (together with the Review, and consultation response report (appendix 3) which incorporates the Solent Local Enterprise Partnership consultation of businesses, and also the letters received (appendix 4)). The Scheme incorporates proposals from amongst those described in the Review and the draft Scheme, amended in response to feedback provided during the consultation and represents the consolidated proposal for a Solent Combined Authority, covering the local authority areas of Portsmouth City Council, Southampton City Council, and the Isle of Wight Council (the *Solent Unitary Authorities*), as constituent members. Similar reports and recommendations are being considered by the Cabinets of Southampton City Council (19th October) and Isle of Wight Council (24th October).
- 1.3. It is for the Secretary of State, before he makes any order establishing a combined authority, to satisfy himself that to do so is likely to improve the exercise of statutory functions in the areas to which the order relates (and the other considerations described in the legal comments within the report). The Secretary of State will carry out a public consultation unless he is

satisfied that no further consultation is necessary in the light of the consultation already carried out in connection with the proposals contained in the Scheme.

- 1.4. Any order establishing the combined authority will also require the consent of the constituent authorities. It is anticipated that the submission of the Scheme to the Secretary of State will lead to a period of discussion about the detail of what is proposed.
- 1.5. Where a submission to the Secretary of State is approved, the report seeks a delegation to the Leader and Chief Executive to take all actions necessary to make the submission and any further actions that arise.

## **2. Recommendations**

- 2.1. Cabinet is recommended to:
  - 2.1.1 Note that a thorough 8 week consultation exercise was undertaken across the Isle of Wight, Southampton and Portsmouth council areas on the draft Governance Review and the Draft Scheme.
  - 2.1.2 Note that the consultation results (see appendix 3) confirmed support for the three authorities working together to achieve devolution from central government through a mayoral combined authority.
  - 2.1.3 Publish the Scheme and Review, and submit a request to the Secretary of State for Communities and Local Government to establish a Solent Combined Authority (such a submission will be dependent on the other two Councils also resolving to publish the final Scheme and review).
  - 2.1.4 Agree that if a decision is made to make a submission to the Secretary of State, **that Cabinet approve the Governance Review (appendix 1), revised scheme (appendix 2), and the consultation responses (appendix 3), and include these as part of the submission to the Secretary of State alongside the letters that have been received on this issue (appendix 4).** Note that the onward procedure of the Secretary of State is described in the Legal Implications/City Solicitor Comments.
  - 2.1.5 Agree that if a submission to the Secretary of State is made, that the Leader and Chief Executive be given delegated authority to negotiate the final terms of an Order to establish a Solent Mayoral Combined Authority alongside colleagues from the Isle of Wight Council and Southampton City Council.

## **3. Background**

- 3.1 Cabinet received a report in July 2016 that gave the background to the negotiation of a draft devolution deal for the Solent area and the actions that had been undertaken to that point. The report explained that the decision to negotiate a Solent Deal arose once it became clear that, because of the complex governance arrangements, it was not possible to

conclude a Hampshire & Isle of Wight deal. The draft deal for the Solent area included a commitment to set up a Mayoral Combined Authority. The July report explained the process that would need to be followed to set up such a body for the three unitary authorities of Isle of Wight Council, Southampton City Council and Portsmouth City Council. The report explained that it was not possible to create a Combined Authority that included the Solent District Councils without the agreement of Hampshire County Council and that such agreement was not forthcoming. It is considered beneficial to be in the early sets of deals due to both the scope of the deals and the likely further engagement by Government with areas that have agreed deals.

- 3.2 The process described in the report included:
- Undertaking a Governance Review which looked at whether different governance options would help improve the exercise of certain statutory functions
  - Developing a draft Scheme which describes how the Combined Authority would work in practice
  - Undertaking a full consultation exercise on the review and the draft scheme.
- 3.3 Cabinet agreed to delegate authority to the Leader to receive the completed Governance Review and in conjunction with the Chief Executive to decide how to respond to this review and also, if necessary, to approve a draft scheme for consultation.
- 3.4 At a meeting on 21st July 2016 the Leader and Chief Executive considered the Governance Review and agreed with the conclusion that the setting up of a Solent Mayoral Combined Authority would likely improve the exercise of relevant statutory functions in the area. The Leader and Chief Executive also considered and approved the draft scheme which described how the Combined Authority would work in practice. They also authorised a period of public consultation on the review and scheme. Isle of Wight Council and Southampton City Council made similar decisions. With the approval of all three Councils a thorough 8 week programme of public consultation on the review and scheme commenced on 22 July 2016 (see section 4).
- 3.5 As outlined to members at the workshop held on 21st September the three Solent unitary authorities undertook the same process detailed above at their various July meetings. Subject to approval at the respective Cabinets / Executives, a proposal could now be made to the Secretary of State to request the establishment a Solent Combined Authority. This proposal would include the finalised review and Published Scheme and also the consultation results and letters of support. The finalised review and scheme take account of the outcomes of the consultation exercise. The Secretary of State will consider the proposal and also consider whether or not he believes that the consultation that has been undertaken by the three Councils has been sufficient. It will be up to the Secretary of State to decide whether or not to start the discussions about the nature of the legislative order that would need to be laid before Parliament to establish a Solent Combined Authority. If the Secretary of State considers that the

consultation already undertaken by the three councils is inadequate, he may either require that further consultation is undertaken or may undertake that consultation himself. It is worthy of note that the levels of engagement and response achieved by the three Solent councils far exceeds that achieved in other areas that have been successful in securing a devolution deal and establishing a Combined Authority.

3.6 In most parts of the Country a consultation exercise for the establishment of a Combined Authority follows on from the announcement of a devolution deal with Government. This is not the case in the Solent where although a draft deal was agreed with Government in March, it did not get formally announced because of the change of position by Hampshire County Council. Government have indicated that the terms of the deal remain the same, that the deal is still on the table for the three Solent unitary authorities and there is a hope that if the Solent unitary authorities were to submit a proposal to the Secretary of State to create a Solent Combined Authority, that the deal may yet be announced as part of the Autumn Statement on 23<sup>rd</sup> November 2016.

3.6 As previously outlined to Members, the draft deal provides significant opportunities for authorities in the Solent area, although as part of the deal the Government's expectation is that the three authorities would agree to undertake a process that if followed through would set up a Combined Authority with a Directly Elected Mayor (DEM). In other words the establishment of a Mayoral Combined Authority is a pre-requisite and would form the primary delivery vehicle for the deal. The draft deal includes:

- £900m funding for the area over 30 years (£30m p.a.) to invest in economic growth and housing (and the enabling infrastructure).
- Keeping all business rates generated in the area, including any growth in business rates, and exiting the current system of government funding for local councils - meaning the area would have better control of its own financial future and piloting the new approach
- Powers over strategic planning, such as future spatial plans
- Increasing productivity and creating more jobs and better jobs by simplifying and strengthening support for business growth, innovation, global trade and investment
- Control of the budget for adult education and training in the area, enabling a focus on the skills businesses want people to have, therefore people get jobs and businesses prosper
- Development of a new programme to help the hardest to help claimants back into work and provide them with support
- Delivering 52,000 homes in the area by 2026 (this was the number in the published deal for the eight Solent planning authorities)
- Control of a dedicated transport budget, the opportunity for franchised bus services and control of the key network of local authority roads



- Innovative and integrated approaches to public service reform, including health
- 3.7 As part of the Scheme the three Solent Unitary Authorities have provided for the Solent Local Enterprise Partnership (LEP) to be a non-constituent member of the Combined Authority with full voting rights on matters related to the LEP remit. Also, that if Hampshire County Council maintain its opposition to being a fully participatory member of the Combined Authority the Leaders have said that they will invite Hampshire County Council and the Solent Districts to join the Combined Authority as non-constituent members and non-voting members. The Leaders have also agreed that pending any election for a DEM and subject to agreement at the Combined Authority, the position of interim Mayor would be filled by the unitary Leaders on a 6 monthly rotating basis.
- 3.8 Hampshire County Council (HCC) was one of the respondents in the pre-consultation phase and also submitted a detailed response at the end of the consultation period which challenges the approach adopted by the three unitary authorities. The points made by HCC have been considered and are addressed as appropriate in the consultation report attached as Appendix 3. The detailed critique offered by HCC (which is set out in full at Appendix 4) was taken into account among other consultation responses, and in reviewing the proposals, Review, and in producing the scheme. The councils have sought legal advice on the key points raised by HCC. On the basis of this legal advice we do not believe that their submission casts any doubt upon the lawfulness of making a proposal to the Secretary of State if that is what Cabinet/Executive wishes to do. To the extent that HCC suggests that existing consultation has been inadequate, that will be a matter for the Secretary of State to consider, and to carry out further public consultation if that is thought to be required. However, it is worth in the body of this report dealing with some of the specific points raised by HCC:
- *HCC stated that people could only respond online.* This was incorrect. Paper copies of the questionnaires were placed in Libraries, in Housing Offices and at each of the civic offices. People could also request paper copies, or make representations, via the Solent Deal email address. In total 198 paper copies of the questionnaire were received and these were all included in the analysis. Public meetings were also held and people were encouraged to respond using social media.
  - *HCC is concerned that the consultation did not adequately set out the powers to be devolved or the mechanisms for their exercise.* The consultation pack referred to both the Review and a draft scheme, and whilst the consultation questionnaire was brief by its nature, consultees were pointed to the website and this had links to the draft scheme and draft review, as well as further information about the proposals and the reasons for them. Consultees were given an open opportunity to comment generally. It is considered that the essential nature of the proposals was made sufficiently clear for the purposes of consultation. To the extent that the Review and draft Scheme did

not address or left open certain aspects of exactly how the combined authority would operate, then it was open to HCC or any other consultee to make representations about how such matters ought to be addressed as part of their response to the consultation. The consultation in fact attracted a large number of responses for an exercise of this nature, as set out in Appendix 3, and it does not appear from the consultation report that the great majority of the respondents felt that the information provided caused them difficulty in responding intelligently to what was proposed.

- *HCC believe that the scheme is different from the original Solent Deal and that the Solent authorities are consulting on proposals that do not have the Government's blessing.* There are two considerations here. Firstly the Deal document agreed with Government by the eight Solent Councils back in March was not a governance scheme and had a different number of councils involved. Secondly it will be for the Secretary of State to consider whether the scheme proposed by the three unitary councils is acceptable to him, and to independently be satisfied of the key tests (described in the legal comments, below). We have spoken to Government advisors about the consultation and the scheme and will continue to discuss with them as the process continues but they have not raised any concerns with us
- *HCC also posed a number of questions about the proposals, as set out in the Review and draft scheme, including for example, governance processes, who will chair the Combined Authority in the absence of the DEM or interim Mayor, how decisions will be made, and the extent of powers sought for the Combined Authority.* These provide a useful checklist and have been addressed through the final scheme as amended in the light of the consultation results. Full details are provided at Appendix 4.

3.9 There has been considerable local and national speculation that there has been a change in Government policy towards Directly Elected Mayors. This has been discussed at both political and officer level with Government and there is a clear message that there has been no change in policy. It has always been possible to have a deal without a DEM but the strong message we have been given is that a deal without a DEM would not be an ambitious deal. The Solent deal is considered a very ambitious deal and as such there will be a requirement for a DEM.

3.10 It is important to note that under the Local Government Act 2000 and the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (SI 2000 No 2853 as amended – “the Functions Regulations”) the decisions relating to the creation of a Combined Authority are Executive decisions not decisions for Full Council. For this reason a number of workshops and discussions have been facilitated to enable all Members to engage but it is for Cabinet to make the decision. Each of the three unitary authorities will be discussing the matter at Full Council before taking the decision at their respective Cabinet/Executive.

#### **4. Consultation**

- 4.1 The Isle of Wight Council, Portsmouth City Council and Southampton City Council undertook consultation regarding proposals to establish a Mayoral Combined Authority in the Solent region between 22 July 2016 and 18 September 2016. The three authorities made a decision to run the consultation for over eight weeks from 22 July to 18 September 2016, many other consultations on establishing a combined authority have run for six weeks. It was felt that this period allowed for any interruption that could be caused by the summer holiday season. It also ensured that it ran across three calendar months; July, August and September. Appendix 3 outlines the full consultation process and the detail of the responses received.
- 4.2 The agreed approach for this consultation was to use a combination of online and paper questionnaires as the basis, supported by a range of open drop-in sessions, discussion groups, public meetings, a generic email address and social media.
- 4.3 Particular effort was made to communicate the proposals in a clear and easy to understand way. This was achieved by using a clear and informative bespoke website to outline the background to the proposals, a Frequently Asked Questions (FAQs) document and by dividing the questionnaire into themed sections which included key information. All of these documents were available at [solentdeal.co.uk](http://solentdeal.co.uk) or in paper copies at libraries and civic offices across the three local authority areas. Each of the local authorities communications departments adopted tailored approaches to suit the respective areas and promoted the consultation significantly through a wide range of channels.
- 4.4 The consultation questionnaire was the main way that feedback was gathered for the Solent Deal consultation. In total 2,531 questionnaires were completed, of which 207 were paper copies and 2,324 were completed online. This response rate compares favourably with other consultations on the establishment of Mayoral Combined Authorities for example the West Midlands combined authority (with a population over six times that of the Solent) received 1,907 questionnaire responses. Lancashire Combined Authority received 500 less questionnaire responses than the Solent consultation with over double the population. While the Sheffield City region combined authority consultation received 188 more questionnaire responses than the Solent consultation but the population of the Sheffield City Region is three times that of the Solent region. In total there were 3,867 engagements with the consultation.
- 4.5 The consultation questionnaire showed that agreement with the principle of moving power and funding from local government to groups of local governments working together was 71% with 32% of respondents strongly agreeing. Southampton has the highest level of agreement and those who live outside the Solent Deal area have the lowest level of agreement.
- 4.6 Consultees were also asked about their agreement with the principle of the Isle of Wight, Portsmouth and Southampton councils and the Solent LEP working more closely together. Overall 71% of respondents either agreed or strongly agreed. The difference between the location of participants

- shows Southampton agreement level at 77%, Portsmouth 71%, Isle of Wight 69% and outside the area 65%.
- 4.7 The central question of the consultation asked consultees to what extent they agreed with the preferred option to create a Solent Mayoral Combined Authority as set out in the draft Governance Scheme, the total level of agreement with this was 58%. The breakdown of agreement by the local authority areas shows that the highest level of agreement is in Southampton (64%) and the lowest is Portsmouth (55%) with the Isle of Wight is in the middle (57%).
- 4.8 There were a number of open ended questions within the questionnaire which enabled consultees to express their views in their own words. In total 1,533 respondents made a comment of some description and a total of 5,128 comments have been analysed. The four largest themes that emerged through the analysis of these comments were as follows (with examples of types of comments shown);
1. Mayor and cabinet
    - Just over a quarter of respondents made a comment on this issue with 60% of these people against the proposal. People often commented that they did not like the concept of a mayor, they thought it would add bureaucracy or they were concerned about bias
  2. Working together practicalities
    - Need for fairness e.g. representing all three areas equally and making sure the Isle of Wight wasn't disadvantaged
    - Recognising the different needs of the area
    - Issues around conflicts e.g. taking longer to get things through
  3. Finances
    - Concerns about it being an extra cost and in particular the costs of the extra staff
    - Concerns about it being a waste of money
  4. Different options
    - In total about 10% of survey respondents said that they preferred the status quo
    - Work together in a different way e.g. by creating "super" unitary authorities
    - Exclude some of the proposed members
- 4.9 The consultation also gathered views via a range of other channels such as face to face events, public meetings, social media, letters and through business engagement. The themes that emerged from these broadly mirrored the views held by the respondents to the consultation questionnaire.
- 4.10 Over the course of the consultation period the Solent LEP engaged with a total of 130 organisations from across the region in a range of ways. Most businesses are supportive of the proposal to create a Solent Mayoral

Combined Authority, especially given the focus on economic growth and transport. Many business are supportive of the principle and would like to continue to be involved if and when the detail of the proposed deal is being developed.

- 4.11 Overall the consultation has gathered a range of views and feedback on the proposals to create a Solent Mayoral Combined Authority from a wide range of residents and stakeholders. The majority of respondents are positive about devolution and the proposed option, the comments and suggestions gathered through the consultation have resulted in a number of changes to the draft Governance Scheme which are detailed in Section 5 below.
- 4.12 A number of key stakeholders, including significant employers and businesses, wrote in to give their views on the Solent proposals. General letters of support, or otherwise, were not included in the consultation results referred to above. Attachments that came with the letters were coded and have been included in the consultation results above. For information all of these letters, and their attachments, have been attached as Appendix 4. We have also included the letters that were received during the pre-consultation engagement with key stakeholders when we invited stakeholders to give their views on the initial conclusion of our draft governance review - which was issued without the accompanying draft Scheme, and was subject to minor amendment. Though it is important to note this in considering the weight to accord the letters, they are regarded as relevant to this decision
- 4.13 It is particularly welcome that a number of significant businesses in the Solent area have welcomed the Solent proposals and also that this was confirmed by the Solent LEP who also undertook their own consultation process (details attached to their letter at Appendix 4).

## **5. Amendments to review and scheme**

- 5.1 There is clear support in the consultation results (see section 4) to the principle of working together across the three authorities, devolving powers from central government and having a Directly Elected Mayor as part of the governance arrangements. Accordingly, the Cabinet/Executive is asked to approve this review and its conclusion.
- 5.2 It is worth noting that in quantitative terms, the consultation received high levels of approval with over 70% of respondents favouring devolution, the three authorities working together and the areas of activity for devolution (supporting businesses to grow, skills and employment, housing and infrastructure, and transport) and 58% of respondents agreed with the principle of devolving power to a Combined Authority with an elected mayor.
- 5.3 As stated in section 4, respondents were also given the chance to give qualitative comments and this was supplemented by discussions at public meetings and free standing responses that were received. All of this is included in the report at Appendix 3. It is worth noting that these comments, by their nature, reflect a minority view with many respondents silent through

their completion of the questionnaire. However they do reflect themes which have been considered as part of the option appraisal of the Governance Review and in the development of the Scheme. They included:

- *Providing clarity about the different functions of the Mayor and the Combined Authority* - this has been made much more clear in the scheme
- *No need for additional layer of bureaucracy* - the scheme makes clear that the aim would be for the three Statutory Officer posts to be filled by existing post holders
- *Providing clarity about extent of the powers of the Combined Authority, and over the respective powers and roles of the Mayor and the Combined Authority and how decisions will be made* - the scheme has been reviewed to ensure that it is as clear as possible
- *Providing clarity on the relevant geographical areas upon which the Combined Authority will focus its work and the relationship of third-party non-constituent authorities and co-optees to the constituent authorities and mayor* - the scheme is clear that the area of the combined authority is the three unitary authorities and also makes clear the role of the non-constituent authorities in the Combined Authority

5.4 Other consultation proposals could either be picked up in future devolution deal negotiations (such as other areas of work to devolve like health or the emergency services) or are at odds with the quantitative results and the draft devolution deal with government (such as no need for an elected mayor).

5.5 The proposals contained in the Review and original draft Scheme have been incorporated into the finalised Scheme, with amendments made for the purposes of drafting clarity (such as, for example, making it clear that the Mayoral Combined Authority should have a power to borrow for any purpose related to its functions, and clearly describing the respective roles of Mayor and Combined Authority), as a result of consultation feedback (examples given in 5.3 above) and the importance of providing clarity as to governance arrangements, and the exercise of functions.

## **6. Reasons for recommendations**

6.1 The core test, that is:

*Would the establishment of a combined authority be likely to improve the exercise of the powers and functions described in the Review and its accompanying documents (in this instance, the Scheme) in relation to the areas of the proposed combined authority,*

is demonstrably satisfied by the findings and conclusions described in the Review (as informed by the responses to the consultation). The Review is attached as Appendix 1.

- 6.2 The Review includes an analysis of the area to be covered by the Solent Combined Authority. It confirmed that the three unitary authorities are a clear economic area and together make an internationally recognised economic hub. The review recognises that the economic and communications inter-dependencies between the cities and the Isle of Wight are critical to continued economic success. The review also recognised the role that the area of the three authorities play in terms of the marine and maritime sector and the high education research with the three universities based in their area.
- 6.3 The Review looked at the existing governance arrangements and identified that the exercise of the relevant economic development, transport and regeneration functions in relation to the combined area described above, as well as the individual local authority areas, was being impeded by a lack of connectivity in decision-making, strategy and delivery, in the functional areas of economic development, regeneration, and transport. It considered alternative options for the better performance of those functions, in the local authority areas of Portsmouth, Southampton and Isle of Wight, and the combined area, regarding:
- The exercise of statutory functions relating to economic development, regeneration and transport in the area;
  - The effectiveness and efficiency of transport; and
  - The economic conditions in the area.
- 6.4 The alternative options considered were examined, including remaining with the status quo, establishing a joint committee, establishing an economic prosperity board and establishing a mayoral combined authority. It concluded that the mayoral combined authority was the best option. This was consistent with the consultation results.
- 6.5 The Scheme encompasses the proposals contained within the Review, and its accompanying draft scheme. In response to feedback received as a result of the consultation exercise, the description of the governance arrangements, voting rights, respective role of Mayor and Combined Authority, and powers, have been developed.
- 6.6 The recommendations in this report allow a proposal to be made to the Secretary of State for him to make a decision about whether or not to progress the setting up of the Solent Combined Authority.
- 7. Equality impact assessment (EIA)**
- 7.1 The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

- 7.2 At this stage the decision sought is to publish and submit a scheme for a combined authority to the Secretary of State. Any proposed combined authority will not directly provide services to the community (as it will be a strategic body). However an equality impact (and safety) assessment has been undertaken and this shows that there will be no direct impact on those with protected characteristics. Should there be a proposed change in any actual service delivery as a consequence of the establishment of a combined authority further Equality Impact Assessment will be undertaken at that time.
- 7.3 However by establishing a formal strategic body that aims to better co-ordinate the provision of services like housing and transport across the area, it is considered that this will make it easier to ensure that the concerns and issues of those with protected characteristics are taken into account when determining strategies and approaches.
- 8. Legal Implications/City Solicitor comments**
- 8.1 The Local Democracy, Economic Development and Construction Act 2009 prescribes the process and legal tests preparatory to the publication of a scheme by the Council, and then the making of an order by the Secretary of State.
- 8.2 The first stage is to examine the Review. Where it is concluded that the creation of a combined authority would be likely to improve the exercise of the powers and functions described in the Review and its accompanying documents (in this instance, the Scheme) in relation to the local authority areas of the proposed combined authority, the authorities concerned may prepare and publish a scheme for the establishment of that authority.
- 8.3 Having concluded that the exercise of the powers and functions would be improved, and prepared and published a scheme, the local authorities invite the Secretary of State to exercise his/her power to make an order to establish the combined authority.
- 8.4 In exercising his/her power, the Secretary of State must have regard to the Scheme, and where a consultation has been carried out in relation to the proposals contained in the Scheme, then the Secretary of State is not required to carry out a public consultation, so long as he considers that the any previous public consultation is sufficient. Accordingly, therefore, the Secretary of State will consider the proposals and consider what consultation steps may be required.
- 8.5 The Secretary of State has various order-making powers under the Act. As well as making an order to establish the combined authority (to which all the constituent councils must consent), the Secretary of State may by order make provision (amongst other matters) for how the costs of the combined authority are to be met by the constituent councils, for there to be an elected mayor for the area of the combined authority and for certain functions to be exercisable only by the mayor, and for functions to be conferred upon the combined authority in the areas of transport, local authority functions, and other public authority functions. The combined authority may exercise functions instead of, concurrently with or jointly with other bodies.



## **9. Director of Finance and Information Services comments**

- 9.1 Should a combined authority deal be announced in response to a submission, then it is expected that this would be accompanied by £30m per annum to support the delivery of homes, enabling infrastructure and economic growth across the region. There is a spectrum of ways that the additional £30m per annum can be leveraged for both housing and economic growth. At one end of the spectrum, the £30m can be used as direct funding for economic growth and housing schemes and allocated on a broadly annual (or short term basis). At the other end of the spectrum, the combined authority could use the whole £30m to finance up to £500m of borrowing to inject a significant capital investment into the area.
- 9.2 Furthermore, wise investment of the £30m-£500m would be expected to generate economic growth and therefore additional business rates to be used to both invest in further growth and support public services. A modest 1% increase in business rate growth will generate an additional £2.1m.
- 9.3 Additionally, a combined authority deal may provide the opportunity to retain 100% of Business Rates in advance of the National Scheme to be introduced in 2020. This provides the prospect of retaining 100% of any uplift in Business Rates growth in the future which can be re-invested in both further growth opportunities and sustaining public services. This will sharpen the incentive for the combined authority to:
- 9.3.1 directly contribute to growth through efficient investments; and
- 9.3.2 indirectly create the conditions for growth
- 9.4 Under the 100% Business Rates proposal, sustaining high quality public services will be directly linked to economic growth and therefore economic prosperity of the region. The move to 100% Business Rate retention should create better conditions for growth and greater opportunity for sustainable public services.

## **Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b>Title of document</b>	<b>Location</b>

## **Appendices:**

Appendix 1 – the Governance Review

Appendix 2 – the revised Scheme

Appendix 3 – report on the outcome of the consultation

Appendix 4 - letters of support  
Appendix 5 – the Equality (and Safety) Impact Assessment

Signed by:

.....  
DAVID WILLIAMS  
Chief Executive  
Portsmouth City Council

## **Final Strategic Governance Review**

**30<sup>th</sup> September 2016**

# 1. INTRODUCTION

- 1.1 The following report is the conclusion of a formal review of strategic governance arrangements that was undertaken in 2016. The review was commissioned to ensure that sufficiently robust governance arrangements will be in place to support the devolution of powers and responsibilities from central government to the Solent Mayoral Combined Authority. It was prepared on behalf of the local authorities for Portsmouth, Southampton and the Isle of Wight, and the Solent Local Enterprise Partnership (LEP). In particular, it examines the case for the Solent Mayoral Combined Authority, and the impact that such a body would have on the effectiveness and efficiency of arrangements to promote economic development and regeneration, and of transport within the area. This review has been amended following the conclusion of the thorough consultation programme that was undertaken across the three unitary authorities between 22 July 2016 and 18 September 2016. This consultation confirmed that there was widespread support for the principle of devolution, for the three unitary authorities working together and for a Mayoral Combined Authority to be set up to deliver the devolution agenda.
- 1.2 Devolution signals the transfer of significant responsibilities relating to economic growth and public service reform. It is based on a shared commitment to bring decision making closer to local communities and to ensure that local powers are in place which will help double the size of the economy and support efficient, sustainable and effective public services.
- 1.3 A clear feature of any devolution agreement is to review governance arrangements to support the accountable, decisive and cooperative exercise of new powers, functions, and responsibilities. In common with other devolution agreements, a Mayoral Combined Authority (MCA) is suggested as the most effective governance arrangement to achieve this goal, subject to the outcome of a formal governance review.
- 1.4 An MCA would involve bringing together the three Councils and the Local Enterprise Partnership into a formal body which supports cooperative decision making on a shared programme relating to economic growth, regeneration, transport and public service reform. The MCA would operate on the principle that powers are not taken away from constituent councils but that decisions are made collectively about prescribed issues that cross local authority boundaries and relate to common themes and challenges that the three local authorities face. It would not replace the existing councils or act as a parent body. It is not Local Government Reorganisation but a mechanism to allow the three councils to cooperate where they wish to do so.

A key principle throughout this review is subsidiarity – the practice of taking decisions at the lowest and/or most practical level of geography.

- 1.5 Subject to parliamentary approval, the MCA would be chaired by a directly-elected Mayor who would be able to exercise a number of functions, powers and responsibilities transferred from central government to the sub-region covered by the three local Councils (the MCA area).
- 1.6 Specific provisions would be in place to allow the Mayor to exercise their powers with reasonable autonomy but also to ensure they fully consider the views of the constituent councils and the LEP.
- 1.7 This governance review has been prepared in line with statutory processes within the Local Democracy, Economic Development and Construction Act 2009 as amended by the Cities and Devolution Act 2016.
- 1.8 This document was finalised following the completion of a statutory consultation exercise on this review and the draft Governance Scheme that took place between 22 July 2016 and 18 September. There is a separate report on the consultation results and the analysis of these results.
  - 1.8.1 It is important to note that in quantitative terms, the consultation received high levels of approval with over 70% of respondents favouring devolution, the three authorities working together and the areas of activity for devolution (supporting businesses to grow, skills and employment, housing and infrastructure, and transport). 58% of respondents agreed with the principle of devolving power to a Combined Authority with an elected mayor.
  - 1.8.2 Respondents were also given the chance to give qualitative comments and this was supplemented by discussions at public meetings and free standing responses that were received. These comments, by their nature, tend to reflect a minority view with many respondents silent. However they do reflect themes which have been considered as part of the option appraisal of this Governance Review and in the development of the scheme and some of them have reinforced decisions that have been taken. Examples of how these have influenced this work would include:
    - *Providing clarity about extent of the powers of the Combined Authority, and over the respective powers and roles of the Mayor and the Combined Authority and how decisions will be made* - this has been made much more clear in the scheme
    - *Providing clarity on the relevant geographical areas upon which the Combined Authority will focus its work* - and the relationship of third-party non-constituent authorities and co-optees to the constituent authorities and mayor.

- *No need for additional layer of bureaucracy* - the scheme makes clear that the aim would be for the three Statutory Officer posts to be filled by existing post holders

1.8.3 Other consultation proposals could either be picked up in future devolution deals (such as other areas of work to devolve like health or the emergency services) or are at odds with the quantitative results and the devolution deal with government (such as no need for an elected mayor).

1.9 The purpose of the review was to determine:

- Whether the areas covered by the Local Authorities of Portsmouth, Southampton and the Isle of Wight constitutes a functional economic area and suitable footprint to coordinate public service reform; and
- Whether the existing governance arrangements for economic development, regeneration, transport and public service reform are effective or would benefit from changes, including establishing an MCA, particularly in the context of significant devolution.

1.10 The report is divided into the following four sections:

- The case for a Solent Mayoral Combined Authority:** An outline of how the Portsmouth, Southampton and Isle of Wight geography, shared priorities and current devolution agenda lends itself to strengthened governance arrangements.
- Current governance arrangements:** An exploration and critical appraisal of existing governance arrangements in the MCA area.
- Future arrangements:** An appraisal of five potential governance options with a justification for an MCA as the preferred option.
- Proposed role and function of a Mayoral Combined Authority:** Information on how the proposed governance arrangements would operate.

1.11 In addition, the annex of this report provides the published governance scheme for the Solent MCA which has been revised following the consultation over the summer.

**The approach that was followed**

- 1.12 The Leaders of Portsmouth, Southampton and Isle of Wight local authorities agreed to commence a formal governance review. A governance group was formed with officers from the three Local Authorities and the Solent Local Enterprise Partnership provided some input. The group met regularly to scope potential options and design the process for the review. The group has worked closely with Government officials to ensure the process meets the new statutory requirements of the Cities and Devolution Act 2016 and related legislation. The Council Leaders and the LEP are minded to pursue a Combined Authority to formalise, strengthen and democratise cooperation where there is a consensus to take a joint approach on growth and reform. Clearly governance arrangements will be a factor in any potential devolution agreement but Council Leaders felt that a formal governance review should not wait for any deal to be finalised.
- 1.13 Under the terms of the most recent legislation, the statutory process for a governance review has four main steps:
- i. Production of a document reviewing existing governance arrangements (the earlier version of this document) and analysing the alternative options. For subsequent steps to follow, this must lead to the conclusion following engagement with key stakeholders that these current arrangements can be improved upon by adopting one of the alternative options. This document was considered by the Councils and the Solent LEP board;
  - ii. Consulting on the proposed governance arrangements to secure engagement across a broad range of stakeholders. This took place between 22 July and 18 September 2016.
  - iii. The Secretary of State will consider the governance review and scheme. If the Minister is content that adequate consultation has taken place and considers that establishing a MCA is likely to improve the exercise of statutory functions in the area a draft parliamentary order will be developed
  - iv. The constituent councils will need to give their formal consent to any draft order prior to it being laid before Parliament.

**Engagement and Public Consultation**

- 1.14 It is a legal requirement that a public consultation be undertaken to support the review of governance arrangements and to gain views on additional central government functions that are to be conferred on local bodies. Given the

significance of the devolution agreement and the subsequent change to governance arrangements, a two stage approach to consultation was undertaken.

- 1.15 Phase one: Engagement with key stakeholders on the provisional findings of the Governance Review. This included the proposed changes to governance arrangements required to support devolution from central government. Stakeholders had the opportunity to respond if they wished to do so. A number of organisations were contacted directly to invite them make a response.
- 1.16 Phase two: Full public consultation and engagement took place between 22 July and 18 September 2016 to gain views on the governance review and the detailed proposals for the Governance arrangements for the Solent MCA (the draft scheme).

### Options for consideration

- 1.17 The governance group considered a range of options that could be appropriate based on experience elsewhere and the objectives of the MCA area. Five options were identified which include:
- i. **Status quo**: This involves continuing existing arrangements. Current approaches are based on a partnership model that has supported collaboration to date. The challenge will be whether these partnerships are sufficient to drive greater cooperation and reform.
  - ii. **Joint Committee**: This involves creating a board that would incorporate the three Councils and the Solent LEP. Under Section 101 of the Local Government Act 1972, it would have clear terms of reference and be a public meeting. It would have a statutory basis, but would not be able to hold funds, to make many decisions without individual authorisation by constituent members, be able to directly employ staff, be sufficient to receive significant powers from central government and would represent only a minor improvement on current arrangements.
  - iii. **Economic Prosperity Board (EPB)**: This is a formal, legally constituted body that enables greater cooperation on economic growth. An EPB has no borrowing powers and cannot impose levies. It is supported by legislation and could hold powers and funding on behalf of constituent councils and central government. It would not be able to take on informal powers to coordinate transport or wider public service reform
  - iv. **Integrated Transport Authority (ITA)**: An Integrated Transport Authority is a separate legal body responsible for the strategic coordination of transport including strategic highways and public transport. It would be led by a board consisting of the Leaders of the three constituent councils



and could also include the Solent LEP. At present these bodies have been within metropolitan areas.

- v. **Mayoral Combined Authority (MCA):** This provides a legal body that can enable Local Authorities and the Solent LEP to make joint decisions on a shared programme of economic growth and public service reform. As it has a legal personality it is able to hold budgets, employ staff, and enter into contracts. The MCA would be chaired by a directly elected Mayor and appears to be the preferred governance mechanism for significant devolution agreements. The role of the Mayor is seen as necessary by central government to provide visible leadership over devolved functions.

### Criteria for options appraisal

- 1.18 The following seven criteria have been identified to guide the evaluation of the five governance options:
- i. **Enables wider strategic objectives and devolution priorities:** The governance proposals would support the delivery of the economic and reform ambitions and associated devolved powers outlined in section 2 of this document.
  - ii. **Efficient and effective decision making:** Arrangements would enable decisive, informed and joined-up decision making rather than create additional bureaucracy.
  - iii. **Democratic accountability:** The proposal would be supported by a clear democratic mandate and effective oversight and scrutiny arrangements.
  - iv. **Local flexibility and subsidiarity:** The proposal would not threaten the sovereignty of individual constituent members but would enable cooperation on matters that are best governed across administrative boundaries.
  - v. **Positive business engagement:** The proposals would ensure that positive relationships with businesses are maintained and enhanced.
  - vi. **Cost:** The proposal would not add significant cost to constituent members and could potentially enable efficiency savings.
  - vii. **Broad support from stakeholders:** This would involve clear support from the constituent councils, LEP and significant support from our partners, neighbouring councils, the private sector and the wider public. This criterion will be assessed following the completion of a formal engagement exercise.

## 2. THE CASE FOR A SOLENT MAYORAL COMBINED AUTHORITY

### Solent in context

- 2.1 With a population of more than 580,000 and more than 30,000 businesses, the Solent Mayoral Combined Authority area is an internationally-recognised economic hub anchored around the Isle of Wight, the two cities of Portsmouth and Southampton, and the Solent waterway. The economic and communications inter-dependencies between the cities and the Isle of Wight are critical to our continued success.



- 2.2 The economy of the Solent MCA area has a significance that extends beyond the locality, making an important contribution to the national economy. With about 95% of the total volume of UK import and export trade arriving by sea, the maritime services sector is vital to the UK. The Solent has an important role to play in this regard. At just 20 nautical miles from the international shipping lanes in the English Channel, the Ports in the area of the Solent MCA (Portsmouth and Southampton) provide a sheltered haven with unique double tides that allow the world's largest ships easy access. The mass market of mainland Europe is less than 100 nautical miles from the Port of Southampton, which lies in close proximity to the UK's motorway network and has direct links to the national rail network. The Port of Southampton is

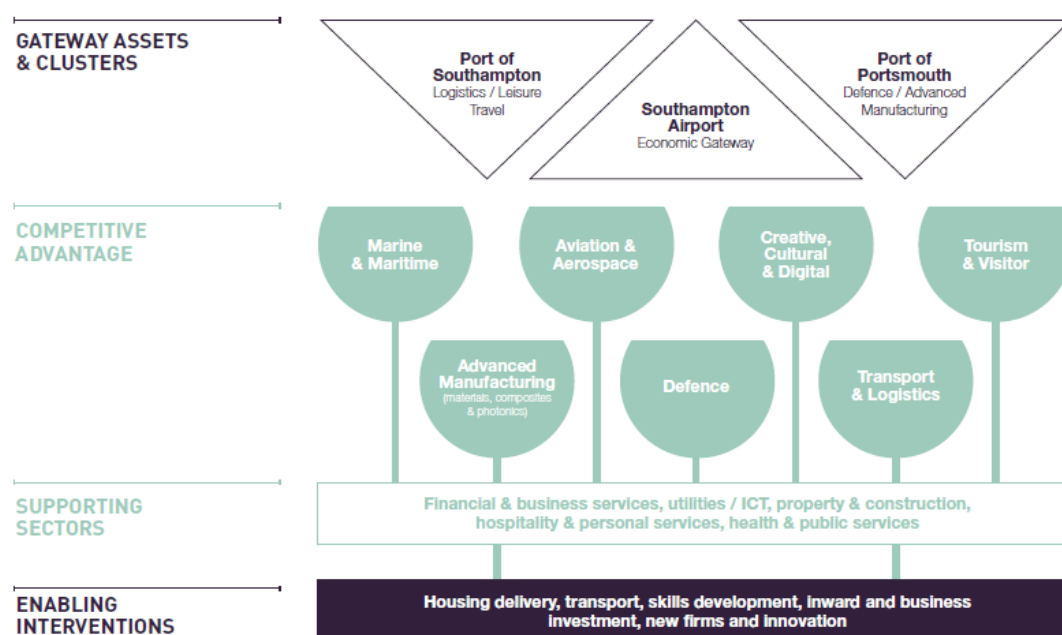
one of the largest, busiest and most diverse ports in the UK, providing a wide range of passenger, freight and cargo functions. It provides, directly and indirectly, 15,000 jobs, contributing over £1.2bn of output per annum. It is a hub for the country's thriving motor industry, exporting 1,000,000 vehicles per annum, more than any other port in the UK. It is also the country's busiest cruise port, home to the UK P&O, Cunard and Carnival cruise fleets, the latter being the largest cruise operator in the world.

- 2.3 Portsmouth international Port is the UK's premier ferry port for the Western Channel and the second busiest Cross Channel ferry port overall. In 2013 the Port's turnover was £15.78 million and the trading surplus was £7.36million. 2 million passengers, 637,000 cars and 220,000 freight units came through the Port in 2013. The Port consists of nine commercial berths; five of them roll on-roll off (Ro-Ro) serving France, Spain and the Channel Islands. Two large conventional berths serve deep-sea world-wide refrigerated cargo and short-sea container vessels and two berths serving dedicated Isle of Wight car ferries. The Old Camber Dock also forms part of the Port and is regularly used as a fishing dock and leisure marina. The Port's income largely derives from three areas of operation, the Continental Ferry Port operating Ro-Ro berths 1 to 5, MMD (Shipping Services) Limited (operating from Albert Johnson and Flathouse Quays) and other activities. Other small private berths and marinas exist within the Harbour.
- 2.4 Whilst not located within the proposed Solent MCA area it should also be noted that Southampton International Airport is adjacent to the city of Southampton and is home to eight airlines and serves up to 49 short haul UK and European destinations for business and leisure travellers. The Airport forms an economic gateway for the Solent and there is a recognized interrelationship between this key gateway and the Port of Southampton and it also sits at the heart of a significant growth hub, across the wider area at sites including; the former Ford site, and the city of Southampton.
- 2.5 Similarly, Portsmouth Naval Base is at the heart of the defence cluster in the MCA area providing, directly and indirectly, 20,000 jobs across the MCA area and wider sub-region and contributing over £1.6bn GVA of output. Currently, the Naval Base supports the Royal Navy surface fleet, delivering maritime services functions including: integrated ship support; complex software engineering and advanced manufacturing solutions; equipment management; training; and estates and logistics services. This cluster encompasses: the Naval Base; associated naval establishments; the defence industrial base and linked firms, including BAE, Babcock, Lockheed Martin, Northrop Grumman, Qinetiq, Serco Denholm Ltd, Airbus, Thales and Vector Aerospace.
- 2.6 The Isle of Wight covers an area of 147 square miles, with a coastline that runs for 57 miles. The Island is connected to the mainland primarily by the ports of Southampton and Portsmouth. The Island influences and is influenced by the wider MCA area, sub-

regional, regional, national and international context. It is also widely regarded as a leading location for advanced materials, is a world class composites hub supporting the marine, maritime and aerospace industry and home to leading edge companies such as GKN, BAE Systems, Gurit and MHI Vestas. The Solent MCA area is showcase for the leisure marine sector hosting the world-renowned Cowes Week, which is the longest running sailing regatta in the world having started in 1826 (and which does shape the Island's economy and profile), the Southampton International Boat Show, ACWS and the home of the Land Rover Ben Ainslie's Racing America's Cup Race.

- 2.7 Our maritime and marine research base is also amongst the best in the world. We have a robust knowledge infrastructure with strengths in key economic sectors, internationally-renowned companies, world-class universities (2 in Southampton, 1 in Portsmouth) and a network of high quality Further Education (FE) colleges.
- 2.8 The Solent therefore is a significant MCA area gateway economy with strengths across a range of industries in the private sector.

**Figure 1.1 – Key sectors and specialisations**



- 2.9 As a consequence of these economic assets, the three Solent “ports” and their respective cities and the Isle of Wight contain important clustered sectors and concentrations of economic activity and smart specialisation, most notably in the marine and maritime sector, and also in defence, logistics, and advanced manufacturing (including advanced materials and photonics), aerospace, and digital (creative and cyber security) and tourism/visitor economy are some of the principal

industries which benefit from the unique economic environment in the proposed Solent combined authority area. All of these industries are also supported by a wider supply chain that also serves local population based demand - see (Figure 1.1).

2.10 Nevertheless, in an era of global competition, and significant change domestically economic assets are only ever relative and require continued investment and support in order to maintain their international attractiveness. There is a shared desire through the Solent MCA to ensure that the area does build on the collective strengths and also tackle the barriers to growth. The drivers of productivity and growth for all are well understood: a dynamic, open enterprising economy supported by long-term public and private investment in infrastructure, skills and science built around the following pillars:

- encouraging long-term investment in economic capital, including infrastructure, skills and knowledge; and
- promoting a dynamic economy that encourages innovation and helps resources flow to their most productive use. Moving forward we face new challenges around stimulating the economy.

Following the decision to leave the EU on 23<sup>rd</sup> June 2016, it is important to note that the Solent MCA area provides an ongoing and vital future gateway to trade in Europe

### **Public Services**

2.11 Public Services across the area operate on a number of different footprints but increasingly cooperation on service reform initiatives is taking place at a MCA area level. Paragraphs 2.29-2.34 develop this further.

### **Strong Foundations**

2.12 The mutual interests and interdependencies of the MCA area are well understood and it has long been acknowledged that economic growth can be maximised by working together. This long-standing cooperation has been represented in the past by the Economic Alliance which subsequently became the Enterprise Commission and is continued in the present day by the LEP. Increasingly this cooperation has deepened into areas of public service reform. The following shared priorities have emerged from these arrangements.

### **Emerging agenda**

2.13 Looking forward there are a number of shared priorities that address the challenges and opportunities outlined above at both a spatial and thematic level.

2.14 Unlocking growth and improving productivity is a key challenge for the Solent MCA

area, which has productivity levels in the cities and the Isle of Wight way below the UK average. This is best summarised as follows:

- (1) Transport has a vital role to play in the area by bringing businesses and people closer together and fostering the agglomeration that make our two cities of Portsmouth and Southampton work and also connecting the Isle of Wight to the mainland. Transport will connect people to jobs and products to markets and, it underpins the supply chains in key industries (such as marine and maritime, advanced manufacturing and aerospace) and the logistics networks in our area. Given the location of our global gateways it is also fundamental to the domestic and international trade that goes through the Port of Southampton. The connectivity, condition and capacity of our transport network is therefore critical if we are to secure a step change in productivity in the Solent.
- (2) Linked to this, new and innovative ways of working will also be important to delivering our growth ambitions and here digital infrastructure is vital. With the roll out of superfast broadband in the area, the super connected cities programme and the development of an Island superfast broadband network, it is improving, but there are still too many businesses hampered by slow connections, and households who cannot play their full part in the digital economy.
- (3) Availability of land assets remains important and timely public land release will improve investor confidence and create greater levels of business certainty. In particular the loss of land at strategic waterfront locations and lack of land for industrial development around key transport hubs is inhibiting growth in our world class marine and maritime sector, as well as other areas and we will want to ensure that this is addressed. Providing the right sites and meeting industry demand will be critical to enable the maritime sector to fully realise its potential.
- (4) Housing also has a vital role to play. The UK has not built enough homes to keep up with growing demand. In the Solent area the market does not function properly when viewed from the perspective of new supply, availability and affordability. There is a serious and chronic shortage of housing and steps are being taken to address this with delivery of new housing featuring very prominently in current plans. Notwithstanding this we all need to do much more as it is affecting productivity and restricting labour market flexibility, with many businesses simply unable to fill vacancies and many areas of the health and social sector reporting skills shortages as they struggle to recruit key workers.
- (5) Traditionally productivity growth in the Solent has gone hand in hand with rising human capital, as more people have become educated, and to a higher

level. However, the Solent area suffers from several weaknesses in its skills base that has contributed to the widening of the productivity gap. We perform poorly on intermediate, professional and technical skills (particularly in science, technology, engineering and mathematics (STEM)). It is imperative that the Solent addresses these shortfalls if productivity is to improve and the work we are under taking through the Solent area review to re shape and simplify local provision to respond to businesses' call to improve skills training will be increasingly important as we move forward.

- (6) The Solent is home to three world class universities (located in the cities) and this represents an important competitive advantage, as technological change continues to increase demand for higher skilled roles in our area. The creation and application of new ideas is critical for our long-term productivity growth. The Solent benefits from strong links between universities and industry, but there is still more we can do in commercialising discoveries made in the research base and in ensuring the diffusion and adoption of these discoveries and we could perform better on SMEs introducing product or process innovations. There is also an ambition to secure a HE presence on the Isle of Wight which will build upon the recent investment in the world class composites centre of excellence.

2.15 We will therefore be seeking through devolution to agree a deal that can tackle barriers to productivity by;

1. Supporting the development of a highly skilled workforce, with employers in the driving seat;
2. Supporting the three Solent universities in increasing their collaboration with industry and commercialising research;
3. Delivering new housing and employment growth by unlocking key sites;
4. Establishing a modern integrated transport system that is sustainable and has a secure future efficient and effective transport infrastructure is an essential component in the success and survival of economic clusters and the Solent must act now to strengthen its comparative advantages across its key sectors to realise economic value. This includes strengthening the cross Solent connectivity and island infrastructure; and
5. Delivering world-class digital infrastructure with reliable and high quality fixed and mobile broad band connections for residences and businesses.

2.16 The Solent devolution deal seeks to create a new combined authority to secure the devolution of responsibilities and powers in the following areas:

1. Business support and innovation;

2. Learning, Skills and Employment;
3. Housing and Planning;
4. Transport;
5. Fiscal responsibilities for the local area; and
6. Public Service Reform

2.17 For the Solent MCA that means that we will be able to invest in our economic infrastructure, develop the skills that our economy needs to succeed and ensure that ideas and knowledge are at the forefront of our approach, supporting our businesses to innovate, export and grow. This is critical if we are to build on our sectoral strengths in defence, logistics, and advanced manufacturing (including advanced materials and photonics), aerospace, and digital (creative and cyber security) and tourism/visitor economy and recognise our comparative advantage in marine and maritime.

### **Transportation and Infrastructure**

2.18 The three unitary councils are the highways authorities for their areas. The MCA will:-

1. Take responsibility for a devolved and consolidated multi-year local transport budget for the area of the Combined Authority, including all relevant devolved highways funding;
2. Receive new powers for the franchising of bus services in the area of the Combined Authority, subject to necessary legislation and local consultation. This will be enabled through the *Bus Services Bill* which is on its passage through Parliament;
3. Take responsibility for a *Key Route Network* of local authority roads; the management and maintenance of which will be undertaken by the proposed Mayoral Combined Authority. To support this all relevant local roads maintenance funding will be devolved as part of the consolidated multi-year local transport budget;
4. act as a single policy and delivery body will be created covering the MCA area in order to determine, manage and deliver the MCA's transport plans and the delivery of integrated public transport networks for the MCA area.
5. The MCA will act as a focus for the One Public Estate programme and develop proposals for public sector locational hubs in city, town and district centres allowing local, regional and national public sector bodies to take advantage of modern integrated working to reduce costs, improve productivity and offer better services to the communities in the MCA area.
6. The MCA will seek to identify and realise funding opportunities, to supplement the government allocation, from a range of sources that may include private sector investment, prudential borrowing and a



business rates supplement to create an investment fund to enable consistent long term planning and programming of major infrastructure projects.

**2.19 Existing arrangements respond to local challenges but there is room for improvement;**

1. Partnerships are working well but with the reduced resources within local authorities greater collaboration, joint decision making and pooled funding could improve responsiveness;
2. Communication generally works well but there still needs to be an improvement to ensure information is fed down to relevant colleagues/officers within local authorities;
3. A significant amount of work has been undertaken on transport and infrastructure studies in the regions by local authorities and the LEP. There needs to be significant improvements in cross organisation working in the region that builds on the solid work of existing structures and to reduce duplication;
4. We have grasped opportunities within the region to ensure transport and infrastructure improvements are delivered; however we have not always been successful in obtaining sufficient funding. We need to improve our joined up thinking within the region to provide more efficient transport and infrastructure improvements and solutions;
5. The Solent Transport Local Transport Authorities and the LEP need to continue to develop more synergies and joint working to enable further investment with organisations such as Highways England, Network Rail, Local Bus companies and utility companies.
6. The existing governance arrangements do not allow for enough effective shared expertise;
7. The existing governance arrangements can be short 'termist' in some cases. A good example is whole life asset management. We are spending a significant amount of capital funding in the region but we cannot plan ahead due to funding uncertainties to maintain these new assets. We need to achieve greater certainty over long term funding and have the revenue support programmes in place to ensure they are maintained.

**2.20 The Solent MCA area will commission a Strategic Transport Plan which will align with adjoining local authorities and the LEP's Strategic Economic Plan and Transport Investment Plan to connect people and places as well as support economic growth and jobs. The MCA could have an important role as the Local Transport Authority for the Solent MCA area.**

2.21 The changes will improve the integration of policy on economic development with, planning and transport policies and the co-ordination and delivery of transport in the MCA area. The MCA will have:

1. A stronger focus on the role of transport in supporting economic development and regeneration, through effective collaboration between Mayor and Leaders and the LEP;
2. Strong interfaces with the LEP alongside the LEP private sector representatives, are central to ensuring that the LEP's growth priorities are fully reflected in the planning, commissioning and delivery of transport in the Solent.
3. Stronger focus on the whole of the Solent's transport network, including cross Solent links, roads, cycling and walking, to ensure effective connectivity to address the needs of our future economy, whilst connecting communities in greatest need with future opportunities;
4. Streamlining of decision-making facilitating more rapid and efficient decision-making;
5. Strong shared commitment to working together to deliver the best outcomes for the Solent.

2.22 The region does not have an effective fully integrated rail and rapid transport network that connects its main centres with quick frequent services, and that increases the number of people who can readily access the main centres. By delivering this, there will be a reduced impact on the environment, improved air quality, reduced carbon emissions and improved road safety. The resulting network will enable the efficient movement of goods to support businesses to connect to supply chains, key markets and strategic gateways.

2.23 The travel to work patterns indicate that there is a high level of inter-connectivity across the Solent area. It is precisely this level of interconnectivity that provides the evidence of employers in one area accessing labour pools in a connected area, and is the basis for the conclusion in respect of the existence of travel to work areas (TTWAs) across our area.

2.24 New powers for possible bus franchising will provide new opportunities through the MCA. The main features will include:

1. Full control over all ticketing arrangements for franchised services – including fares, ticket types, branding and marketing;
2. Some flexibility to operators to set some or all aspects of ticketing arrangements commercially;

3. Cross-boundary operators will have the right to participate in the ticketing scheme.

2.25 The Bus Services Bill (if enacted) and franchising activity will enable the creation of a more integrated network. The MCA would work in partnership with rail and ferry operators to secure their further involvement.

2.26 The Solent is well positioned to build on the existing smart multi-operator, multi-modal Solent Go scheme which has already secured the involvement of bus and ferry operators. This will be extended to other transport modes with the MCA having the ability to set the pricing of Solent Go products.

## **Housing**

2.27 The PUSH Spatial Position Statement, which covers the housing market areas in South Hampshire, would form the basis of further work by the 3 Unitary Councils.

2.28 Within the 3 Councils, the proposed approach for delivering housing for the devolution agreement is as follows:

- Principle – To build on the PUSH Spatial Position Statement, and the evidence and data that underpinned this, to ensure sustainable housing growth in the Devolution area. Fundamentally, we acknowledge the role of housing in supporting economic growth and the link to productivity.
- Joint Strategic Work – To work together in a professional group with senior officer representatives of the 3 unitary local planning authorities to inform an updated strategic evidence base and Spatial Plan to reflect the devolution geography.
- Local Plans – The strategic evidence base will be used by each local planning authority to deliver up to date Local Plans which will detail how each local planning authority will deliver the housing growth in their area.
- Delivery - The Councils will work together to develop a delivery plan which will be used to identify opportunities for working with the LEP, government agencies such as the HCA and central government to identify funding and delivery opportunities for housing on individual sites, to support the growth and regeneration of the two cities, and to manage development on the Isle of Wight.
- Governance – The Councils and the LEP will work collectively with each other and with surrounding Councils (exercising the statutory ‘duty to co-operate’) to ensure that overall housing needs in the Housing Market areas are met in the appropriate locations and with the necessary infrastructure to ensure this delivery.

**Transforming Public Services:**

- 2.29 The public service providers have a strong tradition of collaborative working to grow the local economy and improve outcomes for people through initiatives such as the Partnership for Urban South Hampshire (PUSH), the Southampton – Portsmouth City Deal, the one public estate programme in the cities and integrated local systems of care projects; Portsmouth Blueprint, Better Care Southampton and My Life a Full Life (Isle of Wight).
- 2.30 Nevertheless the financial pressures on the public sector continue to increase because; productivity levels remain low, the age of the population is increasing, people's dependency on the public sector remains high and the complexity of the care needs in the most vulnerable in our community is growing.
- 2.31 The area has a complex mix of public sector organisations providing the full range of services to the local community. These include 3 unitary local authorities, 3 clinical commissioning groups, 1 NHS Trust, 1 NHS integrated trust, 1 NHS foundation trust, 2 ambulance services, 2 fire and rescue services and a police service which covers the whole of Hampshire and Isle of Wight. There are also 33 town and parish councils on the Isle of Wight.
- 2.32 No single geographical boundary is ever going to ideally suit the range of services covered by local government, health, police, fire and rescue, but it is considered that the close collaboration and additional powers and resources afforded by a Combined Authority can significantly assist with the creation of more efficient and effective services for local people.
- 2.33 An innovative and collaborative way of working to tackle these issues as a package and not each in isolation is needed. This will come from decisions being taken as close as is practically possible to those most affected by them, but driven and informed by:
- A single evidence based approach to strategic planning and decision making.
  - Increased clarity and reduced ambiguity, duplication and time in decision making.
  - Improved targeting of resources to deliver agreed outcomes.
  - Collective approach to securing and using local growth and private sector funds to improve outcomes.
  - The sharing, pooling and integration of resources at scale to improve the overall effectiveness and efficiency of the services being provided.
  - The co-ordinated and timely use of all public sector land and buildings as the catalyst for change.

- Recognition of the challenging geography and the need to connect and coordinate activity across the whole area.

2.34 The new models of working will be built on the pillars of best practice and pilot programmes of activity to prove their effectiveness and impact. They will seek to involve and empower the individual to take responsibility and be accountable for, themselves, their family and their community; it will only offer public service interventions where there is demonstrable failure in the system.

## Fiscal

### 100% Business Rate Retention

2.35 The proposal to retain 100% Business Rates involves foregoing Revenue Support Grant and other Government Grants in exchange for the retention of 100% Business Rates. This will be achieved in a way that is fiscally neutral for Government. However, it will allow the MCA to retain 100% of Business Rates (including any uplift in Business Rates growth) to be invested in both further growth opportunities and sustaining public services.

2.36 The current and proposed system of Local Authority funding broadly comprises the following for each of the Authorities

CURRENT FUNDING PROFILE	Portsmouth		Southampton		IOW		TOTAL	
	£m	%	£m	%	£m	%	£m	%
Council Tax	65.0	39%	79.4	41%	72.7	53%	217.1	44%
Business Rates	39.6	24%	46.5	24%	17.1	12%	103.2	21%
Government Grants (Incl. "Top Up" & Public Health)	63.9	38%	65.7	34%	48.3	35%	177.9	36%
<b>Total Funding</b>	<b>168.5</b>	<b>100%</b>	<b>191.7</b>	<b>100%</b>	<b>138.0</b>	<b>100%</b>	<b>498.3</b>	<b>100%</b>

EQUIVALENT FUNDING PROFILE UNDER 100% BUSINESS RATE RETENTION	Portsmouth		Southampton		IOW		TOTAL	
	£m	%	£m	%	£m	%	£m	%
Council Tax	65.0	39%	79.4	41%	72.7	53%	217.1	44%
Business Rates	80.9	48%	94.9	50%	34.1	25%	209.9	42%
"Top Up" / "Tariff" (Note 1)	22.7	13%	17.3	9%	31.2	23%	71.2	14%
<b>Total Funding</b>	<b>168.5</b>	<b>100%</b>	<b>191.7</b>	<b>100%</b>	<b>138.0</b>	<b>100%</b>	<b>498.3</b>	<b>100%</b>

#### Note 1

It is expected that the new 100% Business Rate Retention Scheme will lead to the ending of all Government Grants but that a mechanism to continue the national redistribution of funding for areas of relatively higher need will continue through a mechanism of "Top Ups" and "Tariffs"

2.37 The 100% Business Rates retention proposal shifts the bias considerably, the tables above illustrate that whilst the overall funding level will remain the same at inception, the proportion of Local Authority funding from Business Rates will double from 21% currently to 42%. Going forward, in monetary terms, for every 1% increase in Business Rates, the funding for Local Authorities will increase by £2.1m (compared to £1m at present). This will sharpen the incentive for the MCA to:

- directly contribute to growth through efficient investments; and
- indirectly create the conditions for growth

2.38 Under the 100% Business Rates proposal, sustaining high quality public services will be directly linked to economic growth and therefore economic affordability of the region. The move to 100% Business Rate retention will create better conditions for growth and greater opportunity for sustainable public services.

2.39 The proposal also involves the pooling of those Business Rates and the re-distribution via a local funding methodology and formula, removing the MCA from the national funding system.

2.40 The key attractions of the proposal are:

- Greater funding certainty and financial planning - freedom from the current nationally determined Local Government Funding system and its inherent uncertainties. Uncertainties such as the level of funding to be allocated, the methodology for allocating funding and its propensity to change over time coupled with the variable nature of medium term funding settlements, inevitably linked to the parliamentary cycle.
- Financial autonomy and accountability - the ability of the MCA to determine a local specific funding system providing the right incentives and tools to deliver and balance Economic Growth and Housing Growth as well as to better target funding towards locally determined need. It also has the potential to overcome current system constraints and imperfections where growth in one locality confers public service or infrastructure burdens in another without recompense. In addition for example, there will be the opportunity to "top slice" an element of growth funding to invest (or co-invest with other stakeholders) for schemes with reach and impact across each other's boundaries
- Removal of barriers to investment for jobs and growth with the right to retain 100% of the proceeds of growth over the long term. This will provide confidence to invest up front in any enabling infrastructure required to facilitate the generation of that future business rate growth
- Greater influence over future funding available arising from the ability to influence future business rate income through the confidence to invest for growth

- 2.41 The key risks associated with the proposal are:
- There is a serious downturn in the economy that depresses Business Rates for a prolonged period
  - There are valuation appeals in the system for particular categories of business that, if successful, could have a knock on effect across similar businesses that result in a significant reduction in overall business rates for the MCA as a whole
- 2.42 The latter of these two key risks is the more likely but of lesser financial impact. Historically, property based taxes have been demonstrated to be relatively stable through economic cycles.
- 2.43 Similarly, whilst a generic reduction in business rates payable across a particular business category could be significant, its impact will be better managed across the combined pool of Business Rates for the three authorities
- 2.44 These risks are limited by the existence of a national "safety net" system that is available as compensating support in the event of a reduction in Business Rate income beyond a certain threshold.

Single Pot - £30m per annum

- 2.45 The three Authorities within the Solent MCA have interconnected and dependent economies centered on the marine and maritime sector. There are however significant barriers to growth including a chronic shortage in housing and a significant transport infrastructure deficit, which if left unaddressed will act as a drag on the region's growth potential and jeopardise its existing comparative advantage against global competitors.
- 2.46 The MCA proposal includes the award of an additional £30m per annum for 3 years (£900m in total) of which 75% is capital funding and 25% is revenue funding.
- 2.47 There is a known housing demand for the three Unitary Authorities of 24,000 over the period 2016/17 to 2025/26 and a funding gap for enabling infrastructure of £493m (of which £300m relates to Transport improvements). Additional Local Authority funding and co-invested with the funds of the Solent Local Enterprise Partnership will be vital to meet that need. Without the MCA deal and the additional £30m per annum, the Solent Economy will continue to be held back and not realise the output potential being achieved by its southern comparators. The chronic shortage of housing is affecting productivity and restricting labour market flexibility with many businesses unable to fill vacancies.

- 2.48 Equally, there is a significant Transport Infrastructure deficit across the region which is a barrier to productivity growth. The £30m per annum would, in part, be used to fund (or co-fund with partners) those schemes that would unlock the greatest return.
- 2.49 There is a spectrum of ways that the additional £30m per annum can be leveraged for both housing and economic growth. At one end of the spectrum, the £30m can be used as direct funding for economic growth and housing schemes and allocated on a broadly annual (or short term basis). At the other end of the spectrum, the MCA could use the whole £30m to finance up to £500m of borrowing to inject a significant capital investment into the area.
- 2.50 In terms of overall fiscal Governance, it is fully expected that more efficient investment decisions will be made and as a consequence the economic growth potential of the region maximised. Decisions will be taken on a whole MCA basis following a robust and transparent criteria based prioritisation methodology. That methodology will follow established guidance and the principles of the Government's "Green Book" 5 Case Model ensuring that investments will be made which are deliverable and where the greatest Benefit/Cost ratio can be achieved, regardless of location rather than one which is constrained (or ring-fenced) by individual local authority boundaries.
- 2.51 This should maximize the economic growth potential for the MCA area as a whole and also maximise the business rate return distributed back to all of the constituent authorities.

## Welfare

- 2.52 The three Unitary Authorities each have a higher percentage of their working age population on out of work benefits than the South East, with Southampton at 8.5%, Portsmouth at 6.4% and Isle of Wight at 10.8% against 6.4% for the South East.
- 2.53 By contrast, the wider Hampshire population stands at 5.4%, a percentage point below the South East (figures at February 2016).
- 2.54 In line with national trends, those seeking Job Seekers Allowance (JSA) in the area have reduced. However, there is a significant challenge in supporting those in receipt of Employment Support Allowance (ESA) to gain and sustain employment, as this cohort has multiple barriers to address including mental and physical health issues, low skills levels, substance misuse, debt and poor housing which require locally integrated, aligned and delivered services.



- 2.55 In the three Unitary Authorities, this group amounts to some 24,000 people, who collectively make a significant demand on public service support and funding, around 93% of whom will have left the nationally commissioned Work Programme without gaining employment. Many of these people will present the highest cost to the local and national public purse in terms of health, social and welfare funds.
- 2.56 Locally devolved pilot programmes for this cohort through our City Deal programme have evidenced that at least 30% of this cohort sustain employment for more than six months (against 7% of current national programmes)

**Delivering on this agenda**

- 2.57 The Councils and the Local Enterprise Partnership recognise that to deliver on this agenda will require strong, visible, and accountable governance. While current arrangements have worked well to date, the next section of this report argues that they are not sufficient to meet the opportunities outlined above.

### 3. CURRENT GOVERNANCE ARRANGEMENTS

3.1 Southampton Portsmouth and the Isle of Wight Councils have long displayed examples of collaboration and cooperation in order to provide the best services to their residents and businesses, shown most clearly in the examples below. The local authorities are committed to working together and with other partners to tackle issues in a targeted and coordinated way. There are a number of current projects and combined services that provide examples of collaboration between local authorities.

3.2 These include:

- Partnership for Urban South Hampshire (PUSH)
- Solent Transport
- Southampton and Portsmouth City Deal
- Flood Defence Partnership

3.3 In the field of economic development there are a very wide range of groups and boards. As an indication, the range of bodies involving the councils include:

- Solent LEP Board
- Solent LEP sub-groups including:
  - Employment & Skills Delivery Panel;
  - Innovation and Business support panel;
  - Land, Property & Infrastructure Delivery Panel;
  - Solent Land property and Infrastructure Board
  - Inward Investment Delivery Panel;
  - Marine & Maritime Steering Group.
- Local/Regional Business Networks and Trade Associations (Business South, Hampshire Chamber of Commerce, Isle of Wight Chamber of Commerce, Federation of Small Businesses, EEF, IOD, British Marine, Marine South East, Southern Enterprise Alliance). It should be noted that several of these organisations collaborate under the Hampshire & Isle of Wight Business Alliance (HIBA).

#### 3.4 Governance Bodies

#### 3.5 Partnership for Urban South Hampshire (PUSH)

3.5.1 PUSH is a statutory joint committee established under the Local Government Acts 1972 and 2000 and the Localism Act 2011. It is a statutory joint committee comprising the unitary authorities of Portsmouth, Southampton and the Isle of Wight, the district councils of Eastleigh, East Hampshire, Fareham, Gosport, Havant, New Forest, Test Valley and Winchester, and Hampshire County Council, . Various other bodies are able to participate (but do not vote). PUSH was formed in 2003 and has expanded in

recognition of the value of working collaboratively. More recently, the formation of the Solent Local Enterprise Partnership (Solent LEP) on the same boundaries as PUSH, has further enhanced PUSH's engagement with private sector businesses.

3.5.2 PUSH operates on the key principle of subsidiarity, being a strategic partnership dealing with matters affecting the wider sub-region where it can add value to the efforts of individual councils. PUSH does not get involved in direct service delivery or the statutory roles of the partner authorities or those of its wider partners. PUSH's key role is in co-ordination and oversight of both policy development and delivery at a strategic level and the governance structure and arrangements reflect these guiding principles.

3.5.3 PUSH's key priorities are:

- Promoting economic success;
- Providing sustainable communities
- Reducing inequalities;
- Investing in infrastructure;
- Promoting a better quality of life.

3.5.4 The governance arrangements (the joint agreement) can be found at <http://www.push.gov.uk/partnership/working-arrangements.htm>

### 3.6 Solent LEP

3.6.1 The Solent LEP was formally launched in 2011 following recruitment of the Board. The Board is led by business representatives, working with colleagues from higher education and local authorities.

3.6.2 The vision of the LEP is:

*"... to create an environment that will bring about sustainable economic growth and private sector investment in the Solent. It will assist this globally-competitive area reach its full potential, enabling existing businesses to grow, become more profitable and to be greener; enabling the creation of new businesses and attracting new businesses to the region."*

3.6.3 The 6 objectives of the Solent LEP are:

- **Maximise the economic impact of our economic assets** in the area and sectors with the potential for growth. Promoting the area as the UK's leading growth hub for advanced manufacturing, marine and aerospace both at home and, more importantly, in the global marketplace. Developing the advanced engineering and manufacturing sector through a business-led approach and supporting the visitor economy.
- **Unlock critical employment** sites to enable the Solent businesses, particularly the marine, maritime and advanced manufacturing sectors of their economy, to expand.
- **Provide new housing** to support our growing workforce.

- Ensure people have the **right skills** to access employment and support our growing sectors.
- Provide **effective support to our small and medium-sized enterprises (SMEs)** to enable them to grow – including marine and maritime SMEs; and
- Unlock **innovation led growth** to engage more businesses in knowledge exchange and innovation, develop links to wider Higher Education Institutions (HEIs) and demonstrate the benefits of working with knowledge based partners.

3.6.4 Local authorities including Southampton Portsmouth and Isle of Wight Councils are represented on the LEP Board and have worked with the LEP on developing the Strategic Economic Plan and the delivery of projects funded under the Local Growth Deal and the European Structural and Investment Fund Strategy.

### 3.7 Employment and Skills Board

3.7.1 The Employment and Skills Board, a sub-group of the LEP, provides a private sector-led focus for employment and skills provision for the Solent LEP area, and recommends prioritisation of Local Growth Deal skills capital and specific locally allocated funds. It does not, however, provide governance for DWP, SFA, EFA or EU funds more generally. Its membership is drawn from business communities. This membership includes representatives from Further Education, Higher Education and a number of key public sector organisations at elected member level.

3.7.2 It has sub groups to take forward priority areas identified as critical for the economic development of the Solent LEP area. The priority areas are:

- Further Education College sub -group
- Pre-16 group to consider vocational preparation for young people

3.7.3 The Employment and Skills Board also interfaces with the LEP Board and Panels overseeing capital investment, awards of grants to businesses and innovation. However, all decisions are ratified by the main LEP Board.

### 3.8 Solent Growth Forum

3.8.1 The Solent Growth Forum is an advisory committee composed of the members of PUSH as well as the co-opted members listed below, with the following purposes:

- to review projects funded under the Solent Growth Deal
- to provide recommendations, expert advice, and guidance on any matter relating to Solent Strategic Economic Plan (SEP), the work of the Solent LEP Board, and the various Delivery Panels;
- to advise on the policies and programmes outlined in the SEP;
- to review the delivery of the SEP;
- to receive updates on the delivery of the European Structural Investment Funds;
- to encourage optimal delivery of the strategic priorities across programmes, and the optimal delivery of strategic priorities;

- to provide a strategic review of the development and delivery of the multi-year SEP.

### 3.8.2 Co-opted members; representatives are included from the following:

- University/Higher Education sector
- College/Further Education sector
- Business Organisation Representative Organisations
- Trade Unions
- Voluntary and Community Sector
- Government Agencies (e.g. Highways Agency, Network Rail, Environment Agency, Skills Funding Agency)
- Department for Business, Innovation, and Skills
- National Health Service bodies, and the Clinical Commissioning Group

## 3.9 Strategic Transport

3.9.1 Responsibility for transport functions across Southampton Portsmouth and Isle of Wight Councils is divided between a number of different bodies, locally and nationally. Nationally, Highways England is responsible for major/trunk roads and motorways including the M3, M27, M271, M275, A3, A3(M), A27, A31, A34, A36, A303. Network Rail are responsible for railway infrastructure with a number of Train Operating Companies with varying degrees of engagement at a strategic level.

3.9.2 Locally, there are a number of formal and informal mechanisms whereby transport is considered at a strategic level across Southampton Portsmouth and Isle of Wight local authority boundaries.

- Local Transport Plans for each Highway Authority
- Solent Transport
- Local Transport Body(LTB)

## 3.10 Solent Transport

3.10.1 Originally Transport for South Hampshire (and then Transport for South Hampshire and the Isle of Wight), Solent Transport was set up in 2007, following earlier work carried out by the voluntary Solent Travel Partnership to plan transport improvements for the south Hampshire sub-region.

3.10.2 Like PUSH, Solent Transport is a statutory joint committee convened under the Local Government Acts 1972 and 2000 and the Localism Act 2011. The local authorities in the partnership are Hampshire County Council, Portsmouth and Southampton City Councils and the Isle of Wight Council.

3.10.3 Solent Transport works closely with the Solent LEP, Highways Agency, Network Rail, South Hampshire Bus Operators Association and other stakeholders to deliver transport improvements such as the link between Portsmouth and Southampton.

3.10.4 The full governance arrangements are set out in the legal agreement, a copy of which can be accessed here: <http://www3.hants.gov.uk/tfsh/tfsh-who-we-are.htm>

### **3.11 European Structural and Investment (ESI) Funds**

3.11.1 The Solent LEP has an ESIF Sub-Committee to advise the Managing Authorities (DCLG, DWP, etc), regarding the local allocation of EU funds in accordance with the local European Investment Strategy. Representatives include local authorities, voluntary sector agencies, trades unions and government departments. Responsibility for decisions ultimately rests with the Managing Authorities.

## 4. OPTIONS APPRAISAL

- 4.1 To ensure compliance with the relevant legislation (the Local Democracy, Economic Development and Construction Act 2009), the Governance Review must establish if a Combined Authority or Economic Prosperity Board would be likely to bring about an improvement in Portsmouth, Southampton and the Isle of Wight Councils regarding:
- The exercise of statutory functions relating to economic development, regeneration, and transport in the area;
  - The effectiveness and efficiency of transport; and
  - The economic conditions in the area.
- 4.2 The unitary councils have a responsibility for the economic, social and environmental well-being of their area, a duty to produce local transport plans and prepare local land use plans.
- 4.3 In terms of transport, the Department for Transport have noted that partners should address the following major issues when formulating governance arrangements:
- Political leadership for transport at the most senior level;
  - Ability to take difficult decisions;
  - A long term (ten year) investment programme, focusing on the top priorities for the functional economic area as a whole;
  - A local investment budget combining local resource in addition to Departmental resource;
  - Evident links to strategies and decision making processes on economic growth, housing and planning; and
  - Efficient use of transport resource across the area (e.g. joint procurement, maintenance contracts, rationalisation of highway functions).
- 4.4 In line with other Governance Reviews, this Governance Review explores the following options:
- Option 1 - Leaving existing governance unchanged (the status quo);
  - Option 2 - Establishing a Joint Committee;
  - Option 3 - Establishing an Economic Prosperity Board; and
  - Option 4 - Establishing a Mayoral Combined Authority.
- 4.5 The option for an Integrated Transport Authority was discounted due to the geographical separation of the local authority areas and the restrictions imposed by section 78(6) of the Local Transport Act 2008. For each option a number of hypotheses are set out. They were designed to stimulate and highlight issues on which stakeholders and councils might have wanted to express their own views. The results from the consultation undertaken on the review and scheme has been fed into the option appraisal.

## 4.6 Status quo

### 4.6.1 Background Information

- From the Government guidance for LEPs on Growth Deals is clear that local authorities will require greater collaboration, commitment and strengthened governance arrangements to seize any devolution opportunities.
- Demonstrating commitment to the growth agenda and the clear expectation that Local Authorities will put economic development at the heart of all that they do and work collaboratively across the functional economic area is part of the Government's response to Lord Heseltine's review.
- There is no formal link between decision making in relation to economic development (including inward investment, employment, skills and housing), regeneration and transport for the area;
- The framework within which local authorities now operate has changed fundamentally since 2010, as have the funding mechanisms. The abolition of regional bodies and the regional planning framework has been replaced with Local Enterprise Partnerships and an emphasis on City Regions and government funding is increasingly devolved to these structures rather than to individual councils (Local Growth Funding, for example).

### 4.6.2 Hypotheses

- Maintaining the status quo means existing fragmented decision making processes would continue and set Portsmouth, Southampton and the Isle of Wight Councils aside from those other parts of the country that are in the process of strengthening and aligning decision making.
- The statutory and non-statutory arrangements leave space for ambiguity and overlap between the roles and functions of various MCA area bodies and are dependent on agreements by constituent authorities and partners. It is, therefore, more challenging for decisions to be aligned in a way that secures maximum economic and social benefit.
- Strengthening and clarifying these relationships would also increase transparency, accountability, democratic legitimacy and the certainty of local decision making.
- Whilst the current arrangements may have served Portsmouth, Southampton and the Isle of Wight Councils sufficiently well in the past, the changes in the national framework coupled with the current economic conditions suggest that the areas needs are unlikely to be met by its existing governance structures. The voluntary partnership between local authorities is no longer sufficient to underpin authorities' ambitions, and does not meet the expectations of government. It is in danger of selling the area short. This will not only impact on Hampshire/IOW, but significantly on the wider UK economy due to the trade and export potential of the Ports
- Portsmouth, Southampton and the Isle of Wight Councils would benefit from a single democratically and financially accountable model, a legal entity in its own



right, to provide the necessary certainty, stability and democratic accountability to allow for long-term strategic economic and social decisions to be made.

- No change would mean that Portsmouth, Southampton and the Isle of Wight are disadvantaged both economically and politically. The challenge however is to ensure any new arrangement also enhances democratically elected councillors' ability to influence the wider agenda, without undermining discretion on matters of more local significance.
- Overall, keeping the status quo would mean accessing new funding and powers that would contribute to economic growth would be more difficult. It is likely to deprive the area of a stronger voice both nationally and internationally and would continue the current fragmented, overlapping and democratically deficient governance arrangements.
- Some of the comments received in the consultation process questioned the need for a new Combined Authority and so this option would be in line with the people that made this response although not in line with the quantitative analysis which showed that the majority of people did not favour this option

## **4.7 Establishing a Joint Committee**

### **4.7.1 Background Information**

- In this model two or more local authorities agree that a certain function or range of activities will be carried out by those authorities jointly and therefore on a collaborative basis. Such arrangements can, if properly managed, result in a reduction in duplication, and in the case of more specialised services, (where each authority may have small numbers of staff seeking to cover a wide range of activities), the creation of a critical mass resulting in improvements in service.
- The joint committee has no separate legal identity and no corporate status and so cannot own property or enter into contracts in its own right. Therefore it is usual for any agreement referred to above to also address such issues (e.g. with one authority acting as a "lead" or for the responsibilities being shared between participating authorities, following agreed principles, dependent upon the nature of the issue arising).
- The Joint Committee model allows an area to demonstrate effective decision making and political oversight for the management of funding that is allocated to the LEP (this being the Solent Growth Forum).

### **4.7.2 Hypotheses**

- However, a Joint Committee model may not address the current fragmented and separate decision making processes in place; especially in relation to transport and its integration with economic regeneration.
- A Joint Committee does not have a statutory remit and is not a formal legal entity. Each constituent authority will have to authorise and delegate functions to the Joint Committee. Councils are also able to withdraw the delegation in the future leading to short termism and potential instability.
- Non-local authority members are able to be co-opted but cannot vote.
- Joint Committees cannot be accountable bodies for funding purposes, nor employ staff, due to their lack of legal status. Ultimate responsibility for finances remains with the constituent councils or a delegated lead local authority.
- Some of the comments received in the consultation process questioned the need for a Directly Elected Mayor and so this option would be in line with the people that made this response, although not in line with the quantitative analysis which showed that the majority of people (58%) did favour having a mayor
- A Joint Committee may represent only a minor improvement on current arrangements at best.

## **4.8 Establishing an Economic Prosperity Board**

### **4.8.1 Background Information**

- Economic Prosperity Boards (EPB) share many of the features of a Combined Authority in that they have legal personalities and would provide a strong basis for taking on devolved powers and funding relating to economic development and regeneration, for example Accountable Body status for government and EU funding.
- Economic Prosperity Boards cannot levy or borrow money.
- Economic Prosperity Boards do not include transport functions.

### **4.8.2 Hypotheses**

- Transport is an essential component to achieving growth.
- An EPB could lead to some efficiencies and improvements around economic development, housing, employment and skills, but it would miss out the opportunity for integration with transport: this would leave this model of governance with some inherent inefficiencies.
- An EPB would not address the issues around strategic transport at the pan-Portsmouth, Southampton and the Isle of Wight Councils footprint / level.
- As with the Joint Committee some of the comments received in the consultation process questioned the need for a Directly Elected Mayor and so this option would be in line with the people that made this response, although not in line with the quantitative analysis which showed that the majority of people (58%) did favour having a mayor
- There is a key role for transport to play within a wider integrated approach to economic development, regeneration, employment and skills and strategic housing and ensuring that these decisions are taken in full accordance with their transport implications, and equally, ensuring that transport fully supports wider policy objectives.

## **4.9 Creating a Mayoral Combined Authority**

### **4.9.1 Background Information**

- A Mayoral Combined Authority (MCA) is not a merger of existing Local Authorities and would take over some functions with a very specific remit.
- MCAs are corporate bodies with their own legal identity which are able to take on the functions and responsibilities of sustainable economic development and regeneration and in addition transport functions available to Integrated Transport Authorities. Like EPBs, they can act as the Accountable Body for government and EU funds.
- An MCA can be set up by two or more local authorities whether contiguous or not. They must cover an area's natural economic footprint and want to collaborate, on a voluntary basis, more closely together to improve economic outcomes.
- An MCA can have statutory powers and duties conferred on it that it can exercise in its own right.
- The legislation allows for considerable flexibility in establishing an MCA

### **4.9.2 Hypotheses**

- An MCA would be able to bring together strategic decision making powers into a single body, so improving the alignment, coordination and delivery of economic development and transport related initiatives.
- It would provide a visible, stable and streamlined body corporate to which Government would be more confident in devolving powers and funding.
- The maximum benefit would be gained by integrating and bringing together at a strategic level those functions across the area that enhance economic prosperity. These are likely to include economic development, transport, housing, strategic land use, employment and skills, and the ability to develop joint governance arrangements for health and wellbeing, community safety, police and crime and wider functions. The extent of the decision making powers that are given to the MCA is a crucial detail in the scheme that is developed. Full powers could be given for some functions (e.g. transport) whilst for other functions, the powers could be limited to co-ordination and recommendation (e.g. strategic land use).
- It is the enhancement of decisions and information at a strategic level and those decisions best taken across a functional economic area that are most frequently cited as the advantages of an MCA.
- It is anticipated that a rationalisation of the existing regional / sub-regional / MCA area structures will take place following on from the governance review. Therefore, although it would be wrong at this stage to make any pre-determination as to any consequences should an MCA be created, it would seem logical (if not inevitable) that the constitution of bodies such as Solent Transport / the Partnership for Urban South Hampshire (PUSH) would be effected by the creation of an MCA.

- It would be able to own property and enter into contracts, levy funding and borrow
- The consultation results clearly show that the majority of people favour devolution of powers and responsibilities from central government, that the three authorities should work together to achieve this and that a mayoral combined authority was the best option to deliver devolution. This shows that this option is supported through the consultation process.

#### 4.10 Summary of Findings

4.10.1 A summary of the information above is shown below:

4.10.2 **Status quo:** maintaining the status quo would not make sufficient improvements in the economic conditions of the area. The existing and fragmented decision making process would continue and without a formal link between economic development, regeneration and transport functions it is more challenging for decisions to be co-ordinated in a way that secure maximum economic and social benefit or provide for longer-term planning and clear accountability.

4.10.3 **Establishing a Joint Committee:** a Joint Committee would address some of the governance and accountability issues around economic development and regeneration but would not dramatically improve the effectiveness and efficiency of transport. Due to a lack of new powers the existing and fragmented decision making structures would remain.

4.10.4 **Establishing an Economic Prosperity Board:** an Economic Prosperity Board would address some of the governance and accountability issues around economic development and regeneration but, as above, would still leave the issues around transport outside the formal joint arrangements, limiting the scope for increased effectiveness and efficiency.

4.10.5 **Creating a Mayoral Combined Authority:** building on existing arrangements and supporting the Solent LEP, the creation of a Solent (Portsmouth, Southampton and the Isle of Wight Councils) Mayoral Combined Authority, with the alignment of accountability, governance and geographies for economic development, regeneration and transport would provide the area with the best possible chance of securing significant and lasting improvements in economic development, regeneration and transport. Acting across the administrative boundaries of the area in pursuit of common interests would enhance the area's economic growth potential. This model would further strengthen democratic and financial accountability and lead to improvements and efficiency in transport by replacing the existing and fragmented arrangements and is in line with the options favoured in the recent consultation exercise.

**4.11 Summary of benefits**

4.11.1 Based on the analysis above, an MCA is the preferred option with the biggest potential to:

- Enable devolution of central government functions to the sub region to ensure decision making happens closer to local people;
- Optimise economic growth in the MCA area and create further efficiencies through Public Service Reform;
- Provide the legal identity and statutory basis to be the accountable body for key decisions and functions;
- Enhance the transparency and democratic accountability of arrangements in the MCA area;
- Integrate and streamline growth, transport and reform functions into one single body, removing potential duplication and confused accountabilities;
- Enable effective engagement with businesses and other key partners;
- Be recognised by central Government as a robust mechanism that allows the MCA area to speak with one voice;
- Can be established in a way that meets local circumstances;
- Provide the opportunity to pool existing officer capacity and make the best use of resources in the MCA area; and
- Improve the exercise of statutory functions in the MCA area and so meets the requirements of the legislation.

4.11.2 The next section provides further detail on how an MCA for the MCA area would operate.

## 5. MAYORAL COMBINED AUTHORITY: PROPOSED POWERS AND COMMITTEE STRUCTURE

- 5.1 The Solent MCA would bring together strategic decision making powers relating to growth and service reform into a single accountable body. It would operate as a construct of the three councils and the LEP bringing sovereign bodies together on a voluntary basis to make joint decisions on agreed issues. The Mayor's role would be to provide visible leadership particularly in matters relating to devolved growth and transport functions.
- 5.2 The following sections outline the suggested approach to the functions, powers and committee structure required to ensure the MCA will achieve its objectives. Annex One includes the proposed Scheme for Publication.
- 5.3 The constituent councils and the LEP need not cede responsibility for local functions to the MCA unless they via their representation on the MCA believe that a pooling of responsibility would demonstrably improve economic conditions and wider service reform. Potential local powers and functions that could sit with the MCA, be undertaken by the LEP or be undertaken jointly between the LEP and MCA include:
- the investment plan for the area;
  - an inward investment strategy for the MCA area;
  - the strategy and activity for place based marketing across the MCA area;
  - economic assessment and research to provide an evidence base for economic strategy;
  - the long-term strategic vision for housing and regeneration investment to support economic growth;
  - the accountable body for interventions, projects and programmes that correspond to priorities that cover the whole of the MCA area;
  - strategic plan for skills delivery across the MCA area;
  - enabling the MCA to act as the forum for local authorities to exercise the Duty to Cooperate, in respect of strategic planning matters;
  - the key decision making forum and accountable body for public service reform programmes and external funding opportunities that enable reform and cover the MCA area;
  - appointing staff required to administer the MCA and support the implementation of its decisions
- 5.4 It is likely that the Combined Authority would also benefit from the flexibility of holding the General Power of Competence, introduced by the Localism Act 2011 and



which gives the power to do anything an individual can do provided it is not prohibited by other legislation.

### **Representation**

- 5.5 On the creation of the MCA, pending the election of a Mayor, an interim Mayor shall be appointed. They must be an elected person, shall be nominated by a full voting member of the MCA, and must be agreed (unanimously) by the full voting members of the MCA. The interim Mayor shall have the same powers as the directly elected Mayor.
- 5.6 The Mayor will act as the Chair of the MCA. The Mayor will have a term of 4 years and is elected by the local government elected for the areas covered by the constituent councils.
- 5.7 Each constituent council will have one representative who will be the Leader of the Council, Deputy Leader, directly elected mayor or deputy mayor of the relevant Constituent Council. It is also proposed that the LEP Chair would be a member as a non-constituent member. In total this represents 5 representatives including the Mayor, constituent councils and the LEP.
- 5.8 The constituent councils and the LEP will act as a Cabinet for the Mayor. The Mayor will allocate portfolios across his/her cabinet. The Mayor will also act as the public figurehead of the MCA and as the single point of contact with central Government, neighbouring councils and key partners.
- 5.9 Further associate Members or observers could be co-opted to the MCA but would not have any voting rights. In addition, the following will be invited to be non-constituent members:
- Fareham BC
  - East Hants BC
  - Eastleigh BC
  - Gosport BC
  - Hampshire CC
  - Havant BC
  - New Forrester DC
  - Test Valley BC
  - Winchester CC

## Voting

- 5.10 Proposals for decision by the MCA can be put forward by the Mayor or any Cabinet Member. All constituent Members including the Mayor have one vote. The LEP will have a vote on specific matters (those relating to their functions) but no vote in issues that result in overturning a Mayoral decision. Any questions that are decided by the MCA are set to be decided by a majority of the constituent members present and voting save where otherwise expressed.
- 5.11 The Mayor's proposals for strategies and plans can be overturned by a two thirds majority of constituent councils. The Mayor can vote on MCA matters.
- 5.12 A number of reserved matters would require the unanimous support of the three constituent councils and the mayor/interim mayor:
- The co-option of additional voting or non-voting members onto the MCA;
  - Amendments to the governance scheme and its successor Constitution;
  - Adoption of the Spatial Strategy;
  - Adoption of a medium term financial plan, including the determination of any contributions from the constituent councils;
  - Approval of borrowing limits, the treasury management strategy and the investment strategy;
  - Establishment of arms-length companies;
  - Setting of any transport levy;
  - The adoption of key plans and strategies as determined by the MCA in its standing orders; and
  - Approval to receive new powers and responsibilities from central Government.

## Overview and scrutiny

- 5.13 An overview and scrutiny committee will be established to hold the Mayor and the Combined Authority to account. This committee will have the power to:
- Invite the Mayor and members of the MCA to attend before it to answer questions;
  - Invite other persons, including members of the public to attend meetings of the committee;
  - Review or scrutinise decisions made or decisions that could made in the future relating the functions which are the responsibility of the MCA;
  - Make reports or recommendations to the MCA in relation to their functions; and
  - Review or scrutinise a decision made but not implement including the power to recommend that the decision be reconsidered by the MCA.

- 5.14 In so far as possible, the committee would reflect the political proportionality of the constituent councils. Its members cannot hold executive positions in those authorities. The chair of the committee would come from a different political party from the combined authority's majority party / the Mayor. The committee will also have the power to co-opt non-voting members.

**Officer capacity**

- 5.15 The MCA will need to have in place the relevant staffing resources, systems and procedures to deliver its functions. Statutory officers including the Head of Paid Service, Section 151 Officer and Monitoring Officer will be sourced from existing constituent bodies and ideally one will be appointed from each constituent council. Existing capacity in the MCA area will be maximised to provide an opportunity to ensure the best use of resources. Technical and policy support will be pooled as required or be provided through a constituent council.
- 5.16 A consistent and professional secretariat function will be formed. The overriding principle will be that the total officer resource will build on the capacity already in place across the 3 councils, existing bodies in the MCA area and the LEP and any additional costs would be offset by efficiencies and savings.

**Annex 1**

**Scheme for the establishment of a Solent Mayoral Combined Authority**

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# **SOLENT**

## **Mayoral Combined Authority Scheme**

## Annex 1

**Scheme for the establishment of a Solent Mayoral Combined Authority**

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*This Scheme is prepared and published by Portsmouth City Council, the Isle of Wight Council, and Southampton City Council under section 109 of Local Democracy Economic Development and Construction Act 2009, (the 2009 Act) as amended by the Cities and Local Government Development Act 2016 (the 2016 Act) and comprises proposals which were presented in a Strategic Governance Review (the Review) and a document titled "Draft Scheme").*

**Scheme for the Establishment of the Solent Mayoral Combined Authority**

1. Following the completion of the Review, the Isle of Wight Council, Portsmouth City Council, and Southampton City Council, have prepared this Scheme, pursuant to section 109 of the 2009 Act, for the creation of a mayoral combined authority (Mayoral Combined Authority).

The following general powers, functions, and freedoms are sought, together with those described in more detail throughout this Scheme:

- Responsibility for a consolidated, devolved transport budget, with a multi-year settlement
- Responsibility for (and powers in relation to) franchised bus services
- Responsibility for a new Key Route Network of a local authority roads that will be managed and maintained by the Mayoral Combined Authority
- Powers over strategic planning, including the responsibility to propose future spatial plans for the Mayoral Combined Authority Area
- Retention of 100% of business rates, and powers over their allocation
- Responsibility for the 19+ Adult Education Budget

It is recognised that further powers may be agreed over time and comprised in future legislation.

**Area of the Mayoral Combined Authority**

2. The area of the Mayoral Combined Authority shall be the whole of the following constituent local authority areas:

- Portsmouth City Council
- Southampton City Council
- The Isle of Wight Council

Each of the above authorities will be the Solent Mayoral Combined Authority's constituent members, and *Constituent Authority* and *Constituent Authorities* will be construed accordingly.

### **Name of the Authority**

3. The name of the Mayoral Combined Authority will be the *Solent Mayoral Combined Authority*.

### **Non-Constituent Authorities**

4. The following local authorities, the Non-Constituent Authorities, shall be invited to appoint representative members:

- Hampshire County Council
- Fareham Borough Council
- East Hampshire Borough Council
- Eastleigh Borough Council
- Gosport Borough Council
- Havant Borough Council
- New Forest Borough Council
- Test Valley Borough Council
- Winchester City Council

### **Membership of the Solent Mayoral Combined Authority**

5. The membership of the Mayoral Combined Authority shall be as follows (and *Member* and *Members* shall be construed accordingly):

- (1) The directly elected Mayor of the Mayoral Combined Authority (or Interim Mayor appointed in accordance with (4) below).
- (2) A single elected member appointed by each Constituent Authority. The elected member appointed must be the leader, deputy leader, directly elected mayor or deputy mayor of the relevant Constituent Authority (as appropriate) (*Constituent Authority Member*).
- (3) An alternative single elected member appointed by each Constituent Authority (which shall be either the leader, or directly elected mayor, or deputy leader, or deputy mayor (as the case may be)) to act as a Member of the Mayoral Combined Authority in the absence of the Member appointed under sub-paragraph (1) (*Substitute Member*).
- (4) An a separate elected member of a Constituent Authority, appointed by the unanimous agreement of the Constituent Authorities (failing which, a majority vote shall be acceptable), to act as Interim Mayor, such appointment to be for a period of up to six months (whereupon a member from a different Constituent Authority to the previous Interim Mayor shall be appointed as Interim Mayor) or up until the time that a directly elected Mayor is appointed (whichever is sooner).
- (5) Where a leader or deputy leader of a Constituent Authority is appointed as the Mayor or Interim Mayor, the Constituent Authority shall appoint the leader or deputy leader (not being the Mayor or Interim Mayor) as the member of the Mayoral Combined Authority, and shall appoint another member of the Constituent Authority as Substitute Member.

- (6) A Member voluntarily appointed by each of the Non-Constituent Authorities (*Non-Constituent Authority Member*), and the Chair of the Solent Local Enterprise Partnership (*Solent LEP Member*).

## **The Role of Mayor, Constituent Members, Solent LEP Member, Non-Constituent Members**

### **Mayor**

6. The Mayor shall oversee the delivery of functions by the Mayoral Combined Authority, all work areas, initiatives, and projects, and shall be the initiator of plans, policies, budget plans, and strategies, for the consideration of the Constituent Members. While some functions, projects, or initiatives, may be lead upon by Constituent Members following a delegation made in accordance with this Scheme, the Mayor shall continue to oversee all areas.

### **Constituent Members**

7. The Constituent Members shall jointly make decisions with the Mayor, scrutinising, challenging, and promoting recommendations brought before them. In addition to this, Constituent Members may individually lead on certain functions, projects, or initiatives, where a delegation has been made to them, in accordance with this Scheme (and subject to the supervisory role of the Mayor referred to at paragraph 6), above.

### **Solent LEP Member**

8. The Solent LEP Member shall be a decision-maker, alongside the Mayor and Constituent Members, in relation to the matters described at paragraph 21.

### **Non-Constituent Members**

9. The Non-Constituent Members shall participate on a voluntary basis in an advisory and non-voting capacity, in meetings of the Mayoral Combined Authority.

### **Co-optees**

10. Any individual co-opted by the Mayoral Combined Authority or the joint Overview and Scrutiny Committee, shall participate on a voluntary basis, and in an advisory and non-voting capacity, in meetings of the Mayoral Combined Authority, or the joint Overview and Scrutiny Committee.

### **Mayor, Interim Mayor, Members**

11. Upon appointment and taking office, the Mayor will chair the Mayoral Combined Authority. The Non-Constituent Authority Members shall be invited to participate in meetings, initiatives, and discussions by the agreement of the Constituent Members, and Mayor/Interim Mayor.

12. Up until the appointment and taking office of the Mayor the Interim Mayor will chair the Mayoral Combined Authority. Where the Mayor/Interim Mayor is absent from a meeting, the participating Constituent Members shall elect a chair for the duration of that meeting.

13. Each Member shall when acting in their role as Member, promote the best interests and objectives of the Mayoral Combined Authority Area.

14. A Constituent Authority, Non-Constituent Authority, and the Solent Local Enterprise Partnership may at any time terminate the appointment of their respectively appointed Member, which shall take effect upon the receipt of a notification to the Monitoring Officer of the Mayoral Combined Authority in writing (including by email) save in the case of a Constituent Authority it may not terminate the appointment of the Interim Mayor, and in the case of the Solent Local Enterprise Partnership, a termination shall only be effective where appointee is no longer the Chair of the Solent Local Enterprise Partnership.

15. If a Member of the Mayoral Combined Authority ceases to be a member of the Constituent Authority, Non-Constituent Authority, or the Solent Local Enterprise Partnership (or where the participation of a given Member is terminated in accordance with paragraph 9), the Member will automatically cease to be a member of the Mayoral Combined Authority, and the Constituent Authority, or Solent Local Enterprise Partnership (as the case may be) will appoint a replacement as soon as practicable, in accordance with the requirements of paragraph 5. In the case of a Non-Constituent Authority, the Non-Constituent Authority may (but shall not be required to) appoint a replacement and shall notify the Monitoring Officer of the Mayoral Combined Authority of its intention to do so.

16. The Mayor will allocate portfolios of functions to Constituent Members, which they shall have a special responsibility for overseeing, but shall not enjoy any decision-making power over unless a delegation is made in accordance with paragraph 18. Appointments will be the first business transacted at the Annual Meeting of the Mayoral Combined Authority and the appointments will be for the forthcoming municipal year.

### **Remuneration of Members**

17. No additional remuneration shall be payable by the Mayoral Combined Authority to its Members other than allowances for travel and subsistence. A Constituent Authority may, pay a special responsibility allowance to any Constituent Authority Member in respect of those duties and responsibilities undertaken in role as Member of the Mayoral Combined Authority. The cost of any such special responsibility allowance will be met by the relevant Constituent Authority.

### **Co-Opted Members**

18. The Mayoral Combined Authority may, upon a unanimous decision of the Constituent Members and the Mayor/Interim Mayor, co-opt additional members onto the Mayoral Combined Authority where it is likely to be beneficial to do so for the carrying out of its functions, on such terms as they determine.

### **Quorum**

19. The quorum for meetings of the Mayoral Combined Authority shall be three (3) (being Constituent Members or Mayor/Interim Mayor).

### **Voting**



20. The Constituent Members and the Mayor/Interim Mayor of the Mayoral Combined Authority will have one unweighted vote: the Mayor/Interim Mayor will have no second or casting vote. It is intended that decisions will be made by consensus. Where this is not possible, matters will be put to a vote and will require a majority vote of the Constituent Members and Mayor/Interim Mayor present and voting, apart from:

- Any decision requiring unanimity (described at paragraph 23 below)
- The specific exceptions described at paragraph 24

21. Non-Constituent Authority Members will not have voting rights. The Solent LEP Member may vote on matters relating the following functions:

**Functions – Strategic Planning**

**Functions – Economic Development, Employment and Skills, and Regeneration**

**Functions –Transport**

excepting any matters within those categories of functions expressly reserved to the Mayor/Interim Mayor and Constituent Members at paragraphs 23 and 24.

22. On the requisition of any one Member, made before a vote is taken, the voting on any matter shall be recorded so as to show how each Member voted and there shall also be recorded any member abstaining from voting. Where any member abstains from voting then they shall be deemed to have consented to the decision of the majority such that:

- in any decision which requires unanimity and where the abstaining member represents a Constituent Authority directly affected by the decision the matter may pass notwithstanding that the abstaining Member does not form part of the majority provided that all other directly affected Constituent Authorities (through their appointed member) vote in favour or abstain; and
- in any decision requiring unanimous support, the abstention of a Member will not prevent the matter passing provided all other Members vote in support or abstain (if all Members abstain the matter shall not pass).

23. The following matters require unanimity of support from Constituent Members and Mayor/Interim Mayor present:

- The co-option of additional voting or non-voting Members (including Co-opted Members) onto the Mayoral Combined Authority
- Amendments to the Constitution, including the making of any scheme of delegation
- Adoption of the Spatial Strategy/Plan
- Adoption of an annual budget and medium term financial plan, including the determination of any contributions from the Constituent Authorities and the distribution of pooled Business Rates
- Approval of borrowing limits, the treasury management strategy and the investment strategy
- Establishment of and membership in companies and/or other structures (including legal partnerships)

- Setting of any transport levy
- The adoption of key plans and strategies as determined by the Mayoral Combined Authority in its standing orders
- Approval to receive new powers and responsibilities from central Government
- Determination of questions relating to Members allowances

The Solent LEP Member may not vote on these matters.

24. The Mayoral Combined Authority may not adopt any plan or strategy prepared by the Mayor/Interim Mayor (including the Transport Plan) unless the Mayor has first consulted the Constituent Members. The Constituent Members may reject a plan or strategy prepared by the Mayor/Interim Mayor where a majority of the Constituent Members resolves to do so. The Solent LEP Member shall not vote on these matters.

### **Executive arrangements**

25. Executive arrangements (within the meaning of the Local Government Act 2000) shall not apply to the Mayoral Combined Authority. However, the discharge of the functions of the Mayoral Combined Authority will be subject to the scrutiny arrangements set out in paras 26 to 30 below.

### **Committees and Sub-Committees**

#### Scrutiny arrangements

26. The requirement to ensure accountability and transparency will be fulfilled by the Mayoral Combined Authority by establishing a joint Overview and Scrutiny Committee of at least three (3) members drawn from the Constituent Authorities (which reflects the political balance of the Constituent Authorities) to exercise scrutiny functions over the Mayoral Combined Authority in accordance with the provisions of Section 104 and Schedule 5A of the 2009 Act.

27. The membership of the Overview and Scrutiny Committee must not include a Mayoral Combined Authority Member or a member of the executive of a Constituent Authority.

28. The Overview and Scrutiny Committee will have the power to:

- Require Mayoral Combined Authority members and officers to attend meetings and answer questions
- Invite others to attend the meetings
- Review or scrutinise decisions or other actions taken by the Mayoral Combined Authority
- Make (and publish) reports or recommendations to the Mayoral Combined Authority
- Require that a decision that has not been implemented be reconsidered by the members of the Mayoral Combined Authority

29 The Overview and Scrutiny Committee may appoint sub-committees to deal with matters within its remit and will have the power to co-opt additional non-voting representatives for specific scrutiny tasks where it would be beneficial to the functions carried out by the committee to do so.

30. Where the Overview and Scrutiny Committee makes a report it may also publish it and require a response from the Mayoral Combined Authority. The notice published must give the Mayoral Combined Authority at least two months to consider the report.

### Audit Committee

31. The Mayoral Combined Authority will establish an Audit Committee of three (3) members drawn from the Constituent Authorities (not being the Constituent Authority Members, or Mayor, or Interim Mayor) and will be responsible for:

- Reviewing and scrutinising the Mayoral Combined Authority's financial affairs
- Reviewing and assessing the Mayoral Combined Authority's risk management control and corporate governance arrangements
- Reviewing and assessing the economy, efficiency and effectiveness with which resources have been used in discharging the Mayoral Combined Authority's functions
- Making reports and recommendations to the Mayoral Combined Authority in relation to reviews conducted under the above

32. The members of the Audit Committee will reflect the political balance of the Constituent Local Authorities, and must not include a Mayoral Combined Authority Member or a member of the Executive of a constituent authority. The expectation will be that the members chosen will have the skills and experience described in the CIPFA guidance on Audit Committees.

### Sub-Committees

33. The Mayoral Combined Authority may establish sub-committees to focus on specific Mayoral Combined Authority work areas.

### **Functions - Overall Purpose**

34. The purpose of the Mayoral Combined Authority (*Purpose*) is the exercise of statutory functions in relation to economic development, regeneration, and transport in the Mayoral Combined Authority Area in an improved manner leading to an enhancement of the economic conditions and performance of the Mayoral Combined Authority Area: that is the creation of more skilled and better paid jobs, more inward investment, a reformation of public services and a positive effect upon the factors which may contribute to the welfare bill of the Mayoral Combined Authority Area. The related interventions will have differential spatial impacts across the Mayoral Combined Authority area, but should aid delivery of key growth projects in the emerging and future local plans of Constituent Authorities.

35. The primary focus of the Mayoral Combined Authority is to take responsibility for a programme of investment in transport and economic infrastructure and will influence and align with Government investment in order to achieve the Purpose. In pursuit of this, the

Mayoral Combined Authority will have the following powers, described thematically, by function. These powers will be exercised concurrently by the Mayoral Combined Authority and the Constituent Authorities, and the Mayoral Combined Authority will and the Constituent Authorities seek to cooperate with each other and the Non-Constituent Authorities.

### **Functions - General Powers and Duties of the Mayoral Combined Authority**

36. The Mayoral Combined Authority shall have the following general powers and duties (together with any which the secretary of state considers necessary) to be exercised in furtherance of its specific functions:

- The power to do anything the Mayoral Combined Authority considers appropriate:
  - for the purposes of carrying out (or connected to) any of its functions
  - purposes incidental to and/or indirectly incidental to carrying out its functions; or,
  - for a commercial purpose  
(section 113A of the 2009 Act)
- Designation as a *Specified Body* pursuant to section 33(3)(k) of the Value Added Tax Act 1994
- The power to instigate and defend legal proceedings (section 222, Local Government Act 1972)
- The power to research and the collect information in relation to the exercise of any of its functions (subsection 1(a) and (b) of section 88, Local Government Act 1985)
- the duty to appoint a Head of Paid Service, a Monitoring Officer and an Officer with responsibility for the administration of the Mayoral Combined Authority's financial affairs (sections 4 and 5, Local Government and Housing Act 1989, and section 151, Local Government Act 1972)
- the power to raise money by borrowing (section 1, Local Government Act 2003)
- the power to appoint staff and to enter into agreements with other public bodies for the secondment of staff (section 113, Local Government Act 1972)
- the duty (without prejudice to any other obligation) to exercise its functions with due regard to the need to prevent crime and disorder, the misuse of drugs and alcohol or re-offending in its area (section 17, Crime and Disorder Act 1998)
- The function of a local authority to take such steps as it considers appropriate for improving the health of the people in its area (section 2B, National Health Service Act 2006)

### **Functions - Strategic Planning**

37. The Mayoral Combined Authority will have powers adopt a non-statutory spatial development strategy for the Mayoral Combined Authority Area - which may be considered by the Constituent Authorities in their local planning frameworks - to enabling the Mayoral Combined Authority to act as the forum for local authorities to exercise the Duty to Cooperate, in respect of strategic planning matters.

## Functions – Economic Development, Employment and Skills, and Regeneration

38. The Mayoral Combined Authority will be focused on the Purpose, and the powers of the Constituent Authorities and the Solent Local Enterprise Partnership relevant to the Purpose will be exercised concurrently, not ceded to the Mayoral Combined Authority, unless the Constituent Members, Mayor/Interim Mayor, and Solent LEP Member unanimously agree that the exercise of those responsibilities by the Mayoral Combined Authority alone would promote the achievement of the purposes. The responsibilities include:

- an investment plan in relation to economic development, employment and skills, and/or regeneration
- an inward investment strategy
- a strategy and activity plan for place-based marketing
- economic assessments and research to provide an evidence base for future economic strategy
- a long-term strategy for promoting investment in housing and regeneration
- acting as accountable body for interventions, projects and programmes for whole Mayoral Combined Authority Area interventions
- a strategic plan for skills delivery across the Mayoral Combined Authority Area
- acting as a focus for the One Public Estate programme and developing proposals for public sector locational hubs in city, town and district centres allowing local, regional and national public sector bodies to take advantage of modern integrated working to reduce costs, improve productivity and offer better services to the communities of the Mayoral Combined Authority
- identification and realisation of funding opportunities

39. The Mayoral Combined Authority shall have the following functions in relation to the above responsibilities, and *economic development, employment and skills, and regeneration* in general:

- Such functions of the constituent councils as are exercisable by them for the purpose of economic development and regeneration in reliance on the general power of competence (section 1, Localism Act 2011, (and any other specific power))
- the power to acquire land by agreement or compulsorily for the purpose of any of its functions and to dispose of such land (sections 120 and 121, Local Government Act 1972 (and any other specific power))
- The duty of a local authority to prepare an assessment of economic conditions in its area (section 69, 2009 Act)
- The power of a local authority to arrange for the publication within their area of information relating to the functions of the authority, etc (section 142(2), Local Government Act 1972)

- The power of a local authority to encourage persons to visit their area, etc (section 144, Local Government Act 1972)
- The duty to secure that enough suitable education and training is provided to meet the reasonable needs of 16-19 year olds, 19-25 year olds who are subject to learning difficulty assessment and persons who are subject to youth detention. The duty to co-operate with local authorities exercising these duties (section 15ZA, 15ZB, 15ZC, 18A, 18A(1)(b), 514A, and 560A, Education Act 1996)
- The duty to cause a review to be conducted of quality for the time being, and the likely future quality within the relevant period, of air within the authority's area and associated duties, duty to designate air quality management areas (section 82, Environment Act 1995)
- The power to designate air quality management areas, and duties in relation to any designated area (sections 83 and 84, Environment Act 1995)

### Functions - Transport

40. The Mayoral Combined Authority will have the following responsibilities and functions:

- Developing and keeping under review a single, Local Transport Plan (or its equivalent) for the Mayoral Combined Authority Area, which will include high level policy for major investments (e.g. freight, cycle, rail, highway maintenance, new transport infrastructure, traffic management), and set the long-term strategic transport vision and outcomes for the Mayoral Combined Authority Area, having regard to the Strategic Economic Plan as it is from time to time adopted by the Solent Enterprise Partnership, and prepared with the engagement with and coordination of key stakeholders (such as contiguous local authorities), (section 108, Transport Act 2000)
- Taking responsibility for a devolved and consolidated multi-year local transport budget for the area of the Combined Authority, including all relevant devolved highways funding, and acting as accountable body for transport schemes, such as devolved major transport schemes (and their functions)
- Setting the transport levy for the Mayoral Combined Authority Area (section 74, Local Government Finance Act 1988)
- The duty to prepare a report on the levels of local road transport and a forecast of the growth in those levels in relation to the Mayoral Combined Authority Area (section 2, Road Traffic Reduction Act 1997)
- Powers for the franchising of bus services in the Mayoral Combined Authority Area (it is anticipated that this will be enabled through the *Bus Services Bill*, the main features of the relevant powers are anticipated to include:
  - Control over all ticketing arrangements for franchised services- including fares, ticket types, branding and marketing
  - Affording flexibility to operators to set some or all aspects of ticketing arrangements commercially

- Affording the right to cross-boundary operators to participate in the ticketing scheme)
- Responsibility for the management and maintenance of a *Key Route Network* of local authority roads within the Mayoral Combined Authority Area, (and the Mayoral Combined Authority shall be empowered with such appropriate functions in relation to the management and maintenance of highways as are necessary to do so, including:
  - The duty of a local traffic authority to manage their road network with a view to securing the expeditious movement of traffic on its own roads, and facilitating the same on the roads of other authorities (sections 16 and 17, Traffic Management Act 2004)
  - The duty of a local authority to prepare and carry out a programme of measures to promote road safety, including road safety studies, accident prevention schemes and the provision of information and advice (section 39, Road Traffic Act 1988)
  - Power to promote a local charging scheme (section 164, Transport Act 2000)

#### **Functions – Public Service Reform**

41. The Mayoral Combined Authority will act as a forum to coordinate the development and delivery of a public service reform plan alongside wider partners in the public, private and voluntary sectors in the relation to the whole of the Mayoral Combined Authority Area.
42. The Mayoral Combined Authority will act as the key decision making forum and accountable body for the plan referred to in paragraph 43 and any related external funding provision.

#### **Functions - Housing**

43. The Mayoral Combined Authority will develop a general and site-specific delivery plan for housing, and will identify opportunities for working with the Constituent Authorities, the Solent Local Enterprise Partnership, and government agencies such as the Homes and Communities Agency, to support the delivery of housing (including the regeneration of existing housing stock of the two cities, and the Isle of Wight) whether acting as enabler, funder, or lead delivery body.
44. The Mayoral Combined Authority will have the following function (together with anything else that the secretary of state considers necessary):
- The duty of local housing authorities to consider conditions in their area and the needs of the district with respect to the provision of further housing accommodation (section 8(1), Housing Act 1985)

(the delivery of housing development, acquisition of land, and the building of dwellings under section 9, Housing Act 1985, will remain an exclusive function of the Constituent Authorities).

### **Funding - Transfer of Property, Rights and Liabilities**

#### Funding

45. The Mayoral Combined Authority will be funded by way of a *Single Pot* capital grant, of £30million per annum, being a mix of capital (75%) and revenue (25%) and will have the power to borrow in relation to its functions. It would, in addition, retain 100% of any business rates received by the Constituent Authorities (including any uplift in business rates growth), to be re-invested in both further growth opportunities and in sustaining public services. Accrued business rates will be pooled between the Constituent Authorities, and decisions on their distribution will be made in accordance with the voting arrangements described above (that is, a unanimous vote of the Constituent Members and Mayor/Interim Mayor).

46. As is described at paragraph 41, above, the Mayoral Combined Authority as a levying body under section 74 of the Local Government Finance Act 1988 shall have the power to issue a levy to its Constituent Authorities in respect of the expenses and liabilities of the Mayoral Combined Authority which are reasonably attributable to the exercise of its functions relating to transport. (The core principle in determining the levy shall be that the total contribution from each Constituent Authority for funding transport services for the year shall not exceed the equivalent cost for the year as it would have been calculated under previous arrangements).

47. Any unmet costs in relation to the administration of the Mayoral Combined Authority that are reasonably attributable to the exercise of its functions (and any start-up costs) shall be met (actually, or in kind) by the Constituent Authorities on a proportionate and equitable basis, based on population.

#### Transfer of Property, Right and Liabilities, and appointment of statutory officers

48. A transfer scheme of property, rights and liabilities existing at the transfer date and relevant to the transport functions of the Mayoral Combined Authority shall be prepared and agreed as soon as reasonably practicable including rights and liabilities in relation to contracts of employment.

49. The Mayoral Combined Authority shall appoint any statutory or proper officer posts, and in particular:

- Head of Paid Service
- S151 Officer
- Monitoring Officer



It is anticipated that these positions will be undertaken by officers already serving in one or more of the Constituent Authorities whether serving as appointees to those statutory roles or not.

**Delegations**

50. The Mayoral Combined Authority may make arrangements for the exercise of any of the Mayoral Combined Authority's Functions by Committees, Sub-Committees, Officers, joint committees or other local authorities pursuant to section 101 of the Local Government Act 1972. Where the Mayoral Combined Authority elects to make such arrangements the detail of the functions to be discharged and any conditions on such discharge shall be recorded in a scheme of delegation within the constitution of the Mayoral Combined Authority.

51. The Mayoral Combined Authority will review the scheme of delegation at least annually as part of any review of its Constitution.

52. The Mayoral Combined Authority may establish such committee or sub-committees as it considers appropriate and may delegate powers and functions accordingly.

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## **SOLENT**

### **Mayoral Combined Authority Scheme**

## Annex 1

**Scheme for the establishment of a Solent Mayoral Combined Authority**

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*This Scheme is prepared and published by Portsmouth City Council, the Isle of Wight Council, and Southampton City Council under section 109 of Local Democracy Economic Development and Construction Act 2009, (the 2009 Act) as amended by the Cities and Local Government Development Act 2016 (the 2016 Act) and comprises proposals which were presented in a Strategic Governance Review (the Review) and a document titled "Draft Scheme").*

**Scheme for the Establishment of the Solent Mayoral Combined Authority**

1. Following the completion of the Review, the Isle of Wight Council, Portsmouth City Council, and Southampton City Council, have prepared this Scheme, pursuant to section 109 of the 2009 Act, for the creation of a mayoral combined authority (Mayoral Combined Authority).

The following general powers, functions, and freedoms are sought, together with those described in more detail throughout this Scheme:

- Responsibility for a consolidated, devolved transport budget, with a multi-year settlement
- Responsibility for (and powers in relation to) franchised bus services
- Responsibility for a new Key Route Network of a local authority roads that will be managed and maintained by the Mayoral Combined Authority
- Powers over strategic planning, including the responsibility to propose future spatial plans for the Mayoral Combined Authority Area
- Retention of 100% of business rates, and powers over their allocation
- Responsibility for the 19+ Adult Education Budget

It is recognised that further powers may be agreed over time and comprised in future legislation.

**Area of the Mayoral Combined Authority**

2. The area of the Mayoral Combined Authority shall be the whole of the following constituent local authority areas:

- Portsmouth City Council
- Southampton City Council
- The Isle of Wight Council

Each of the above authorities will be the Solent Mayoral Combined Authority's constituent members, and *Constituent Authority* and *Constituent Authorities* will be construed accordingly.

### **Name of the Authority**

3. The name of the Mayoral Combined Authority will be the *Solent Mayoral Combined Authority*.

### **Non-Constituent Authorities**

4. The following local authorities, the Non-Constituent Authorities, shall be invited to appoint representative members:

- Hampshire County Council
- Fareham Borough Council
- East Hampshire Borough Council
- Eastleigh Borough Council
- Gosport Borough Council
- Havant Borough Council
- New Forest Borough Council
- Test Valley Borough Council
- Winchester City Council

### **Membership of the Solent Mayoral Combined Authority**

5. The membership of the Mayoral Combined Authority shall be as follows (and *Member* and *Members* shall be construed accordingly):

- (1) The directly elected Mayor of the Mayoral Combined Authority (or Interim Mayor appointed in accordance with (4) below).
- (2) A single elected member appointed by each Constituent Authority. The elected member appointed must be the leader, deputy leader, directly elected mayor or deputy mayor of the relevant Constituent Authority (as appropriate) (*Constituent Authority Member*).
- (3) An alternative single elected member appointed by each Constituent Authority (which shall be either the leader, or directly elected mayor, or deputy leader, or deputy mayor (as the case may be)) to act as a Member of the Mayoral Combined Authority in the absence of the Member appointed under sub-paragraph (1) (*Substitute Member*).
- (4) An a separate elected member of a Constituent Authority, appointed by the unanimous agreement of the Constituent Authorities (failing which, a majority vote shall be acceptable), to act as Interim Mayor, such appointment to be for a period of up to six months (whereupon a member from a different Constituent Authority to the previous Interim Mayor shall be appointed as Interim Mayor) or up until the time that a directly elected Mayor is appointed (whichever is sooner).
- (5) Where a leader or deputy leader of a Constituent Authority is appointed as the Mayor or Interim Mayor, the Constituent Authority shall appoint the leader or deputy leader (not being the Mayor or Interim Mayor) as the member of the Mayoral Combined Authority, and shall appoint another member of the Constituent Authority as Substitute Member.

- (6) A Member voluntarily appointed by each of the Non-Constituent Authorities (*Non-Constituent Authority Member*), and the Chair of the Solent Local Enterprise Partnership (*Solent LEP Member*).

## **The Role of Mayor, Constituent Members, Solent LEP Member, Non-Constituent Members**

### **Mayor**

6. The Mayor shall oversee the delivery of functions by the Mayoral Combined Authority, all work areas, initiatives, and projects, and shall be the initiator of plans, policies, budget plans, and strategies, for the consideration of the Constituent Members. While some functions, projects, or initiatives, may be lead upon by Constituent Members following a delegation made in accordance with this Scheme, the Mayor shall continue to oversee all areas.

### **Constituent Members**

7. The Constituent Members shall jointly make decisions with the Mayor, scrutinising, challenging, and promoting recommendations brought before them. In addition to this, Constituent Members may individually lead on certain functions, projects, or initiatives, where a delegation has been made to them, in accordance with this Scheme (and subject to the supervisory role of the Mayor referred to at paragraph 6), above.

### **Solent LEP Member**

8. The Solent LEP Member shall be a decision-maker, alongside the Mayor and Constituent Members, in relation to the matters described at paragraph 21.

### **Non-Constituent Members**

9. The Non-Constituent Members shall participate on a voluntary basis in an advisory and non-voting capacity, in meetings of the Mayoral Combined Authority.

### **Co-optees**

10. Any individual co-opted by the Mayoral Combined Authority or the joint Overview and Scrutiny Committee, shall participate on a voluntary basis, and in an advisory and non-voting capacity, in meetings of the Mayoral Combined Authority, or the joint Overview and Scrutiny Committee.

### **Mayor, Interim Mayor, Members**

11. Upon appointment and taking office, the Mayor will chair the Mayoral Combined Authority. The Non-Constituent Authority Members shall be invited to participate in meetings, initiatives, and discussions by the agreement of the Constituent Members, and Mayor/Interim Mayor.

12. Up until the appointment and taking office of the Mayor the Interim Mayor will chair the Mayoral Combined Authority. Where the Mayor/Interim Mayor is absent from a meeting, the participating Constituent Members shall elect a chair for the duration of that meeting.

13. Each Member shall when acting in their role as Member, promote the best interests and objectives of the Mayoral Combined Authority Area.

14. A Constituent Authority, Non-Constituent Authority, and the Solent Local Enterprise Partnership may at any time terminate the appointment of their respectively appointed Member, which shall take effect upon the receipt of a notification to the Monitoring Officer of the Mayoral Combined Authority in writing (including by email) save in the case of a Constituent Authority it may not terminate the appointment of the Interim Mayor, and in the case of the Solent Local Enterprise Partnership, a termination shall only be effective where appointee is no longer the Chair of the Solent Local Enterprise Partnership.

15. If a Member of the Mayoral Combined Authority ceases to be a member of the Constituent Authority, Non-Constituent Authority, or the Solent Local Enterprise Partnership (or where the participation of a given Member is terminated in accordance with paragraph 9), the Member will automatically cease to be a member of the Mayoral Combined Authority, and the Constituent Authority, or Solent Local Enterprise Partnership (as the case may be) will appoint a replacement as soon as practicable, in accordance with the requirements of paragraph 5. In the case of a Non-Constituent Authority, the Non-Constituent Authority may (but shall not be required to) appoint a replacement and shall notify the Monitoring Officer of the Mayoral Combined Authority of its intention to do so.

16. The Mayor will allocate portfolios of functions to Constituent Members, which they shall have a special responsibility for overseeing, but shall not enjoy any decision-making power over unless a delegation is made in accordance with paragraph 18. Appointments will be the first business transacted at the Annual Meeting of the Mayoral Combined Authority and the appointments will be for the forthcoming municipal year.

### **Remuneration of Members**

17. No additional remuneration shall be payable by the Mayoral Combined Authority to its Members other than allowances for travel and subsistence. A Constituent Authority may, pay a special responsibility allowance to any Constituent Authority Member in respect of those duties and responsibilities undertaken in role as Member of the Mayoral Combined Authority. The cost of any such special responsibility allowance will be met by the relevant Constituent Authority.

### **Co-Opted Members**

18. The Mayoral Combined Authority may, upon a unanimous decision of the Constituent Members and the Mayor/Interim Mayor, co-opt additional members onto the Mayoral Combined Authority where it is likely to be beneficial to do so for the carrying out of its functions, on such terms as they determine.

### **Quorum**

19. The quorum for meetings of the Mayoral Combined Authority shall be three (3) (being Constituent Members or Mayor/Interim Mayor).

### **Voting**

20. The Constituent Members and the Mayor/Interim Mayor of the Mayoral Combined Authority will have one unweighted vote: the Mayor/Interim Mayor will have no second or casting vote. It is intended that decisions will be made by consensus. Where this is not possible, matters will be put to a vote and will require a majority vote of the Constituent Members and Mayor/Interim Mayor present and voting, apart from:

- Any decision requiring unanimity (described at paragraph 23 below)
- The specific exceptions described at paragraph 24

21. Non-Constituent Authority Members will not have voting rights. The Solent LEP Member may vote on matters relating the following functions:

**Functions – Strategic Planning**

**Functions – Economic Development, Employment and Skills, and Regeneration**

**Functions –Transport**

excepting any matters within those categories of functions expressly reserved to the Mayor/Interim Mayor and Constituent Members at paragraphs 23 and 24.

22. On the requisition of any one Member, made before a vote is taken, the voting on any matter shall be recorded so as to show how each Member voted and there shall also be recorded any member abstaining from voting. Where any member abstains from voting then they shall be deemed to have consented to the decision of the majority such that:

- in any decision which requires unanimity and where the abstaining member represents a Constituent Authority directly affected by the decision the matter may pass notwithstanding that the abstaining Member does not form part of the majority provided that all other directly affected Constituent Authorities (through their appointed member) vote in favour or abstain; and
- in any decision requiring unanimous support, the abstention of a Member will not prevent the matter passing provided all other Members vote in support or abstain (if all Members abstain the matter shall not pass).

23. The following matters require unanimity of support from Constituent Members and Mayor/Interim Mayor present:

- The co-option of additional voting or non-voting Members (including Co-opted Members) onto the Mayoral Combined Authority
- Amendments to the Constitution, including the making of any scheme of delegation
- Adoption of the Spatial Strategy/Plan
- Adoption of an annual budget and medium term financial plan, including the determination of any contributions from the Constituent Authorities and the distribution of pooled Business Rates
- Approval of borrowing limits, the treasury management strategy and the investment strategy
- Establishment of and membership in companies and/or other structures (including legal partnerships)



- Setting of any transport levy
- The adoption of key plans and strategies as determined by the Mayoral Combined Authority in its standing orders
- Approval to receive new powers and responsibilities from central Government
- Determination of questions relating to Members allowances

The Solent LEP Member may not vote on these matters.

24. The Mayoral Combined Authority may not adopt any plan or strategy prepared by the Mayor/Interim Mayor (including the Transport Plan) unless the Mayor has first consulted the Constituent Members. The Constituent Members may reject a plan or strategy prepared by the Mayor/Interim Mayor where a majority of the Constituent Members resolves to do so. The Solent LEP Member shall not vote on these matters.

### **Executive arrangements**

25. Executive arrangements (within the meaning of the Local Government Act 2000) shall not apply to the Mayoral Combined Authority. However, the discharge of the functions of the Mayoral Combined Authority will be subject to the scrutiny arrangements set out in paras 26 to 30 below.

### **Committees and Sub-Committees**

#### Scrutiny arrangements

26. The requirement to ensure accountability and transparency will be fulfilled by the Mayoral Combined Authority by establishing a joint Overview and Scrutiny Committee of at least three (3) members drawn from the Constituent Authorities (which reflects the political balance of the Constituent Authorities) to exercise scrutiny functions over the Mayoral Combined Authority in accordance with the provisions of Section 104 and Schedule 5A of the 2009 Act.

27. The membership of the Overview and Scrutiny Committee must not include a Mayoral Combined Authority Member or a member of the executive of a Constituent Authority.

28. The Overview and Scrutiny Committee will have the power to:

- Require Mayoral Combined Authority members and officers to attend meetings and answer questions
- Invite others to attend the meetings
- Review or scrutinise decisions or other actions taken by the Mayoral Combined Authority
- Make (and publish) reports or recommendations to the Mayoral Combined Authority
- Require that a decision that has not been implemented be reconsidered by the members of the Mayoral Combined Authority

29 The Overview and Scrutiny Committee may appoint sub-committees to deal with matters within its remit and will have the power to co-opt additional non-voting representatives for specific scrutiny tasks where it would be beneficial to the functions carried out by the committee to do so.

30. Where the Overview and Scrutiny Committee makes a report it may also publish it and require a response from the Mayoral Combined Authority. The notice published must give the Mayoral Combined Authority at least two months to consider the report.

### Audit Committee

31. The Mayoral Combined Authority will establish an Audit Committee of three (3) members drawn from the Constituent Authorities (not being the Constituent Authority Members, or Mayor, or Interim Mayor) and will be responsible for:

- Reviewing and scrutinising the Mayoral Combined Authority's financial affairs
- Reviewing and assessing the Mayoral Combined Authority's risk management control and corporate governance arrangements
- Reviewing and assessing the economy, efficiency and effectiveness with which resources have been used in discharging the Mayoral Combined Authority's functions
- Making reports and recommendations to the Mayoral Combined Authority in relation to reviews conducted under the above

32. The members of the Audit Committee will reflect the political balance of the Constituent Local Authorities, and must not include a Mayoral Combined Authority Member or a member of the Executive of a constituent authority. The expectation will be that the members chosen will have the skills and experience described in the CIPFA guidance on Audit Committees.

### Sub-Committees

33. The Mayoral Combined Authority may establish sub-committees to focus on specific Mayoral Combined Authority work areas.

### **Functions - Overall Purpose**

34. The purpose of the Mayoral Combined Authority (*Purpose*) is the exercise of statutory functions in relation to economic development, regeneration, and transport in the Mayoral Combined Authority Area in an improved manner leading to an enhancement of the economic conditions and performance of the Mayoral Combined Authority Area: that is the creation of more skilled and better paid jobs, more inward investment, a reformation of public services and a positive effect upon the factors which may contribute to the welfare bill of the Mayoral Combined Authority Area. The related interventions will have differential spatial impacts across the Mayoral Combined Authority area, but should aid delivery of key growth projects in the emerging and future local plans of Constituent Authorities.

35. The primary focus of the Mayoral Combined Authority is to take responsibility for a programme of investment in transport and economic infrastructure and will influence and align with Government investment in order to achieve the Purpose. In pursuit of this, the

Mayoral Combined Authority will have the following powers, described thematically, by function. These powers will be exercised concurrently by the Mayoral Combined Authority and the Constituent Authorities, and the Mayoral Combined Authority will and the Constituent Authorities seek to cooperate with each other and the Non-Constituent Authorities.

### **Functions - General Powers and Duties of the Mayoral Combined Authority**

36. The Mayoral Combined Authority shall have the following general powers and duties (together with any which the secretary of state considers necessary) to be exercised in furtherance of its specific functions:

- The power to do anything the Mayoral Combined Authority considers appropriate:
  - for the purposes of carrying out (or connected to) any of its functions
  - purposes incidental to and/or indirectly incidental to carrying out its functions; or,
  - for a commercial purpose  
(section 113A of the 2009 Act)
- Designation as a *Specified Body* pursuant to section 33(3)(k) of the Value Added Tax Act 1994
- The power to instigate and defend legal proceedings (section 222, Local Government Act 1972)
- The power to research and the collect information in relation to the exercise of any of its functions (subsection 1(a) and (b) of section 88, Local Government Act 1985)
- the duty to appoint a Head of Paid Service, a Monitoring Officer and an Officer with responsibility for the administration of the Mayoral Combined Authority's financial affairs (sections 4 and 5, Local Government and Housing Act 1989, and section 151, Local Government Act 1972)
- the power to raise money by borrowing (section 1, Local Government Act 2003)
- the power to appoint staff and to enter into agreements with other public bodies for the secondment of staff (section 113, Local Government Act 1972)
- the duty (without prejudice to any other obligation) to exercise its functions with due regard to the need to prevent crime and disorder, the misuse of drugs and alcohol or re-offending in its area (section 17, Crime and Disorder Act 1998)
- The function of a local authority to take such steps as it considers appropriate for improving the health of the people in its area (section 2B, National Health Service Act 2006)

### **Functions - Strategic Planning**

37. The Mayoral Combined Authority will have powers adopt a non-statutory spatial development strategy for the Mayoral Combined Authority Area - which may be considered by the Constituent Authorities in their local planning frameworks - to enabling the Mayoral Combined Authority to act as the forum for local authorities to exercise the Duty to Cooperate, in respect of strategic planning matters.

## Functions – Economic Development, Employment and Skills, and Regeneration

38. The Mayoral Combined Authority will be focused on the Purpose, and the powers of the Constituent Authorities and the Solent Local Enterprise Partnership relevant to the Purpose will be exercised concurrently, not ceded to the Mayoral Combined Authority, unless the Constituent Members, Mayor/Interim Mayor, and Solent LEP Member unanimously agree that the exercise of those responsibilities by the Mayoral Combined Authority alone would promote the achievement of the purposes. The responsibilities include:

- an investment plan in relation to economic development, employment and skills, and/or regeneration
- an inward investment strategy
- a strategy and activity plan for place-based marketing
- economic assessments and research to provide an evidence base for future economic strategy
- a long-term strategy for promoting investment in housing and regeneration
- acting as accountable body for interventions, projects and programmes for whole Mayoral Combined Authority Area interventions
- a strategic plan for skills delivery across the Mayoral Combined Authority Area
- acting as a focus for the One Public Estate programme and developing proposals for public sector locational hubs in city, town and district centres allowing local, regional and national public sector bodies to take advantage of modern integrated working to reduce costs, improve productivity and offer better services to the communities of the Mayoral Combined Authority
- identification and realisation of funding opportunities

39. The Mayoral Combined Authority shall have the following functions in relation to the above responsibilities, and *economic development, employment and skills, and regeneration* in general:

- Such functions of the constituent councils as are exercisable by them for the purpose of economic development and regeneration in reliance on the general power of competence (section 1, Localism Act 2011, (and any other specific power))
- the power to acquire land by agreement or compulsorily for the purpose of any of its functions and to dispose of such land (sections 120 and 121, Local Government Act 1972 (and any other specific power))
- The duty of a local authority to prepare an assessment of economic conditions in its area (section 69, 2009 Act)
- The power of a local authority to arrange for the publication within their area of information relating to the functions of the authority, etc (section 142(2), Local Government Act 1972)

- The power of a local authority to encourage persons to visit their area, etc (section 144, Local Government Act 1972)
- The duty to secure that enough suitable education and training is provided to meet the reasonable needs of 16-19 year olds, 19-25 year olds who are subject to learning difficulty assessment and persons who are subject to youth detention. The duty to co-operate with local authorities exercising these duties (section 15ZA, 15ZB, 15ZC, 18A, 18A(1)(b), 514A, and 560A, Education Act 1996)
- The duty to cause a review to be conducted of quality for the time being, and the likely future quality within the relevant period, of air within the authority's area and associated duties, duty to designate air quality management areas (section 82, Environment Act 1995)
- The power to designate air quality management areas, and duties in relation to any designated area (sections 83 and 84, Environment Act 1995)

### **Functions - Transport**

40. The Mayoral Combined Authority will have the following responsibilities and functions:
- Developing and keeping under review a single, Local Transport Plan (or its equivalent) for the Mayoral Combined Authority Area, which will include high level policy for major investments (e.g. freight, cycle, rail, highway maintenance, new transport infrastructure, traffic management), and set the long-term strategic transport vision and outcomes for the Mayoral Combined Authority Area, having regard to the Strategic Economic Plan as it is from time to time adopted by the Solent Enterprise Partnership, and prepared with the engagement with and coordination of key stakeholders (such as contiguous local authorities), (section 108, Transport Act 2000)
  - Taking responsibility for a devolved and consolidated multi-year local transport budget for the area of the Combined Authority, including all relevant devolved highways funding, and acting as accountable body for transport schemes, such as devolved major transport schemes (and their functions)
  - Setting the transport levy for the Mayoral Combined Authority Area (section 74, Local Government Finance Act 1988)
  - The duty to prepare a report on the levels of local road transport and a forecast of the growth in those levels in relation to the Mayoral Combined Authority Area (section 2, Road Traffic Reduction Act 1997)
  - Powers for the franchising of bus services in the Mayoral Combined Authority Area (it is anticipated that this will be enabled through the *Bus Services Bill*, the main features of the relevant powers are anticipated to include:
    - Control over all ticketing arrangements for franchised services- including fares, ticket types, branding and marketing
    - Affording flexibility to operators to set some or all aspects of ticketing arrangements commercially

- Affording the right to cross-boundary operators to participate in the ticketing scheme)
- Responsibility for the management and maintenance of a *Key Route Network* of local authority roads within the Mayoral Combined Authority Area, (and the Mayoral Combined Authority shall be empowered with such appropriate functions in relation to the management and maintenance of highways as are necessary to do so, including:
  - The duty of a local traffic authority to manage their road network with a view to securing the expeditious movement of traffic on its own roads, and facilitating the same on the roads of other authorities (sections 16 and 17, Traffic Management Act 2004)
  - The duty of a local authority to prepare and carry out a programme of measures to promote road safety, including road safety studies, accident prevention schemes and the provision of information and advice (section 39, Road Traffic Act 1988)
  - Power to promote a local charging scheme (section 164, Transport Act 2000)

#### **Functions – Public Service Reform**

41. The Mayoral Combined Authority will act as a forum to coordinate the development and delivery of a public service reform plan alongside wider partners in the public, private and voluntary sectors in the relation to the whole of the Mayoral Combined Authority Area.

42. The Mayoral Combined Authority will act as the key decision making forum and accountable body for the plan referred to in paragraph 43 and any related external funding provision.

#### **Functions - Housing**

43. The Mayoral Combined Authority will develop a general and site-specific delivery plan for housing, and will identify opportunities for working with the Constituent Authorities, the Solent Local Enterprise Partnership, and government agencies such as the Homes and Communities Agency, to support the delivery of housing (including the regeneration of existing housing stock of the two cities, and the Isle of Wight) whether acting as enabler, funder, or lead delivery body.

44. The Mayoral Combined Authority will have the following function (together with anything else that the secretary of state considers necessary):

- The duty of local housing authorities to consider conditions in their area and the needs of the district with respect to the provision of further housing accommodation (section 8(1), Housing Act 1985)

(the delivery of housing development, acquisition of land, and the building of dwellings under section 9, Housing Act 1985, will remain an exclusive function of the Constituent Authorities).

### **Funding - Transfer of Property, Rights and Liabilities**

#### Funding

45. The Mayoral Combined Authority will be funded by way of a *Single Pot* capital grant, of £30million per annum, being a mix of capital (75%) and revenue (25%) and will have the power to borrow in relation to its functions. It would, in addition, retain 100% of any business rates received by the Constituent Authorities (including any uplift in business rates growth), to be re-invested in both further growth opportunities and in sustaining public services. Accrued business rates will be pooled between the Constituent Authorities, and decisions on their distribution will be made in accordance with the voting arrangements described above (that is, a unanimous vote of the Constituent Members and Mayor/Interim Mayor).

46. As is described at paragraph 41, above, the Mayoral Combined Authority as a levying body under section 74 of the Local Government Finance Act 1988 shall have the power to issue a levy to its Constituent Authorities in respect of the expenses and liabilities of the Mayoral Combined Authority which are reasonably attributable to the exercise of its functions relating to transport. (The core principle in determining the levy shall be that the total contribution from each Constituent Authority for funding transport services for the year shall not exceed the equivalent cost for the year as it would have been calculated under previous arrangements).

47. Any unmet costs in relation to the administration of the Mayoral Combined Authority that are reasonably attributable to the exercise of its functions (and any start-up costs) shall be met (actually, or in kind) by the Constituent Authorities on a proportionate and equitable basis, based on population.

#### Transfer of Property, Right and Liabilities, and appointment of statutory officers

48. A transfer scheme of property, rights and liabilities existing at the transfer date and relevant to the transport functions of the Mayoral Combined Authority shall be prepared and agreed as soon as reasonably practicable including rights and liabilities in relation to contracts of employment.

49. The Mayoral Combined Authority shall appoint any statutory or proper officer posts, and in particular:

- Head of Paid Service
- S151 Officer
- Monitoring Officer

It is anticipated that these positions will be undertaken by officers already serving in one or more of the Constituent Authorities whether serving as appointees to those statutory roles or not.

**Delegations**

50. The Mayoral Combined Authority may make arrangements for the exercise of any of the Mayoral Combined Authority's Functions by Committees, Sub-Committees, Officers, joint committees or other local authorities pursuant to section 101 of the Local Government Act 1972. Where the Mayoral Combined Authority elects to make such arrangements the detail of the functions to be discharged and any conditions on such discharge shall be recorded in a scheme of delegation within the constitution of the Mayoral Combined Authority.

51. The Mayoral Combined Authority will review the scheme of delegation at least annually as part of any review of its Constitution.

52. The Mayoral Combined Authority may establish such committee or sub-committees as it considers appropriate and may delegate powers and functions accordingly.



### Solent Deal – Consultation report

#### Introduction

1. The Isle of Wight Council, Portsmouth City Council and Southampton City Council undertook consultation regarding proposals to establish a Mayoral Combined Authority in the Solent region between 22 July 2016 and 18 September 2016.
2. The Isle of Wight, Portsmouth and Southampton Councils are in the process of negotiating a deal with government to secure extra powers and funding for the region. The aim of the deal is to improve economic prosperity by bringing decision-making and accountability closer to local people and enabling funds to be spent on tackling local problems and taking advantage of local opportunities to improve economic growth.
3. Across July 2016, the Isle of Wight Council, Portsmouth City Council and Southampton City Council held Cabinet meetings and agreed to undertake a consultation on the draft Governance Scheme with the public and key stakeholders to inform the final version of the scheme and to inform the local decision about what happens next. Conducting a comprehensive and meaningful consultation with the residents and stakeholders of the three authorities is a key step in the Governance Review process.
4. This report outlines the principles, process and outcome of the public consultation on the proposed Solent Mayoral Combined Authority. It both supplements and contextualises the summary of the consultation included within the Cabinet report. The consultation was led by the Southampton City Council Research and Consultation team working closely with the policy, communication and consultation teams from the other local authorities.

#### Aims

5. The aim of this consultation was to give members of the public, and other stakeholders an opportunity to review and comment on the proposals surrounding the creation of a Solent Mayoral Combined Authority. The consultation gathered views on the principle of devolving powers, the proposed powers and any potential future powers. It also gathered views on the idea of the authorities and the Solent LEP working together and on the proposed option to take forward.
6. The consultation was not a vote, it enabled participants to read about the deal, answer questions and make comments that will feed into the creation of the final Governance Scheme. The consultation also concluded the process of the Governance Review.
7. The consultation gives respondents the opportunity to raise any impacts they feel the proposal might have that have not been considered and to suggest alternatives to the proposal, all will be considered in the development of the final version of the Governance Scheme.

#### Consultation principles

8. The three local authorities conducting this consultation take their duty to consult with residents and stakeholders on the devolution proposals very seriously. The consultation principles used ensure all consultation is:
  - Inclusive: so that everyone in the region has the opportunity to express their views.
  - Informative: so that people have adequate information about the proposals, what different options mean, and a balanced and fair explanation of the potential impact, particularly the equality and safety impact.

- Understandable: by ensuring that the language used to communicate is simple and clear and that efforts are made to reach all stakeholders, for example people who are non-English speakers or disabled people.
  - Appropriate: by targeting people who are more likely to be affected and using a more tailored approach to get their feedback, complemented by a general approach to all residents, staff, businesses and partners.
  - Meaningful: by ensuring decision makers have the full consultation feedback information so that they can make informed decisions.
  - Reported: by letting consultees know what was done with their feedback.
9. The three authorities are committed to consultations of the highest standard, which are meaningful, and comply with the following legal standards:
- Consultation must take place when the proposal is still at a formative stage
  - Sufficient reasons must be put forward for the proposal to allow for intelligent consideration and response
  - Adequate time must be given for consideration and response
  - The product of consultation must be carefully taken into account.
10. The Isle of Wight Council, Portsmouth City Council and Southampton City Council made a decision to run the consultation for over eight weeks from 22 July to 18 September 2016, many other consultations on establishing a combined authority have run for six weeks. It was felt that this period allowed for any interruption that could be caused by the summer holiday season. It also ensured that it ran across three calendar months; July, August and September.

### Approach and methodology

11. The consultation on the potential establishment of a Solent Mayoral Combined Authority and the draft Governance Scheme sought views on the proposal from relevant residents, stakeholders and partner organisations. The formal consultation ran from 22 July 2016 and 18 September 2016. In addition to this formal consultation some pre-consultation and early engagement activity was also conducted with a range of stakeholders.
12. Deciding on the best process for gathering feedback from stakeholders when conducting a consultation requires an understanding of the audience and the focus of the consultation. It is also important to have more than one way for stakeholders to feedback on the consultation, to enable engagement with the widest range of the population. In order to ensure the proposed approach was proportionate and appropriate, previous consultations that have had high levels of engagement and those that have focused on governance related issues were considered to inform the approach for the Solent Deal consultation.
13. The agreed approach for this consultation was to use a combination of online and paper questionnaires as the basis, supported by a range of open drop-in sessions, discussion groups, public meetings, a generic email address and social media. It was felt that due to the complexity of the consultation it was important to provide a significant amount of face to face contact with consultees and to provide clarity and answer any questions. The drop-in or roadshow sessions were designed to both increase awareness of the consultation but also to gather feedback directly at a range of locations across the region.
14. To ensure that the consultation questionnaire enabled meaningful engagement with the issues a balance needed to be struck between including enough information without creating something unwieldy and inaccessible. The online questionnaire provided links to the website for further information or directly to the draft Governance Scheme to ensure respondents could easily access all the background information available for the consultation.

15. This approach of open consultation, supported by a wide range of communications ensured that as many people as possible were aware of the issues and could have their say if they chose to. This led to a good level of engagement with the issue without incurring a large cost to limited local authority resources.

### Promotion and communication

16. Throughout the consultation, every effort was made to ensure that as many people as possible were aware of the Solent Deal proposals and had every opportunity to have their say.
17. Particular effort was made to communicate the proposals in a clear and easy to understand way. This was achieved by using a clear and informative bespoke website to outline the background to the proposals, a Frequently Asked Questions (FAQs) document and by dividing the questionnaire into themed sections which included key information. All of these documents were available at [solentdeal.co.uk](http://solentdeal.co.uk) or in paper copies at libraries and civic offices across the three local authority areas.
18. The approach taken aimed to be as consistent as possible between the three local authority areas while still taking into account local differences.
19. The three councils all had dedicated pages on their respective websites with details of the consultation for the duration. These pages also linked to the dedicated Solent Deal website which provided a range of background information, links to key documents including the Governance Scheme and Governance Review and a link to the consultation questionnaire.
20. For the duration of the consultation information posters, copies of the Draft Governance Scheme and paper versions of the consultation questionnaire were available in libraries and council offices in each of the three local authority areas. Paper copies of the questionnaire or alternative format versions could be obtained on request, either through the Solent Deal email address or via any of the normal contact routes for the three authorities.
21. At the start of the consultation a media briefing was held and during the consultation each authority made media releases about the consultation. A total of eight media releases were produced and details of the Solent Deal consultation were covered (at least once) in the following:
- [Aboutmyarea.co.uk](http://Aboutmyarea.co.uk)
  - Alton Herald
  - BBC Hampshire online
  - BBC Online Hampshire & Isle of Wight
  - BBC Politics Show
  - BBC South Today
  - Blue and Green Today
  - Fareham Herald
  - Island Echo
  - Isle of Wight County Press
  - Isle of Wight Radio
  - On The Wight
  - Romsey Advertiser
  - Southern Daily Echo
  - The News (Portsmouth)
  - Wave FM

22. The Solent Deal consultation was included in nine Portsmouth City Council and 40 Southampton City Council e-alerts. In Southampton the message was included in 12 different e-alert subjects with 18 footers and 22 articles. The total reach of these e-alerts was 224,841. In Portsmouth articles were included in all nine with a total reach of 12,900.
23. With regard to social media all three authorities used their own Facebook and Twitter channels to promote the Solent Deal consultation, in addition a dedicated Solent Deal Facebook page and Twitter profile were created. Portsmouth City Council posted on Facebook about the consultation 18 times which created 2,893 clicks and 699 engagements (likes, shares and comments). Southampton City Council posted on Facebook about the consultation 24 times which created 884 clicks and 499 engagements. Isle of Wight Council posted on Facebook about the consultation 21 times which created 2,739 clicks and 237 engagements. The Isle of Wight tweeted about the Solent Deal consultation 11 times through the consultation, Southampton City Council tweeted 19 times and Portsmouth City Council five times. All of the social media promotions were a mix of original posts or tweets from the individual council account and shares or retweets from the Solent Deal accounts.
24. The Isle of Wight and Southampton also used outdoor advertising to promote the consultation. The Isle of Wight Council used 36 bus stop poster sights across the island between 8 August and 18 September 2016. Southampton City Council used 36 poster sites across the city between 16 August and 13 September 2016.
25. The Isle of Wight Council used 35, 30 second radio adverts on Isle of Wight Radio between 10 – 17 September to promote the consultation. In addition they also used two full page and two quarter advertisements in the Isle of Wight County Press and one full back page advert on the Beacon magazine. There were also two published letters to the editor of the Isle of Wight County Press. Online advertising was also used on the On the Wight website between 7 and 18 September 2016 which resulted in 237 clicks.

### Pre-consultation engagement

26. Before launching the full public consultation some early engagement was conducted by the three authorities. This entailed attending meetings and writing letters to a wide range of stakeholders to outline the thinking coming from the review and to share an early draft of the Governance Scheme. The aim of this engagement was to seek feedback and establish if partners and other stakeholders were supportive of this developing to the next step, public consultation.
27. In total the Solent Deal sent 112 letters to organisations and attended 28 meetings during the pre-consultation period. Out of these meetings, twenty were positive about the proposals, five responded neutrally, and for three devolution was discussed as part of a wider meeting and no overall opinion was noted.
28. It was on the basis of these pre-consultation responses and taking into account the comments received that it was agreed by each Cabinet of the authorities that the draft Governance Scheme could be taken out to full public consultation.

### Consultation respondents

29. In total, 3,867 engagements with people or organisations contributed to the Solent Deal consultation, the following section provides a breakdown of these responses by each of the available channels of response.



### Consultation questionnaire

30. The consultation questionnaire was the main way that feedback was gathered for the Solent Deal consultation. In total 2,531 questionnaires were completed, of which 207 were paper copies and 2,324 were completed online. The total response rate compares favourably with other consultations on the establishment of Mayoral Combined Authorities elsewhere, for example the West Midlands combined authority (with a population over six times that of the Solent) received 1,907 questionnaire responses. Lancashire Combined Authority received 500 less questionnaire responses than the Solent consultation with over double the population. While the Sheffield City region combined authority consultation received 188 more questionnaire responses than the Solent consultation but the population of the Sheffield City Region is three times that of the Solent region.
31. In total the breakdown of where respondents live was even between the three local authority areas, the Isle of Wight had the largest response with 740 (29%), Portsmouth had 725 (29%), Southampton received 716 (28%) responses the remaining 336 (13%) were from residents or stakeholders outside of the three areas. Of the respondents who live outside the area, half work in one of the local authority areas, a fifth visit the area and the remainder cited a different reason for responding. These included:
  - Living in Hampshire
  - Owning property in the area
  - Family ties to the area
32. The geographic spread of questionnaire responses are shown in figure 1, which shows a good coverage of the three local authority areas.

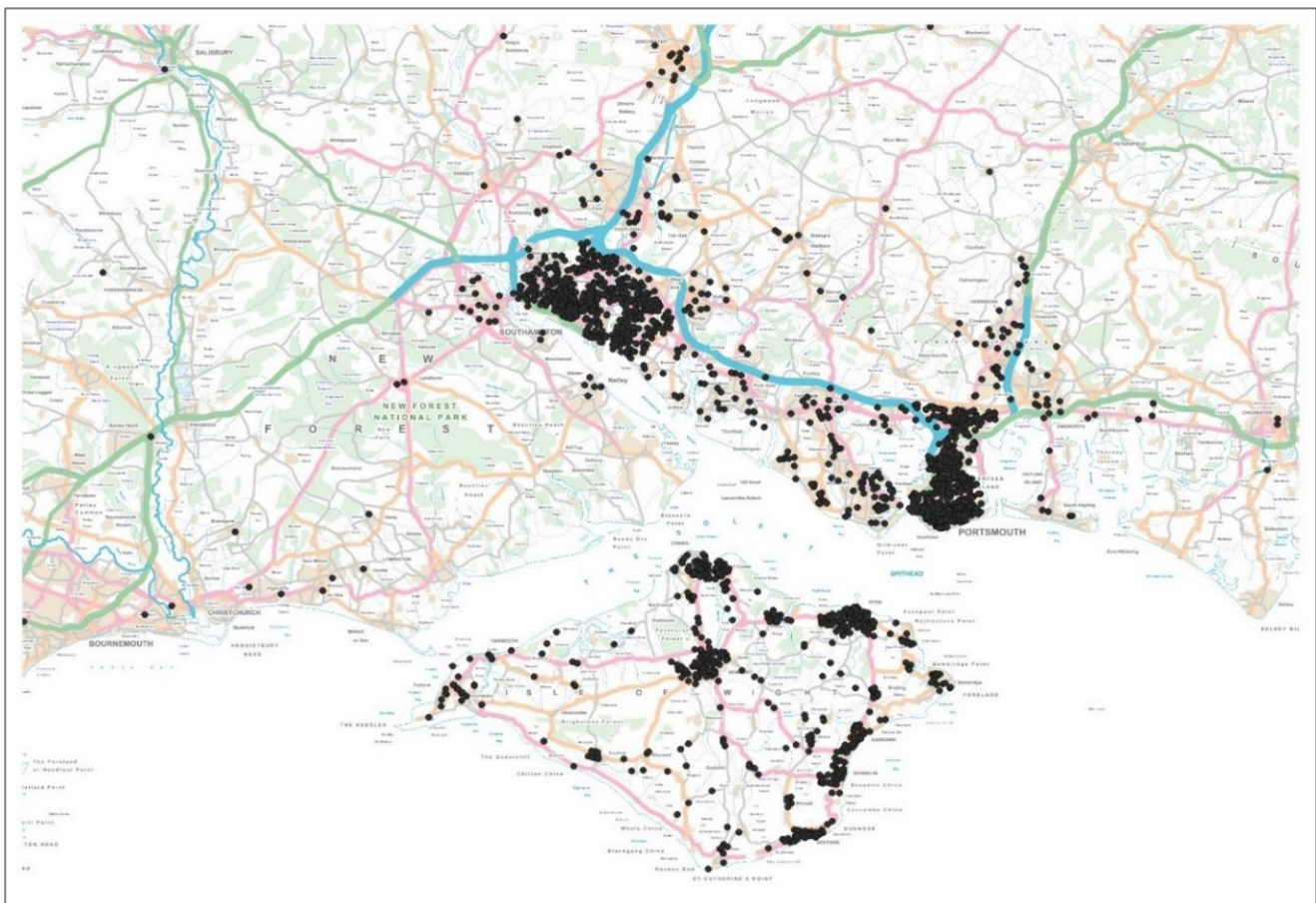
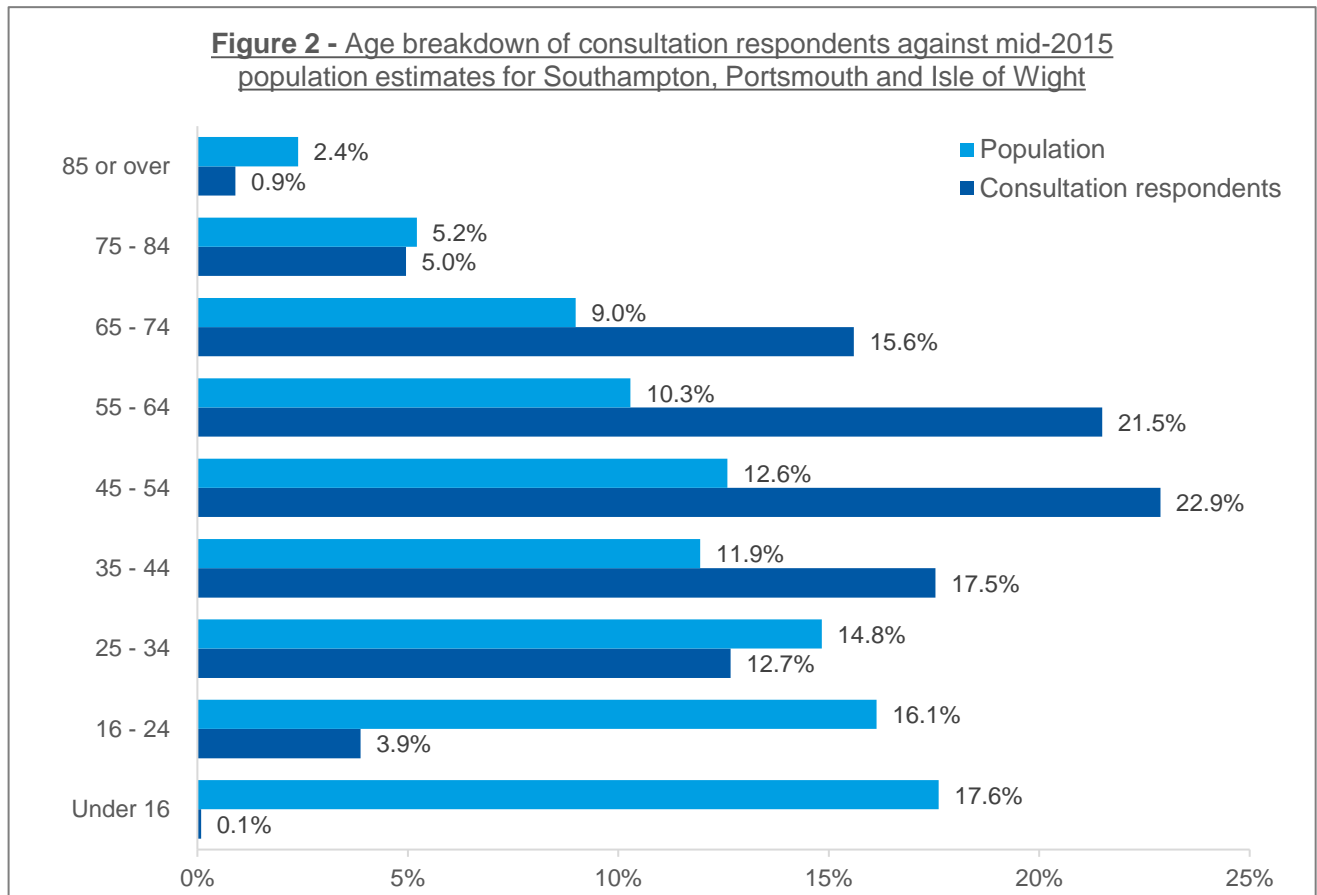
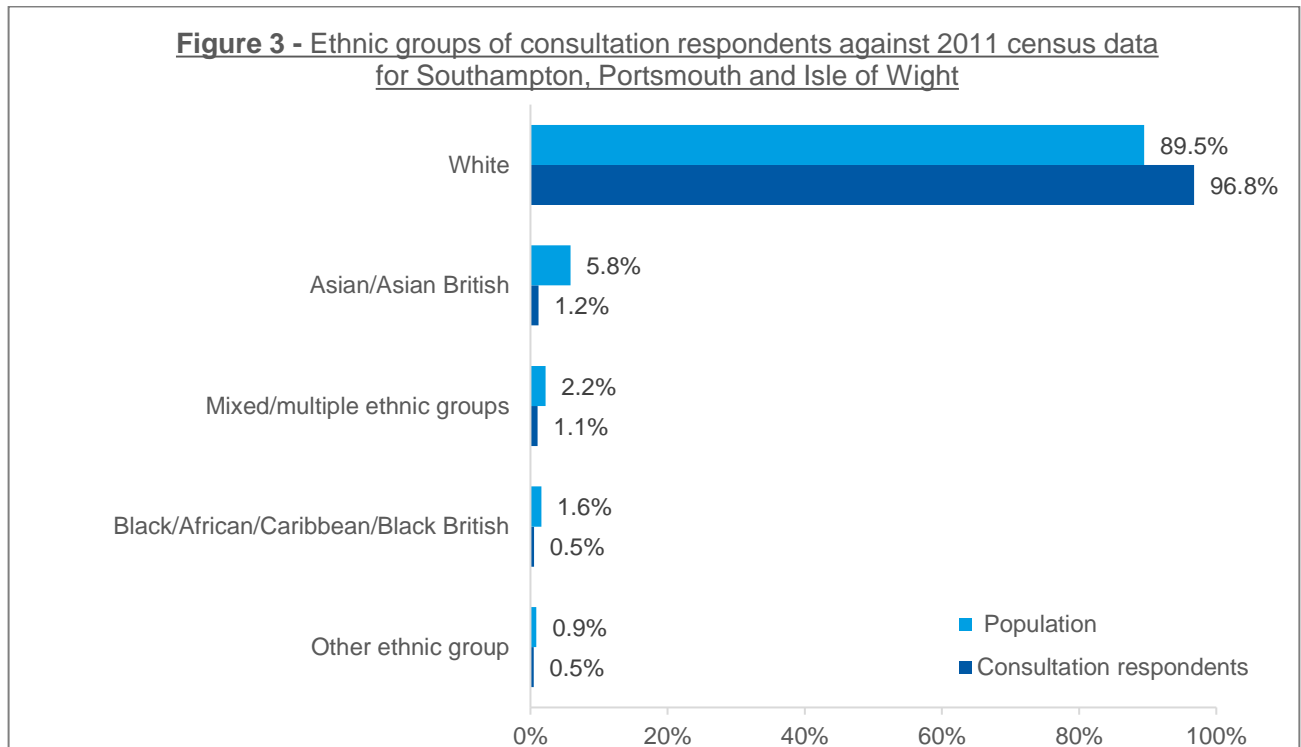


Figure 1 – All consultation respondents

33. The age breakdown of the questionnaire respondents is shown in figure 2, this shows good representation across most of the age brackets, with those under 24 or over 85 being the least represented and the 45-64 age group over the most represented. This is in line with normal expectations of consultation responses as the 45-74 age group tend to participate in greater numbers. As an example, in Southampton City Council's budget consultation for 2014/15, 48% of respondents were between 50-69 years old and 7% for were between the ages of 17 and 29. Both Portsmouth and Southampton have a higher proportion of responses under the age of 34 than the Isle of Wight, other than this the age profile of respondents is consistent across the three areas.



34. The gender breakdown of consultation respondents was 51% male and 44% female. This is unusual as typically consultations receive a greater response from women, two recent Portsmouth consultations both had a majority of female respondents (57% and 54%). Both Portsmouth and the Isle of Wight have even response levels from each gender, Southampton and those living outside the area have a greater proportion of male participants.
35. Out of the 2,531 total main questionnaire responses, 2,509 (99%) were on behalf of individuals and 22 (1%) were on behalf of organisations. Many more organisations responded through the business engagement or via letter.
36. Figure 3 shows consultation responses against the ethnic make-up of the Solent region. This shows that each ethnic group was represented in the results. There is very little difference between the three local authority areas in the breakdown of respondent ethnicity.



37. 9% of all respondents consider themselves to have a disability, which is in line with the level of disability for the city of Southampton at 8.5% (2011 census). This is also a similar level to recent consultations.
38. Of the respondents to the consultation questionnaire 17% work for Portsmouth City Council, Isle of Wight Council, Southampton City Council or Solent LEP. 3% of respondents either work for Hampshire County Council or a district authority within Hampshire and the remaining 80% do not work for any of these organisations. In total 147 responses were from Isle of Wight Council employees, 161 from Portsmouth City Council employees and 132 from Southampton City Council employees. This equates to 5% of all questionnaire responses working for Southampton City Council, and 6% working for Portsmouth City Council and the Isle of Wight council respectively.
39. 66% of the questionnaire respondents were in some form of employment and 23% were retired, 2% were students. This breakdown was consistent across the three areas, although there were fewer responses from students and more from retired individuals on the Isle of Wight.

### Drop-ins / road shows

40. In each authority area a range of public events were arranged which involved a staffed information stand in a public place to raise awareness of the Solent Deal consultation, answer questions and note down any comments. In total through these events 842 meaningful conversations took place about the proposals and the consultation.
41. Southampton City Council held three events which were spread across the city, the first was in the WestQuay shopping centre on 8 August and two further events were held in district centres either side of the city. Bitterne Market on 31 August and Shirley Library on 2 September. In total 212 people spoke to the team about the Solent Deal proposal across the three dates.
42. Portsmouth City Council held three events one at the Cascades shopping centre on 13 August, the second at Southsea Library on 30 August and the final one at Lakeside 1000 on 8 September. These

offered an opportunity to speak to a range of residents and stakeholders from different parts of the city. In total 490 people spoke to the team about the Solent Deal proposal across the three events.

43. The Isle of Wight Council held two drop-in sessions the first was on the Esplanade during Cowes Week and the second was in St Thomas Square, Newport. In total 140 people spoke to the team about the Solent Deal proposal across the three events.
44. At these events leaflets with key information and links to the website were handed out and printed copies of the consultation questionnaire, FAQs and copies of the draft Governance Scheme were also available.

### **Solent Deal email inbox / letters**

45. The [info@solentdeal.co.uk](mailto:info@solentdeal.co.uk) email address was advertised throughout the consultation as an alternative means of providing feedback. In total 16 emails and pdfs of letters were sent here and have been analysed as a part of the consultation.

### **Discussion groups / public meetings**

46. To support the other channels of consultation there were also some public meetings where questions could be raised and feedback on the proposals given. In total across the three authorities, 96 individuals attended one of these events.
47. Each authority held a public meeting where residents and stakeholders could get answers from their Council Leader. During these events participants could also leave feedback.
48. Portsmouth City Council ran a separate discussion group which members of their residents panel could attend to discuss the proposals in more detail, while Southampton used the same discussion format at the end of the question and answer session.

### **Comments made through social media and the live Facebook Q and A**

49. In addition to the formal and face to face routes for contributing to the consultation, any comments received on social media either through the Solent Deal accounts or any of the three council's accounts have also been included in the consultation. In total 252 individual comments made on social media about the Solent Deal have been analysed, there are no demographic details linked to these comments as they were all anonymised before analysis.
50. During the consultation a live Facebook question and answer session was run to give consultees the opportunity to ask questions of political leaders from all authorities at the same time. This session was promoted through social media and allowed participants the opportunity to ask questions of the Leaders of Portsmouth City Council and the Isle of Wight Council; as well as a Cabinet Member from Southampton City Council. In total 21 individuals took part in the session. Comments made during this session have been included within the analysis of all social media comments.

### **Consultation results**

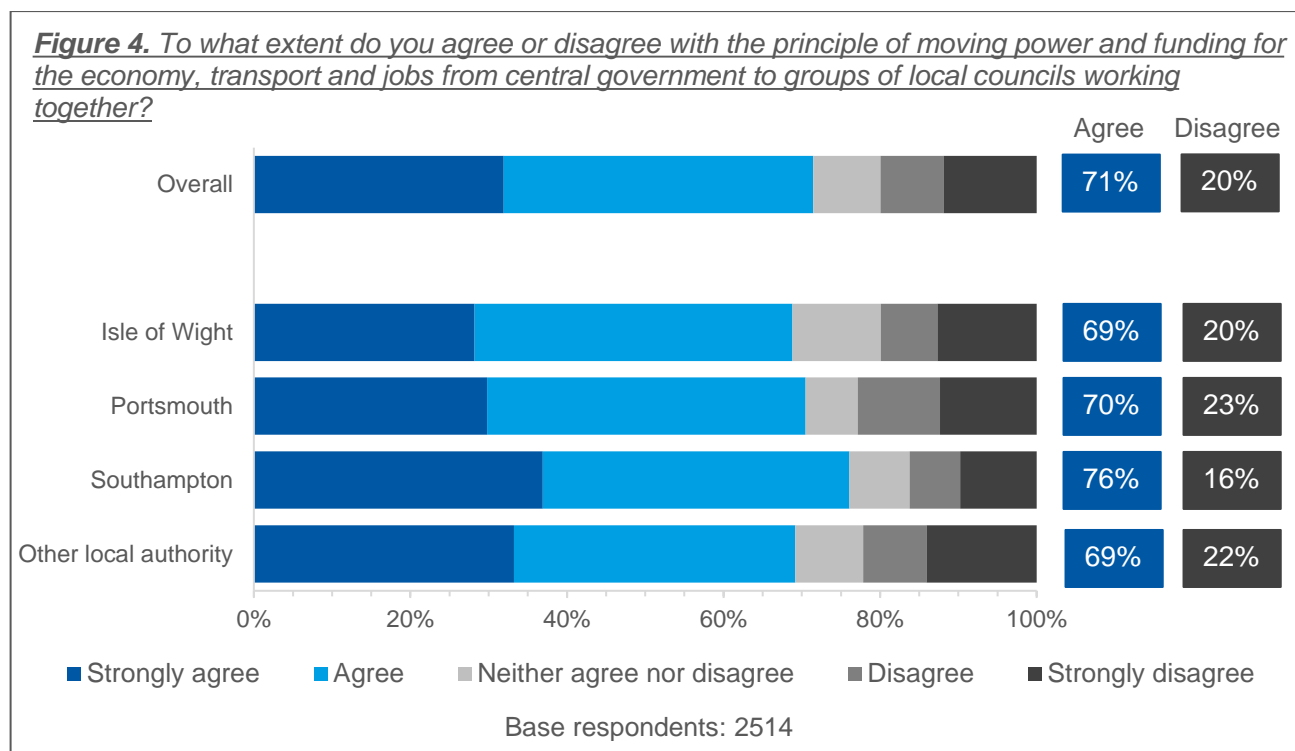
51. In total, 3,867 engagements with people or organisations contributed to the Solent Deal consultation, the following section provides a breakdown of what these responses are saying, the key issues, concerns and suggestions they are making. A variety of channels were employed to gather consultation feedback and the results are reported in sections relating to each of the methods. This approach allows feedback to be viewed within the context of how it was provided, it also prevents double counting or the blurring of themes.



52. Each section will unpick the feedback received and draw the key conclusions while understanding the nuance and detail of the information when looked at from a range of angles. The questionnaire feedback section is the largest as it was the main way information was collected and also allows for the widest range of cross analysis.

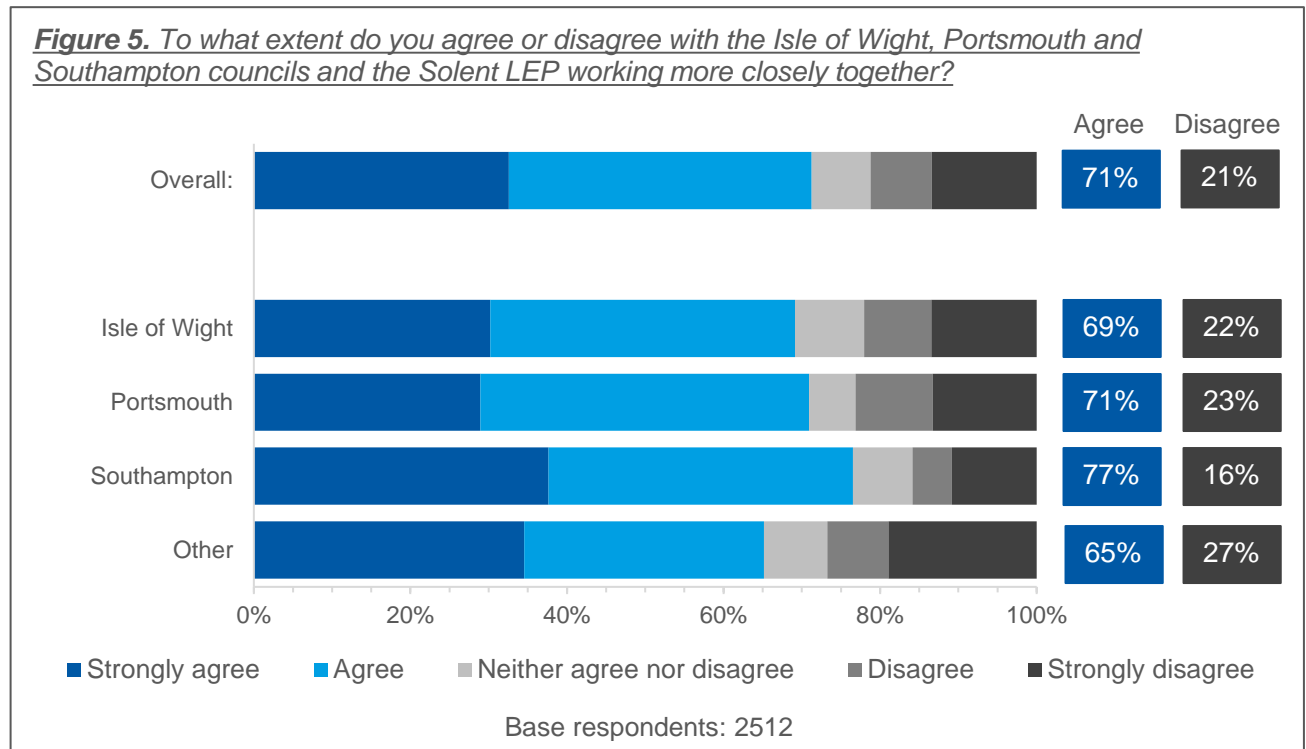
### Questionnaire feedback

53. The first question in the consultation questionnaire which sought views on devolution asked about agreement with the principle of moving power and funding from local government to groups of local governments working together. Figure 4 shows the total level of agreement is 71% with 32% of respondents strongly agreeing. Southampton has the highest level of agreement and those who live outside the Solent Deal area have the lowest level of agreement. When the responses are analysed by sub category some patterns emerge. There is a link between age and level of agreement, of the under 34 age group 83% agreed, while the over 65 age group the combined agreement level falls to 66%.

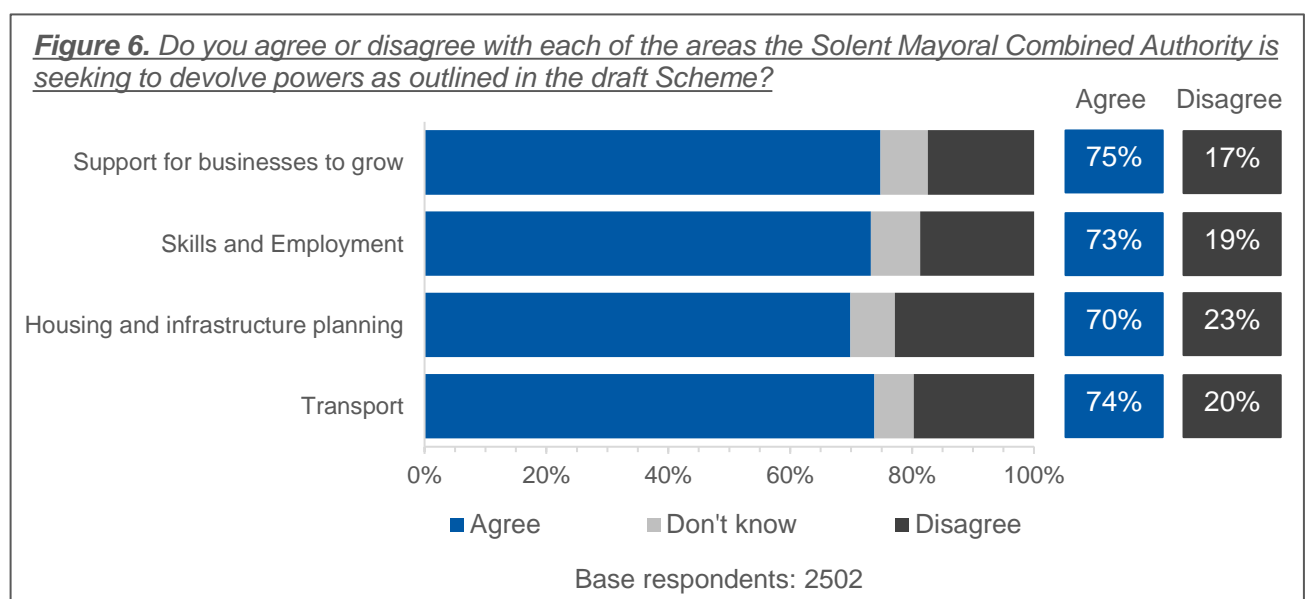


54. When this is broken down by gender, disability or ethnicity there is much less difference between sub groups. The only other division which shows a marked difference is between those employed by a Solent Deal organisation who have a combined agreement level of 85% against 68% for those not employed by these organisations.
55. The next question asked if respondents agreed or disagreed with the principle of the Isle of Wight, Portsmouth and Southampton councils and the Solent LEP working more closely together. Overall 71% of respondents either agreed or strongly agreed, figure 5 shows the break down by area. The pattern is similar to the previous question. There is a link between age and level of agreement, of the under 24 age group 90% agreed, while with the over 75 age group the combined agreement level falls to 65%. The same difference between the location of participants also occurs with the Southampton agreement level at 77%, Portsmouth 71%, Isle of Wight 69% and outside the area 65%.

56. When this is broken down by gender, disability or ethnicity there is much less difference between sub groups. The only other division which shows a marked difference is between those employed by a Solent Deal organisation, who have a combined agreement level of 83% against 69% for those not employed by these organisations.



57. Respondents were also asked for their views on the powers the Solent region wishes to devolve from central government as outlined in the draft Governance Scheme. The four powers that have been outlined in the scheme were listed and consultees could answer to say whether they agreed, disagreed or didn't know in relation to these powers being devolved to the Solent Mayoral Combined Authority. Figure 6 shows the level of agreement with each of the proposed powers for all questionnaire participants.



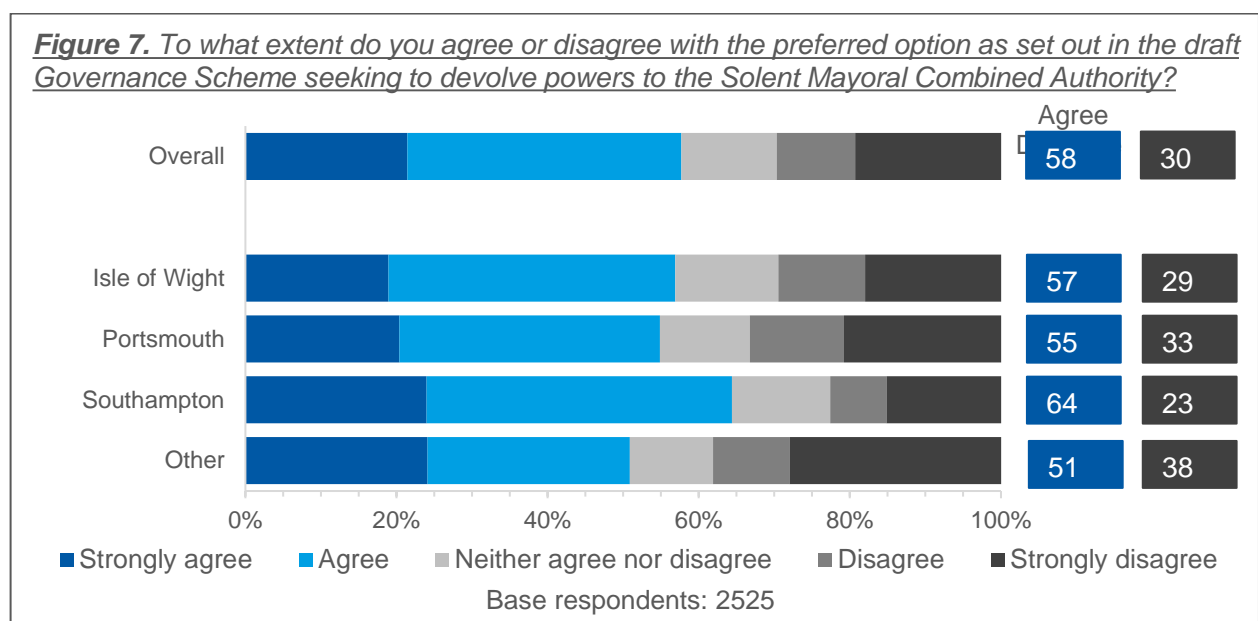
58. The power with the highest level of agreement is 'supporting businesses to grow' and the power with the least is 'housing and infrastructure planning'.
59. In total 75% of questionnaire respondents agree with devolving powers for supporting business to grow in the Solent region, the level of agreement is broadly similar across the three authority areas; Southampton 76%, Isle of Wight 76% and Portsmouth 73%. Similar to the patterns observed with the questions on the principles of devolution and working together, there is a correlation between agreement and age. Agreement with devolving this power with the 16-24 age bracket is 91% compared to 66% for the over 75's. There are no significant differences when looking at gender, disability or ethnicity, however those employed by Solent Deal organisations (Southampton City Council, Portsmouth City Council, Isle of Wight Council and Solent LEP) showed higher levels of agreement (86%) compared to those who are not employed by these organisations (72%).
60. In total 73% of questionnaire respondents agree with devolving powers for skills and employment to the Solent region, the level of agreement is similar across the three authority areas; Southampton 77%, Isle of Wight 75% and Portsmouth 70%. Portsmouth also showed the highest level of disagreement with 22% of respondents disagreeing, compared to 15% and 17% for Southampton and the Isle of Wight respectively. Similar to the patterns observed with the questions on the principles of devolution and working together, there is a correlation between agreement and age. Agreement with devolving this power with the 16-24 age bracket is 83% compared to 65% for the over 75's. There are no significant differences when looking at gender, disability or ethnicity, however those employed by Solent Deal organisations showed higher levels of agreement (84%) compared to those who are not employed by these organisations (71%).
61. In total 70% of questionnaire respondents agree with devolving powers for housing and infrastructure planning to the Solent region, the level of agreement is more differentiated across the three authority areas; Southampton 79%, Portsmouth 68% and Isle of Wight 66%. The Isle of Wight and Portsmouth both have 25% disagreement with devolving this power while this is 15% in Southampton. Similar to the patterns observed with the questions on the principles of devolution and working together, there is a correlation between agreement and age. Agreement with devolving this power with the 16-34 age bracket is 82% compared to 68% for the over 65's. There are no significant differences when looking at gender or disability, however those employed by Solent Deal organisations showed higher levels of agreement (83%) compared to those who are not employed by these organisations (67%) and those from an ethnic minority have a higher level of agreement (83%) than respondents who are white (73%).
62. In total 74% of questionnaire respondents agree with devolving powers for transport to the Solent region, the level of agreement is somewhat similar across the three authority areas; Southampton 80%, Portsmouth 73% and Isle of Wight 72%. Similar to the patterns observed with the questions on the principles of devolution and working together, there is a correlation between agreement and age. Agreement with devolving this power with the 16-24 age bracket is 86% compared to 67% for the over 75's. There are no significant differences when looking at gender or disability, however those employed by Solent Deal organisations showed higher levels of agreement (85%) compared to those who are not employed by these organisations (72%) and those from an ethnic minority have a higher level of agreement (90%) than respondents who are white (77%). There was also a difference by employment status with those working full or part-time more likely to agree (79% and 76% respectively) compared to those who are retired or unemployed (69% and 73% respectively).
63. In addition to the question seeking to establish if consultees agreed or disagreed with the proposed powers there was an open ended question where suggestions for other powers that could be devolved in the future could be made. In total 601 questionnaire respondents suggested future powers that could be devolved to the Solent region, this equates to 24% of all questionnaire responses. Many answers (182) reaffirmed support for one or more of the existing proposed powers, but there were also a range of other areas where consultees felt consideration should be given in the future.

64. There were six powers that were each suggested by over 60 individual consultees, in total there were 13 additional powers that were suggested by more than one respondent. Just under one third of those who suggested a power suggested that powers around the provision of health should be devolved this equates to 178 individuals making this suggestion. Those suggesting that health powers are devolved to the Solent are evenly distributed across the region, and are spread out over age groups.
65. The second largest suggested power was education, in total 136 individuals suggested this. Those proposing this power did not come from one area or background and were distributed fairly evenly across categories.
66. Emergency services (including fire, police, coastguard) was the next largest suggestion with 83 respondents proposing this, next were powers relating to the environment including energy with 70 individual suggestions. Social care for adults or children had the fifth largest number of suggestions with 63 individual proposing it. Table 1 shows the remaining suggestions with 10 or more individuals suggestions but fewer than 60.

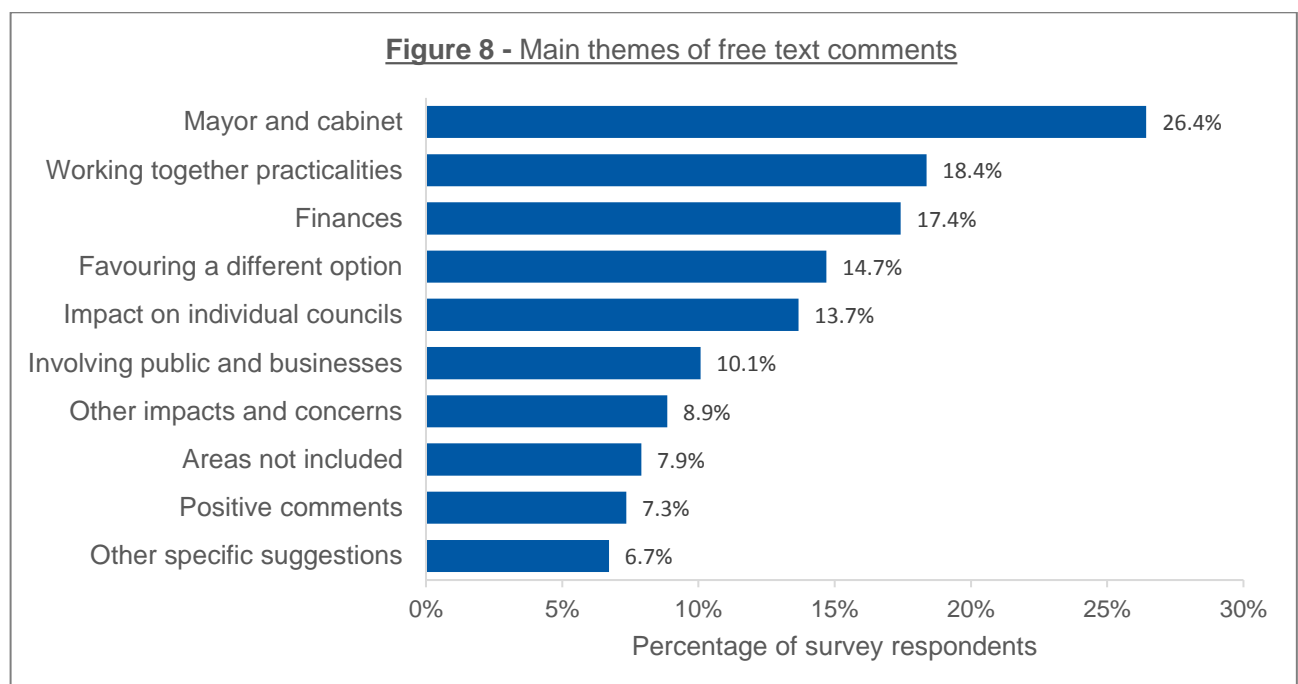
Suggested power	No.
Leisure, culture & tourism	30
Planning	27
Taxation	21
Criminal justice	20
As many powers as possible	12
Waste/ recycling	10

Table 1

67. The key question of the consultation was seeking to establish the level of agreement with the preferred option as set out in the draft Governance Scheme. This was the only mandatory opinion question within the online questionnaire, as it is the central issue for which feedback is being sought. Figure 7 shows that the majority of questionnaire respondents are in agreement with the preferred option to create a Mayoral Combined Authority, with 21% of respondents stating they strongly agree and a further 36% say they agreed.

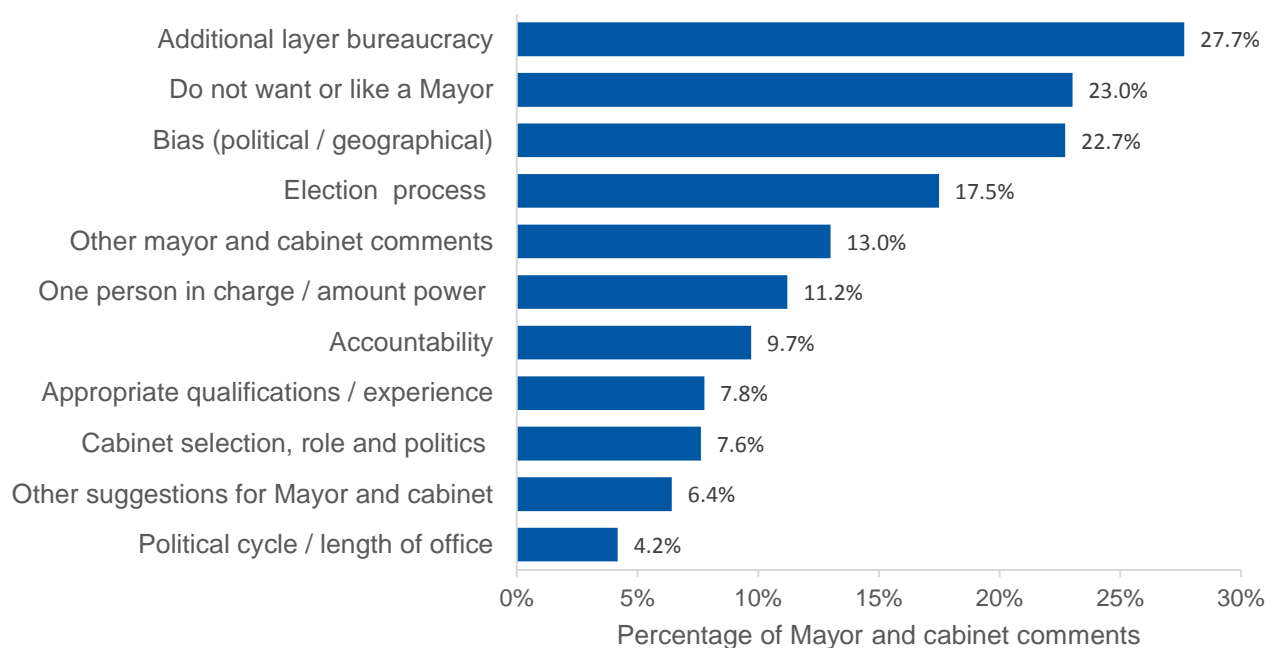


68. Figure 7 also shows the breakdown of agreement by the local authority areas which shows that the highest level of agreement is in Southampton (64%) and the lowest is Portsmouth (55%) with the Isle of Wight in the middle (57%). Similar to the patterns observed with the questions on the principles of devolution, working together and powers, there is a correlation between agreement and age. Agreement with devolving this power with the 16-24 age bracket is 72% compared to 53% for the over 75's. Women are more likely to agree (63%) than men (58%) as are those who are black, Asian or minority ethnicity (69%) compared to those who are white (61%). Those employed by Solent Deal organisations showed higher levels of agreement (71%) compared to those who are not employed by these organisations (55%).
69. In total 84% of respondents who agreed or strongly agreed with the principle of devolving powers to groups of local governments working together and the principle of Southampton, Portsmouth and Isle of Wight councils and the Solent LEP working more closely together, agreed or strongly agreed with the preferred option.
70. There were a number of open ended questions within the questionnaire which enabled consultees to express their views in their own words. In total 1,533 respondents made a comment of some description and a total of 5,128 comments have been analysed. The comments across all six open ended questions have been thematically analysed and drawn together with other comments with a similar content or sentiment. This will be reported back in those themes to outline the feedback. Figure 8 shows a breakdown of the key themes that have arisen through the analysis of the free text comments. Overall the agreement level with the preferred option by those who made a comment was 49% against 71% for those who did not make a comment.



71. The largest individual theme of all the free text comments was the mayor or cabinet with 26% (669) of respondents commenting on it. Of those who commented on the mayor or cabinet only 40% agreed or strongly agreed with the preferred option. Those who commented on the mayor were evenly spread across the three authority areas. Within this key theme a number of sub-themes of comments emerged surrounding the mayor or cabinet. These are shown in figure 9.

**Figure 9 - Sub-themes of free text comments surrounding the Mayor and cabinet**



72. The largest sub-theme that emerged within the mayor and cabinet theme was made up of comments about how the mayor and cabinet would add a layer of bureaucracy. In total there were 185 comments about this and it was mentioned in 28% of all comments about the mayor and cabinet. Some examples of these comments are below.

*'If this goes ahead is there still an argument to have a Southampton Mayor at all. This seems to be adding another layer on top.'* - Southampton resident

*'I fail to see how another layer of bureaucracy and decision-makers will simplify services for those people who use them or provide cost savings. This is effectively returning to a two-tier system and will inevitably lead to more bureaucrats and employees having to service the machine...'* – Resident from outside the proposed Solent Deal area

*'The Isle of Wight is unique and combining or joining with mainland authorities will do nothing to develop the Island. The new combined organisation will just create yet another layer of management, councillors and possibly a mayor that will consume valuable financial resources.'* – Isle of Wight resident

73. The second largest sub-theme that emerged within the mayor and cabinet theme was made up of comments about the fact respondents do not like the idea of a mayor, in total there were 154 comments about this. Some examples of these comments are below.

*'Many electorates have already indicated that they have no appetite for a directly elected mayor so to 'impose' one is completely undemocratic and is to be resisted'* – Isle of Wight resident

*'I don't like the idea of a 'Mayor'. I think it should be a chair of the committee, otherwise it gets mixed up with the mayors of Portsmouth, Southampton etc. I also think of it as another 'job for the boys'.'* – Portsmouth resident



74. The third largest sub-theme that emerged within the mayor and cabinet theme was made up of comments about the potential bias (political or geographical) of a mayor or cabinet, in total there were 152 comments about this. Some examples of these comments are below.

*'Wouldn't it be better to have an 'independent' mayor to ensure impartiality when called upon to make a casting vote on matters that affect one of the constituent areas?' - Southampton resident*

*'The mayor or whoever should and would have to be altogether un biased of all three councils...' – Portsmouth resident*

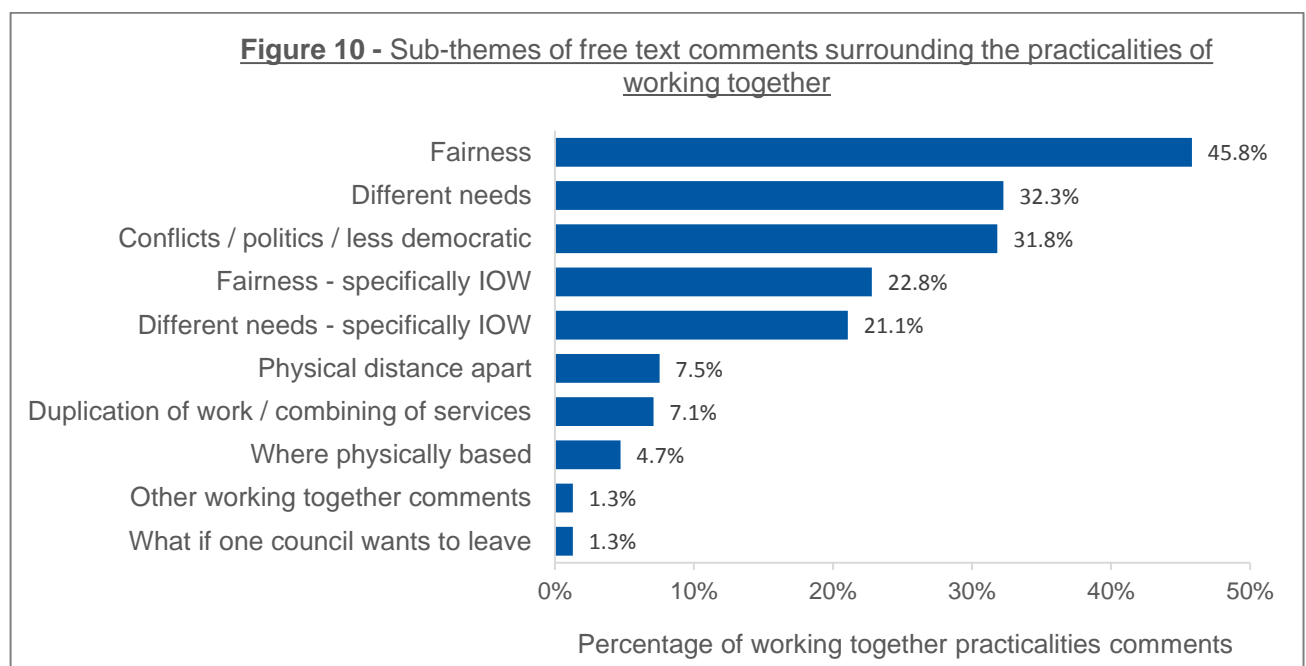
75. The fourth largest sub-theme that emerged within the mayor and cabinet theme was made up of comments about the election process of a mayor or cabinet, in total there were 117 comments about this. Some examples of these comments are below.

*'The election for the Crime Commissioner was handled very poorly with little or no campaigning and scarce information on the candidates, will it be publicised it a better way?' – Portsmouth resident*

*'Clear proportional representation for each area (S, IOW, P) to ensure that decisions are not 'swayed' by voting in favour of one area over another, particularly given the historical and long established rivalries between S&P.'* – Southampton resident

*'The mayoral election system needs to be fair and transparent. This should not just be an exercise in parties gaining their figurehead. I agree with the Solent Deal as a whole however the election of the mayor is an important facet which needs to be done correctly.'* – Portsmouth resident

76. The other main areas of feedback within the mayor and cabinet included, the experience of the mayor, risks of having one person in charge, comments on terms and election cycles for the mayor, the selection and role of cabinet and comments on accountability.
77. The second largest individual theme of all the free text comments was comments about working together with 18% (465) of respondents commenting on this. Of those who commented on issues with working together only 42% agreed or strongly agreed with the preferred option. Similarly there were a number of sub-themes of comments surrounding the practicalities of working together, see figure 10.



78. The largest sub-theme that emerged within the working together theme by far was made up of comments about fairness. In total there were 213 comments about this and they comprised 46% of all working together comments. Some examples of these comments are below.

*'Make sure the Isle of Wight is not disadvantaged in any decision making by its relatively small population size compared to Southampton and Portsmouth.'* – Isle of Wight resident

*'the mayor needs to fully represent all 3 areas equally, not favour their existing council'* – Resident from outside the proposed Solent Deal area

*'Recognizing that an elected mayor is necessary, I think the mayor should have as little direct power as possible. I strongly favour the power being placed in the hands of the council-specific cabinet, as this will ensure that each council throughout South Hampshire has a voice. Otherwise, I am afraid the mayor will only cater to areas with the largest number of their voters. I also don't think the Local Enterprise Partnership should have a vote, unless each council gets more than one representative. The voice of businesses in the area should not be equal to the voice of an entire elected council.'* – Portsmouth resident

79. The second largest sub-theme that emerged within the working together theme was made up of comments about the different needs of the three areas, in total there were 150 comments about this and it featured in 32% of comments about working together. Some examples of these comments are below.

*'What might be good in Southampton and Portsmouth will not work on the island, as we have totally different needs and problems to urban cities.'* – Isle of Wight resident

*'It will be a disaster - Southampton and Portsmouth residents view each other as enemies. Whoever thought this would be a good idea needs their head read. IOW is a unique venue with its own problems - reliance on tourism rather than any other industry. The three regions are too diverse to combine - local politicians are in favour because it increases their power. They already have too much!'* – Portsmouth resident

80. The third largest sub-theme that emerged within the working together theme was made up of concerns about conflicts between councils and different political agendas. In total there were 148 comments about this (32% of all comments about working together). Some examples of these comments are below.

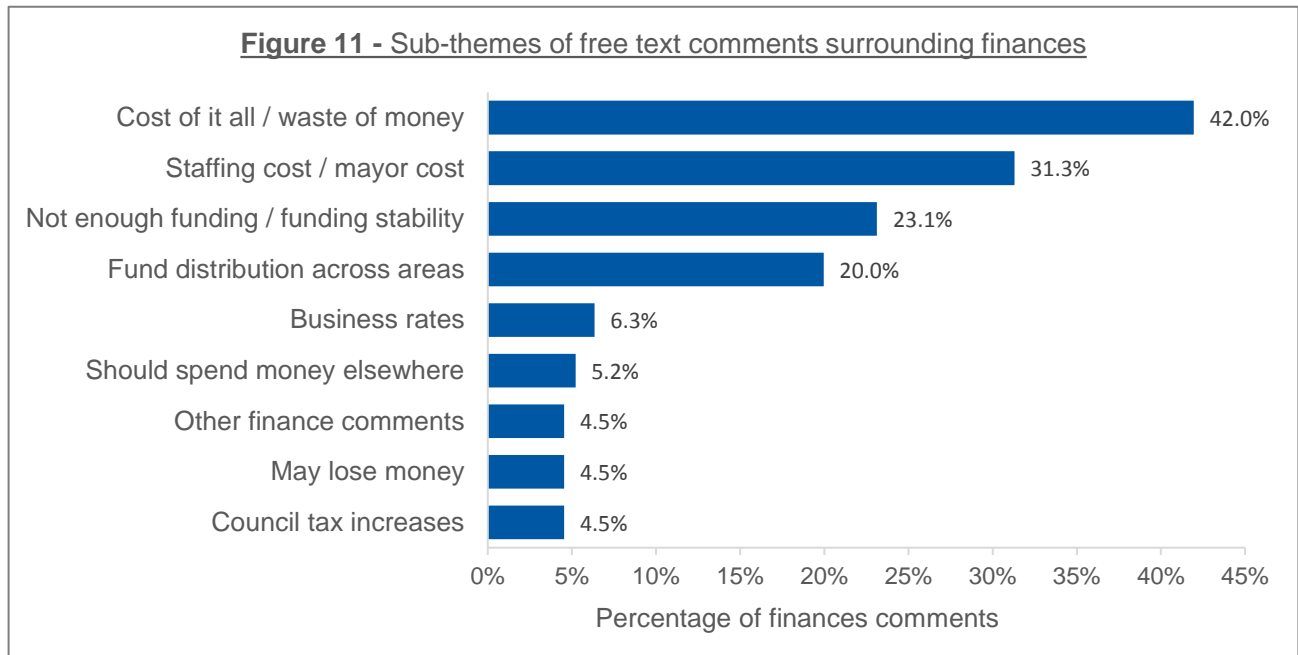
*'Mayor should not have an ultimate veto over decisions. Mayor should be independent of politics. Scheme of businesses rate pooling to be agreed before the CA is set up. Any financial modelling should take account of Isle of Wight' separation and therefore limited catchment to evaluate impact. The relative importance of each voters vote for the mayor should be the same in each area.'* – Isle of Wight resident

*'I think it would create unnecessary wrangling to get policy decisions through, taking longer in the process to actually do anything!'* – Portsmouth resident

*'This is a scheme whereby disparate and socially deprived areas will be fighting for funding and the oversight will be impossible as the local authorities are meeting the needs of communities in different ways and spreading scarce resources with three areas of social deprivation with equity will be impossible and will lead to greater disparity'* – Southampton resident



81. The other sub-themes that are also mentioned under the category of working together relate to the Isle of Wight and it not being treated equally or the island being treated unfairly. There were also comments about the physical distance between the areas amongst a few others.
82. The next most popular main themes of comments surrounded finances. In total 17% of survey respondents mentioned finances in a comment they made on the consultation (4441 respondents). The sub-themes are shown in figure 11 below. Overall the level of agreement with the preferred option from respondents who had made a comment about finance was 31%.



83. The largest sub-theme that emerged within the finance theme was made up of comments about overall cost or it being a waste of money, in total there were 185 comments about this and it was recorded in 42% of all comments about finance. Some examples of these comments are below.

*'Cost of an extra layer of local government, this will divert funds from the points of delivery.'* – Portsmouth resident

*'This is a waste of money and will not benefit the Isle of Wight any better than the current arrangement'* – Isle of Wight resident

84. Specifically 138 people (31%) commented on the cost of staffing and also the salary of the mayor, this was the second largest sub-theme within finance. Some examples of these comments are below.

*'What is the cost of establishing the combined authority? Who will pay e.g the mayor's salary and the cost of their office.'* – Southampton resident

*'Having more Mayors and other staff members will only use up more public funds, vastly reducing the amount that can be invested into the deal each year'* – Portsmouth resident

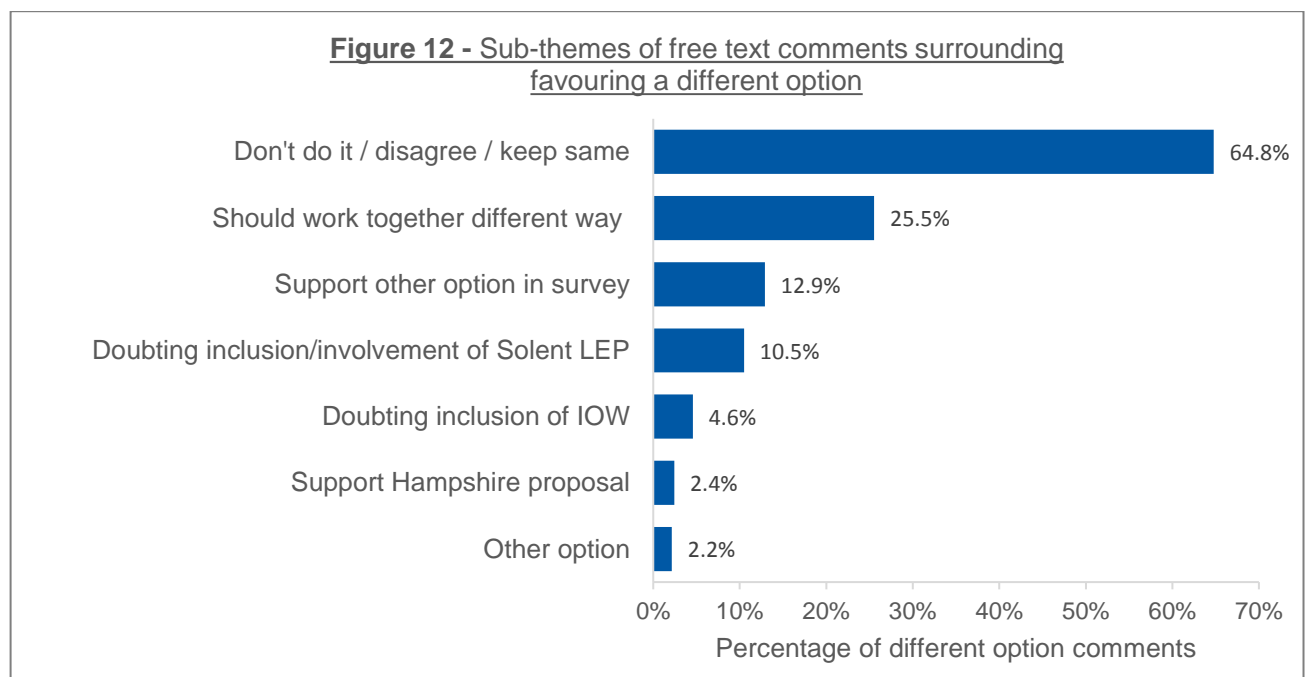
85. The third biggest sub-theme within finance comments mentioned concern over the amount of funding available and the stability of this funding in the future. In total 23% of comments about financing Solent Deal mentioned this.

86. Linking the main theme of working together, the way in which funds would be distributed across the three local authorities was a concern to 88 people. This was the fourth biggest sub-theme. Some examples are below.

*'Careful assurances would need to be in place to ensure that the regions got fair distribution of investment rather than creating a centre of gravity around the existing larger body that is Southampton to the detriment of other areas.'* – Portsmouth resident

*'There will be too much competition within the set up as 3 authorities are all vying for a relatively small pot of money'* – Southampton resident

87. The other sub-themes that are also mentioned under the category of finance relate to not enough funding, stability of funding and spending the money elsewhere amongst a few others. There were also comments about council tax increases and business rates.
88. In total 372 (15%) survey respondents made a comment that they support a different option or way of working to the one proposed. This was the fourth most significant main theme of comments. These different options or ways of working are shown in figure 12.



89. By far the most significant sub-theme was not to create the Solent Mayoral combined authority at all which consisted of 65% (241) of the 372 respondents. Some examples are below.

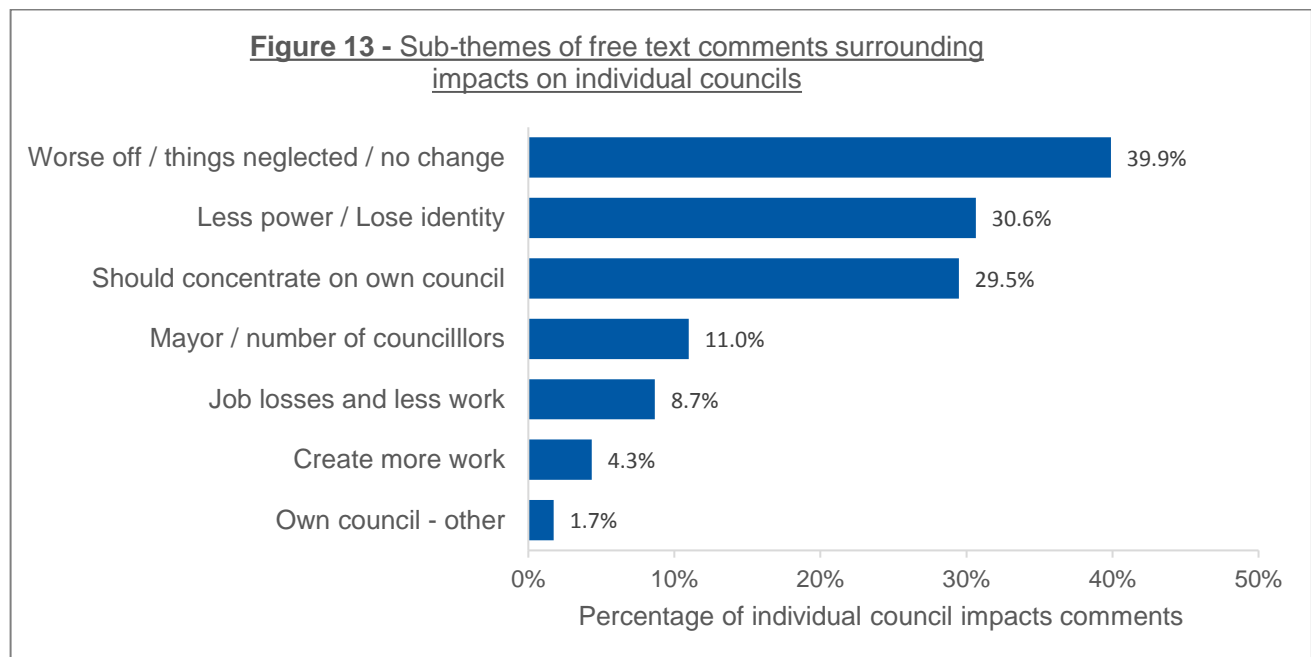
*'Yes - Don't do it. Suggest instead that the government makes the funds available either directly to the local authority, or in the form of centrally administered grants.'* – Isle of Wight resident

*'We don't want it'* – Portsmouth resident

90. In the second most stated sub-theme 95 people made a suggestion to work together in a different way. This included a range of suggestions such as creating a super authority, working closer with the already established county council or forming a regional government. For example, see the quote below.

*'Super unitary authority, get rid of local councils, ability to have centralised services instead of ones that break down over council borders, a better accountability and a single level of local government. None of which can be achieved with the Solent Mayoral Combined. Likely be able to save the £30 million a year through abolishing local councils and associated staff.'* - Respondent living outside the Solent area

91. The other sub-themes that are also mentioned under the category of supporting an alternative option relate to supporting a different option in questionnaire, uncertainty in the inclusion of the LEP and uncertainty about the inclusion of the Isle of Wight.
92. The main theme with the fifth largest number of comments was about the impacts on the individual councils included within the proposed combined authority. In total 346 (14%) people mentioned this, see Figure 13 for details.



93. There are two key sub-themes within the impacts on the individual councils theme, which are that they would end up worse off as a result or that nothing would change (40%, 138 comments) and that there was a risk that the individual councils could lose power and identity (31%, 106 comments). Some examples are below.

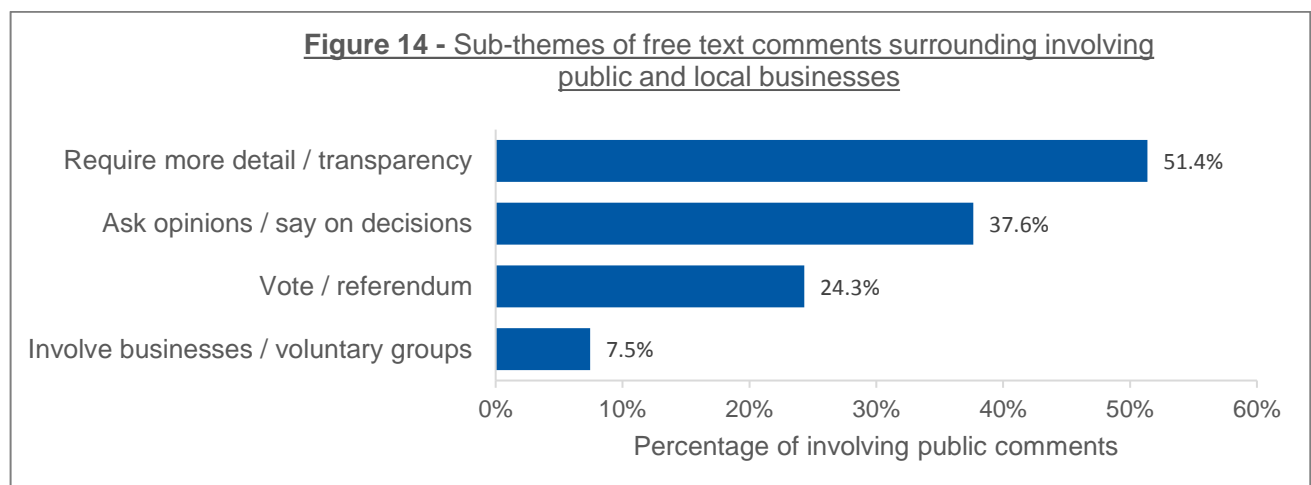
*'Governance would be too remote. each area has its distinct /individual identity which creates a loyalty and sense of belonging .I believe it would increase the gap between those empowered to make decisions and individuals affected, resulting in a sense of helplessness and unwillingness to take responsibility and or engage with consultations.'* – Southampton resident

*'Loss of identity for England's largest offshore island. While areas like Scotland, Wales and even Cornwall are encouraged to embrace their individuality the IW is considering teaming up with 2 authorities which preside over huge conurbations with very different social issues and considerations. While the economic mode and constitutional status is of course every different it is hard not to look at nearby islands like Jersey and Guernsey (a this and a quarter the size of the IW respectively) and see both pushing for greater independence under their island authorities. The IW has nothing in common with Hampshire, Portsmouth or Southampton - or any mainland area. What might seem like a route to prosperity will see the IW as a junior partner in a body which will have no understanding of the unique issues and conditions which exist on this island.'* – Isle of Wight resident

94. Another significant sub-theme within the impact on the individual was a concern that council should concentrate on improving the services they already control. 102 (30%) of people mentioned something around this within their comment on this main theme.
95. The other sub-themes within the impacts on own council theme related to, number of councillors, job losses and the creation of more work.
96. Comments relating to greater involvement of the public and local businesses in decisions made surrounding the Solent Mayoral Combined Authority was commented on by 255 (10%) respondents to the consultation. This made it the sixth largest theme. Figure 14 provides a breakdown of the sub themes. Most importantly people felt that they would like greater transparency and to be kept well informed. Being asked their opinions as part of a decision making process or being given the opportunity to vote were also popular sub-themes of responses concerning the involvement of the public and local businesses. Some examples are below.

*'More focus should be on public debates and community engagement. Community consultation should be a major part of the proposals.'* – Southampton resident

*'Everything must be transparent and open to any member of the public's scrutiny'* – Isle of Wight resident

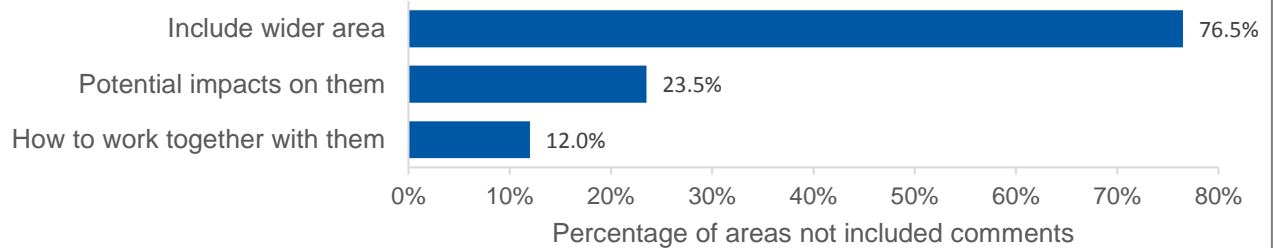


97. The seventh largest main theme of comments surrounded those local authorities currently outside of the Solent Mayoral Combined Authority. Of the 200 people that commented on this, the majority (77%) suggested that additional areas should be included or questioned as to why some neighbouring areas were not already included. Additionally, 47 (24%) people expressed a concern that the areas not included would be adversely impacted as a result and a further 24 (12%) expressed concern on how the combined authority could work effectively with other authorities. Figure 15 provides a full break down. Some example quotes are below.

*'the inclusion of the neighbouring councils that make up the greater solent urban region, Fareham, Gosport, Havant and Eastleigh without them we can no for example have a joined up transport strategy'* – Portsmouth resident

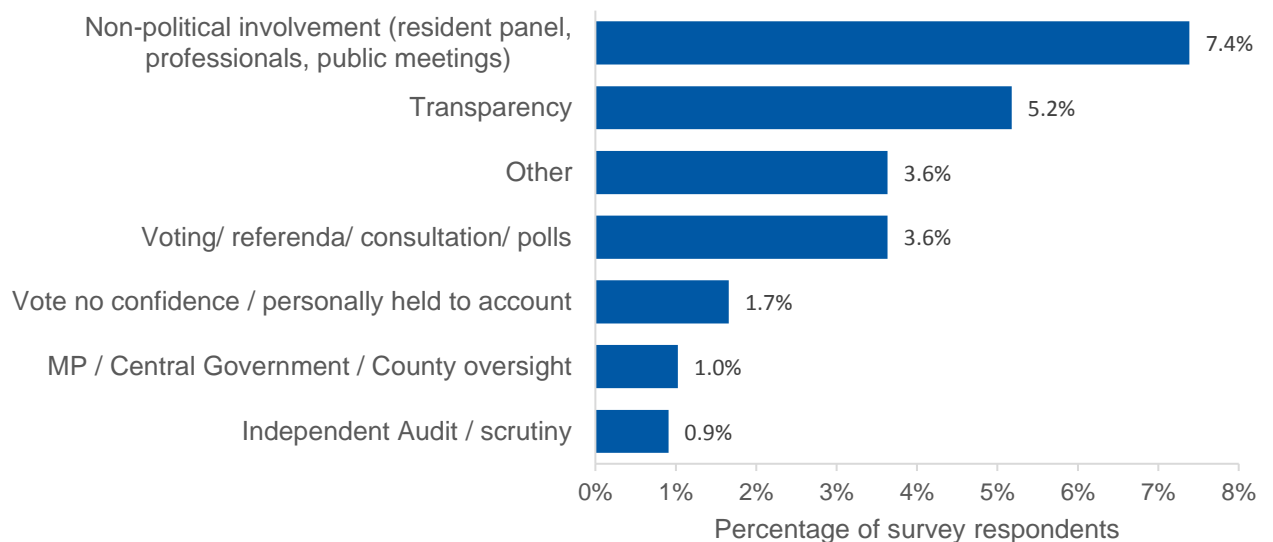
*'If it's called solent, it should include all areas that bound the solent, so include Fareham, Gosport and Eastleigh. How can you have a joined up transport plan for two cities where you can't control what happens between them?'* – Respondent from outside the Solent area

**Figure 15 - Sub-themes of free text comments surrounding the areas not included**



98. Consultees were given the opportunity to make suggestions about way that the Solent Mayoral Combined Authority could be held to account, in total 532 individuals made suggestions. These suggestions broadly fitted into six categories as shown in figure 16.

**Figure 16 - Main themes of free text comments regarding suggestions for how the Solent Mayoral Combined Authority could be held to account**



99. The largest group of suggestions (7% survey respondents) was around professional involvement, non-political involvement or residents panels. Some examples of these suggestions are below.

*'The committee should involve more than just councillors - i.e. include relevant professionals.'* – Portsmouth resident

*'The committee MUST include a representative number of lay members of the public.'* – Isle of Wight resident

*'potential for scrutiny by appointed specialists and officers. Peoples Parliaments and focus groups to feed in to the process'* – Portsmouth resident

100. The second largest group of suggestions was around transparency which was suggested by 5% of survey respondents. Some examples of these suggestions are below.

*'Publish all voting taken by cabinet members within one week of the vote. Set up a small unit of researcher analysts as part of the authority (eg eight analysts plus manager and deputy manager) to support the cabinet with evidence on where and how to spend the authority's money for maximum effect. Publish all of the unit's reports so that the authority's actions can be seen to be based on evidence and due consideration. All Cabinet meetings are to be open to the public and advertised one week in advance unless there are matters of exceptional commercial sensitivity. Proactively publish online all information (eg data, spreadsheets, letters, memos, reports and meeting minutes) that would be publishable under the Freedom of Information Act. Implement a public recall mechanism for officials in all positions on the cabinet'* – Portsmouth resident

*'Just be honest and open with the public about your intentions by publishing them on an easily accessible platform so there should be less need to hold people accountable when they screw over the little person.'* – Southampton resident

*'Transparency towards the general public is also crucial - how would we ordinary citizens be able to scrutinize what's being done in our name? Obviously, consultation on every issue would be impossible, but some key issues might prove controversial and require public consent.'* – Southampton resident

101. The third largest group of suggestions was around voting, referenda, consultation and polls. Some examples of these suggestions are below.

*'i think there is a gap of how community voices are heard, through networks i am involved with there is so much agency and passion to make our cities better, if there are voices for these to be heard that would be great. also I think there are so many new ways of consulting and asking for opinion and ideas beyond committee meetings and minutes, there is opportunity for innovative consultation and engagement beyond often tired old paths, this potentially can be an opportunity for fresh ways of engagement beyond the usual suspects and processes'* – Southampton resident

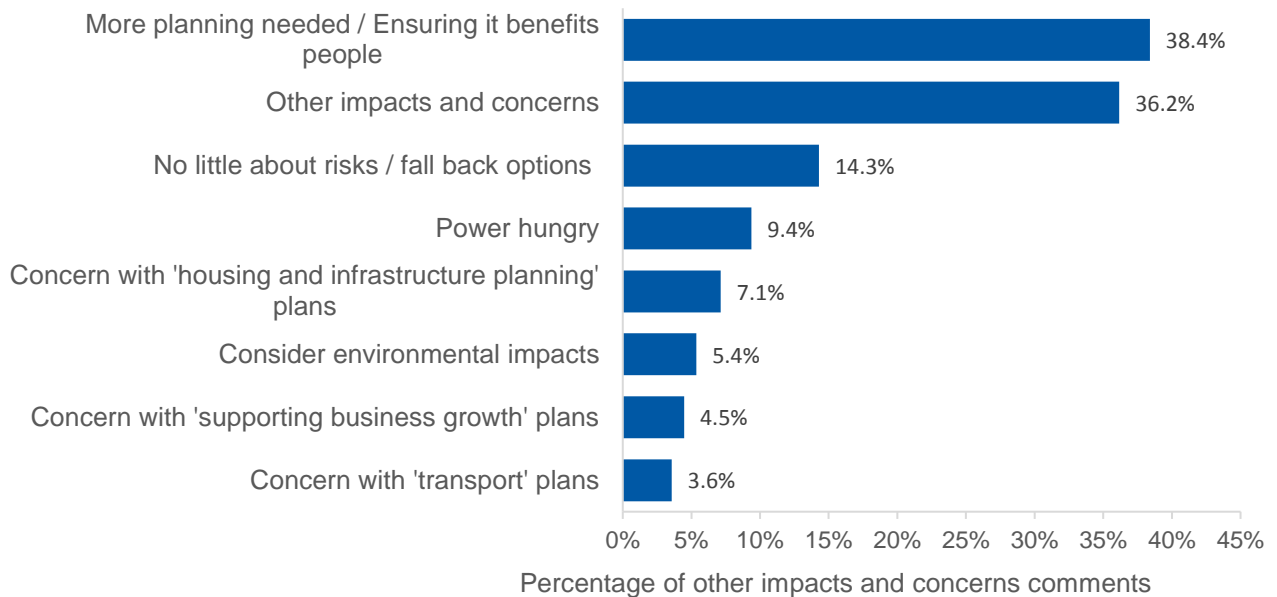
*'A formal consultation of those affected (i.e. citizens) through a referendum or vote, once all of the specific details and advantages/disadvantages are made clear. Simply chasing funding for the sake of funding could have some severe future repercussions.'* – Portsmouth resident

*'Difficult, inevitably local politics will influence decisions. More public involvement and election/referendum on key issues?'* – Isle of Wight resident

102. This gives a summary of the main groups of suggestions, other ideas included; votes of no confidence, MP involvement and independent audit.
103. There were also a number of impacts, concerns and suggestions made by respondents which did not fit into the broader main themes. Figures 17 and 18 show some of the more common sub-themes of comments within other impacts, concerns and suggestions.

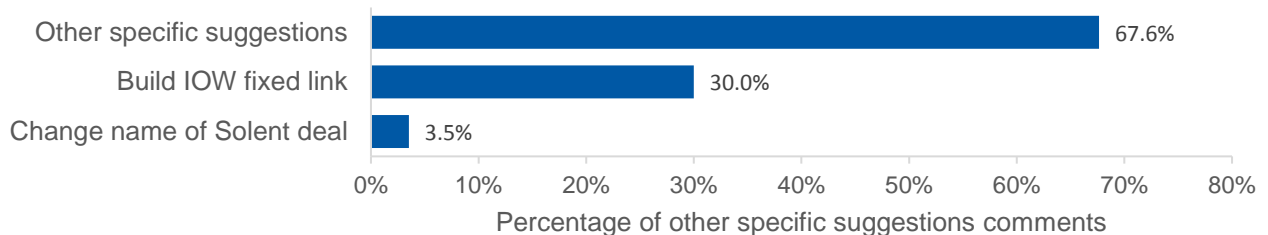


**Figure 17 - Sub-themes of free text comments surrounding the other impacts and concerns**



104. In total 224 people had an additional impact or concern that did not fit within the main themes. 86 people (38% of other) expressed a concern about the amount of planning that has been undertaken regarding the Solent Mayoral Combined Authority and to make sure that it benefits people once formed. Along a similar theme, 32 people also stated they knew little about the risks or fall-back options if things were to go wrong. Additionally there were comments associated with current councils being 'power hungry' and also more specific concerns around plans within the proposed scheme.

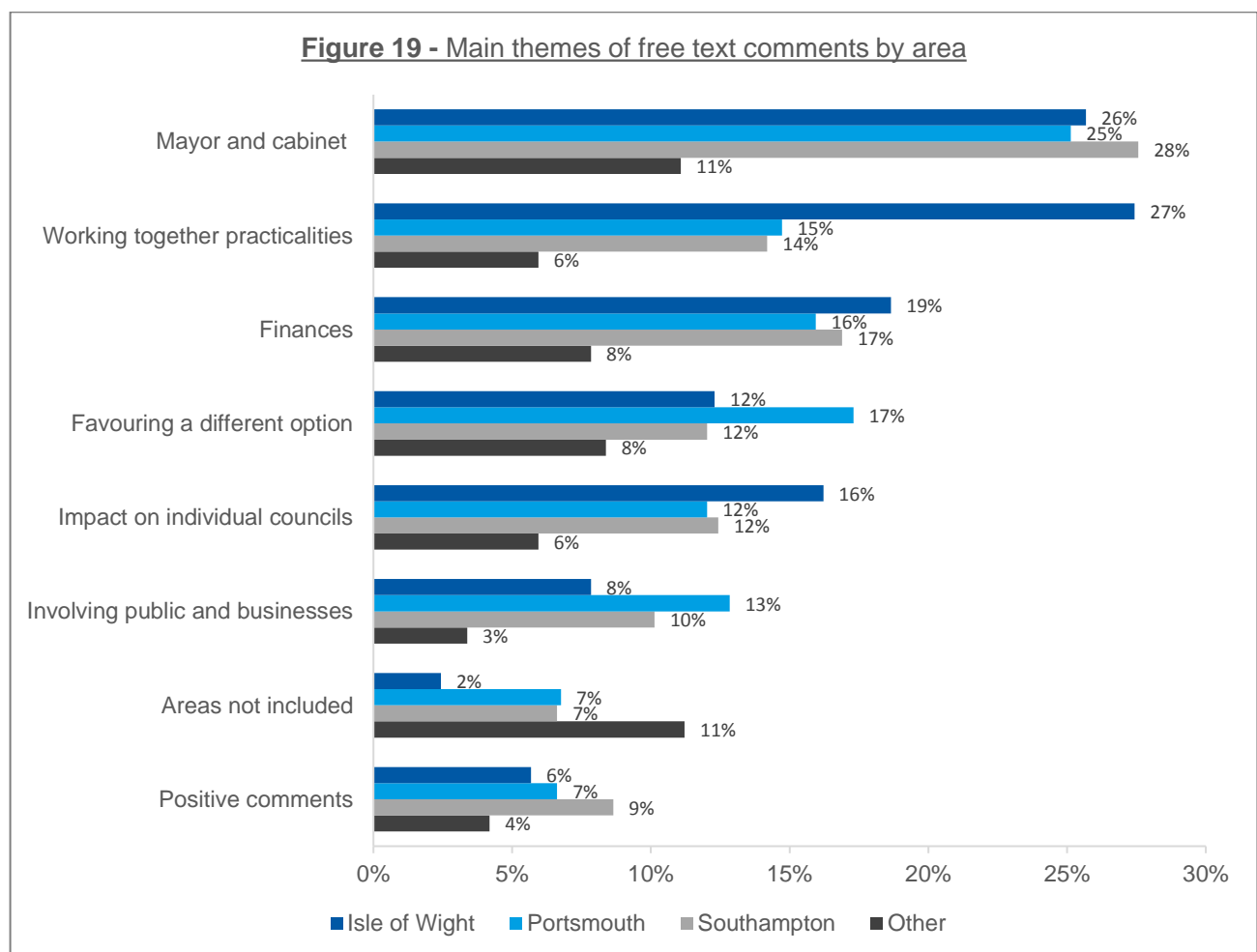
**Figure 18 - Sub-themes of free text comments surrounding the other specific suggestions**



105. In total 170 people (7% of survey respondents) provided a suggestion surrounding the way in which the Solent Mayoral Combined Authority should be run or things that should be done. Many of these were too specific to group together but a more prominent suggestion was the idea of a fixed link between the Isle of Wight and the mainland. In total 51 people specifically mentioned a fixed link, of which 47 were from residents on the Isle of Wight.
106. The degree to which respondents commented on themes varied in some cases depending on where they lived. Figure 19 shows the main themes of comments by area. In most main themes respondents living within the proposed area commented more often than those living in other local authorities. People living outside of the area however commented much more often on the impacts of areas not

included within the combined authority with 11% commenting on this compared to 7% of Southampton and Portsmouth residents and 2% of Isle of Wight residents.

107. Other noticeable differences between local authorities was surrounding comments about working together. 27% of Isle of Wight residents commented on the practicalities of working together which was significantly more than Portsmouth (15%), Southampton (14%) and other (6%). This was the most popular theme of comment for Isle of Wight residents. The Isle of Wight residents were also more concerned about the impact on themselves than either Portsmouth, Southampton or other residents.
108. Portsmouth residents commented more often than other local authorities that they favoured a different option or way of working and also that they would like a greater involvement of the public and businesses. Southampton had slightly more residents commenting positively on the proposal than residents of the Isle of Wight, Portsmouth and other areas.



109. Consultation should also give participants the opportunity to raise any potential impacts that the proposals may have so that these can be considered as a part of the decision making process.
110. During the consultation a range of risks or impacts were identified through the questionnaire, the main themes that have emerged are; that the proposal will not be equitable to each area, the mayor will not be accountable and that ultimately it will result in less funding.



*'The greatest threat would be if a mayor, or the authority paid particular attention to one city, or neglected another (or isle of white)' – Southampton resident*

*'I would worry that loW would be under represented as it is so much smaller than the other two areas. Will their representatives really be heard, and would loW get the best deals for their own communities? As an example, loW inland transport links could do with massive investment. They've been left behind in comparison with S'ton & P'mouth; would this new body deal with issues like this REALLY impartially?' – Portsmouth resident*

*'The coastline and the region is vulnerable to flooding now and will be become worst with climate change and this may have major impacts on the infrastructure in the Solent. The environment around the Solent is very pleasant, but needs to be maintained and maybe improved.'* – Southampton resident

*'any job losses - would some departments be joined together'* – Resident from outside the Solent region

*'Just bit worried to sidelined cities would see us as affluent and we are not!'* – Isle of Wight resident

111. Although a range of impacts that the proposed Solent Mayoral Combined Authority may have were suggested, none identified a specific minority group. Most of the impacts identified were more general or were in relation to the concept of devolution as a whole rather than the Solent proposal in particular.

### Letters and emails

112. A range of letters and emails from individuals and organisation were received during the consultation period which have been analysed, in total 16 letters and emails have been included in the consultation. These fall broadly into two categories those in favour and those who are taking issue with the process or proposal.
113. Popular themes of those in favour of the proposals focused around the benefits a deal could bring including the benefits of working together, by having a Mayor and by securing additional funding for the area. Some examples of quotes from those in favour, including suggestions for any proposals going forward, are below:

*'The history of collaborative working in the Solent area, via PUSH and the LEP, provides effective foundations for these arrangements'.* – University within the area

*'In principle, I welcome the 'Solent' initiative. Shared resources usually find savings and greater efficiency.'* – Isle of Wight resident

*'The wider goals of this deal will benefit our employees and clients in the short term, as well as ensuring future generations of employees are equipped with the education and skills required to meet the future needs of local, national and international businesses that trade in the area'.* – Portsmouth based business

*'In support of Option 4, the preferred choice of the three local authorities, as it is the option with the greatest ability and scope to deliver the region's infrastructure requirements'.* – Institution covering the South East of England

*'We are committed to assist the Isle of Wight Council in any way it can in securing the outcomes identified in this submission and asks to be kept informed of developments'.* – Town Council on Isle of Wight.

*'The Solent Combined Authority should take a rounded approach to development, including social and environmental goals rather than only focusing on economic growth'. – Institution covering the South East of England.*

114. Moreover, popular themes for those who are taking issue with the process or proposal included comments on accountability, geographical coverage, fairness and risks relating to finances, capacity and governance – which included comments on specific clauses within the proposed draft Scheme or specific issues. Some example of quotes from those who either disagree and/or have concerns are below:

*'Without the neighbouring authorities of Test Valley, Eastleigh, New Forest and Fareham, the Solent Deal will encounter great difficulty in achieving a strategic approach to business expansion'. – Organisation representing businesses in the area*

*'There must be strong decision based powers specified for the Elected Mayor that gives benefits to the local authorities. There is little evidence that such benefits can be identified or realised'. – Portsmouth Resident*

*'The danger is, that as the 'poor relation' we must ensure we get our fair share, and this, used to create a positivity to opportunities for the Island'. – Isle of Wight resident*

*'Meeting the needs of two cities and of one island is always going to be difficult. Either some decisions will either go unmade or a decision that favours two areas will be passed, whether or not it favours the third'. – Political party on Isle of Wight*

*'Highway powers are of central importance to any re-arrangement such as is being discussed. Despite this, no highway powers are claimed anywhere in the Scheme'. – Neighbouring Local Authority*

*'Businesses were clear that support for the proposals to establish a SMCA is provided on the basis that the entity will operate in a simple, cost efficient manner and that additional layers of bureaucracy for business will not be put in place'. – Business community and key stakeholders in area (Via Solent LEP engagement).*

*'It has been starkly apparent that both the supporting documentation and the discussions have sidestepped the environment in general, and the region's pre-eminent wildlife in particular, and this is of serious concern to us.' – Local charitable trust*

115. A few comments also focused on the consultation process itself; they focused on the legality of the consultation, the lack of detail in the supporting information available, timescales which contributed to the assessment of the Deal and the need to hold a local referendum on the matter. Some quotes received on this area have been given below:

*'The Solent consultation does not adequately set out the powers that are to be devolved and the mechanisms for their exercise; this makes it impossible for consultees to respond in a way that can influence the outcome on key issues' – Neighbouring Local Authority*

*'Proposals are not yet in sufficient detail to go ahead. The consultation process is flawed, a referendum, or Constitution Convention with referendum is needed'. – Portsmouth Resident.*

### Discussion groups / public meetings

116. Both the discussion groups and the public meetings provide useful feedback on participant views towards the Solent Deal proposals. The themes of questions asked by attendees provides an understanding of what participants were thinking in addition to the feedback they left.

117. The themes covered by the public meetings and discussion groups were similar to those covered in the questionnaire feedback. The main issues raised have been drawn out below with some example quotes.
118. The mayor was a prominent theme in all the public meetings, with discussions about; independence, fairness of decisions, bias, how elections would work and accountability.
- 'Having a Mayor is a risk to the Island as they will probably be from the mainland, and may favour other projects, I would prefer to have a Mayor from a totally different area'* – Isle of Wight meeting attendee
119. Another area of discussion was around competition between the areas or challenges arising from the differences between the areas.
- 'How will Southampton and Portsmouth work together? Traditionally competitive cities.'* – Southampton meeting attendee
- 'The Island has nothing in common with the two cities, the needs of the Islanders are different.'* – Isle of Wight meeting attendee
120. Costs of the new authority and other financial concerns were also key topics in each area.
- 'The government might change their mind over the £30 million.'* – Portsmouth meeting attendee
- 'I am concerned that the money is not enough to make the impact required'* – Isle of Wight meeting attendee
121. The groups showed that many participants are positive with concerns, the idea works but have questions or concerns about the detail.
- 'Agree with economic savings (a net surplus of benefits over cost) in order to make our finances stretch further – but seems to be a focus on forcing through other principles within the same package.'* – Southampton meeting attendee
122. There was also a feeling that the proposals lacked vision and needed to really sell the region.
- 'I get it and I am in favour of it but the document looks like it has been written by accountants, were is the vision and where is the passion, people want to see ambitious leadership'* – Southampton meeting attendee
123. These sessions also provided a good opportunity to answer questions and allow political leaders to explain their reasons for being involved and give answers to specific concerns of residents.

### Drop-ins / road shows

124. Across the drop-in events feedback was captured by the staff supporting these event noting down key themes emerging in the conversations and specific comments from participants. As previously stated 842 meaningful conversations took place across these events and while a number of these individuals may have gone on to complete a questionnaire, many will have not so it is important to include a summary of the feedback captured through these events.
125. These events allowed for face to face interaction and for questions to be answered, when residents had heard a brief explanation of the Solent Deal proposals most were positive about what they had heard. There were patterns to the questions and comments made at these events, the four main issues were:

- Concerns about working together with other places that are different or competitors
- Comments, suggestions or thoughts on the Mayor
- Cost of the proposed authority
- Positivity about the idea of devolving powers to the local area

126. These comments reflect the issues identified through the survey and while questionnaire responses are often more considered, the broad sentiment is very similar. Many people that were spoken to were positive and many had questions or queries about how any deal would work.
127. As these events had members of council staff speaking with the public there was an inevitable amount to direct feedback on council services, which were recorded but have not been reported here.

### Social media

128. All comments received through social media were analysed and coded against the same categories as comments within the questionnaire. Due to the natural brevity of comments made on social media the 14 grouped categories, rather than the more detail sub categories. 92% of all the comments made of social media fell into six categories.

129. The largest category with 26% of the social media comments was impacts or concerns, the comments within this section covered a range of issues including concerns around: house building, roads and parking, cost of the proposal, need for a referendum, governance and that the deal will not have the desired effect. Some examples of these comments are below.

*'G.O.S.E was wound up because it was just a talking shop. Millions of pounds were spent in Portsmouth especially on education. It did nothing. Why will this be any different? and isn't this just like the Police Commissioner Office, a vehicle for people to earn lots of money for doing nothing.'*

*'Too much student accommodation in the city centre. It's got ridiculous!'*

*'I think we need to see the vision to know what we are signing up for. This proposal will succeed with the right vision, without it, it could do an awful lot of damage.'*

*'It looks like politicians sit in judgment on other politicians. There should surely be some way to involve the citizens in these scrutiny processes. There will always be suspicions of back scratching if this is done behind closed doors and without external public supervision.'*

130. The category with the next largest volume of comments (20% of the social media comments) was specific suggestions, the comments within this section covered a range of issues including suggestions around: a fixed link with the Isle of Wight, more affordable homes and trams/transport. Some examples of these comments are below.

*'Fixed link, it will improve the unemployment levels and there will be more competition for employees so wages will rise'*

*'Go to Holland and see the masters at work!! Trams, decent bus service and everyone rides bikes. This is how we should be going to help reduce pollution ??'*

*'Try building more council houses and affordable homes for young families would be a great start instead of all the student accommodation, every child deserves a family home'*

131. The next category with 10% of the comments made on social media is made up of comments about the consultation process. Some examples of these comments are below:

*'Doesn't matter what anyone says the council will do what it wants & has already made up its mind what it is going to do. This survey is just so that they can say they consulted the general public during the consultation period, all this is so they can tick a box & say they followed procedure!!!'*

*'Why is there limited publicity on the consultation, shouldn't every household should be informed.'*

132. Comments expressing concerns about the organisations working together made about 7% of all social media comments. Some examples of these are shown below:

*'But with the competition between Portsmouth and Southampton, in many areas, I cannot see how this can work.'*

*'And in the event the authority would like one particular council or project to benefit the other two have reduced funding for services.'*

133. Comments about how the finances would work made 6% of the comments on social media. Some examples of these are below:

*'And it just adds another layer of management who have to be paid. Can't really see much benefit there.'*

*'If the 900 million over 30 year is not indexed link even at 1% inflation compounded it will reach 42% of the original value in the last year. Is it indexed linked?'*

134. The final category had the highest number of individual comments (27%) which was categorised as 'other', these mainly included comments on existing council policy or vague sentiments. Some examples of these are below:

*'Being able to park outside your own home would be nice, without getting a parking ticket ...'*

*'Every corner, road, street you can put a parking meter on is not good for the City, greedy council stopping fly-shopping and hurting lots of businesses, used to take the dog for a walk on the common and be able to park for an hour, not now, on top of'*

135. Overall the social media comments reflect the key themes of feedback shown through the questionnaire, albeit with a slightly more negative tone.

### Business engagement

136. Engaging with and gathering views from a wide range of local businesses is an important part of the whole public consultation process. Much of the pre-consultation engagement activity conducted by the three local authorities was with local businesses. It was agreed that the Solent LEP would lead on engaging with local businesses and gather the feedback they provide.
137. Over the course of the consultation period the Solent LEP engaged with a total of 130 organisations from across the region in a range of ways. Most businesses are supportive of the proposal to create a Solent Mayoral Combined Authority, especially given the focus on economic growth and transport. Many businesses are supportive of the principle and would like to continue to be involved if and when the detail of the proposed deal is being developed.
138. A number of specific benefits in relation to the creation of a Solent Mayoral Combined Authority have been recognised throughout the course of the engagement with businesses, including the following:

- The opportunity for the local area to pilot the new business rate system and feedback into the design of the new national system, including the importance of local tailoring.



- Incentivise Local Authorities to prioritise growth
- Opportunity to take a long-term view of the future as opposed to simply addressing short term public sector funding gaps
- Opportunity presented regarding planning to take a strategic approach, on a joint basis to accelerate growth
- The opportunity a Directly Elected Mayor presents to provide long-term leadership, and create momentum and ambition as a growth ambassador for the area
- Opportunity to increase business and political engagement through the model, including engaging the LEP in the prioritisation of projects
- The benefits to businesses in the devolution of the proposed powers (in particular; business support and innovation, housing and planning, learning skills and employment and transport).

139. In addition to the positive response, a number of areas for consideration have been raised by the business community, including the following:

- Direct LEP representation within the structure is seen as critical
- The importance of business engagement and communication (including promotion of the opportunity to stand as a candidate for the DEM role) will be vital on an ongoing basis
- Need to ensure appropriate management of financial risk across the Solent area - mitigating risk of any future down turn in business rates which may occur and risk relating to any potential resets
- Increasing inward investment, international trade and place based marketing on a Solent basis were flagged as particular priorities for the business community
- Business buy-in would be critical and, in order to achieve this, there should be a focus on transformational projects - whilst not forgetting the importance of SME businesses to the economy
- The need to ensure that processes are simple, efficient and that additional layers of bureaucracy are avoided
- The recognition of the Solent LEP as a functional economic area and importance of other district areas not in the phase 1 geography (particularly in relation to issues such as transport and East-West connectivity which was seen as critical)
- The need to ensure accountability of the Directly Elected Mayor to the business community as well as the electorate
- The challenge of engaging businesses in relation to devolution alongside the focus on BREXIT (noting the potential opportunity to return powers to the local area from the EU rather than Westminster through devolution).
- Need to ensure "infrastructure" is not a limiting term for only transport investment which limits local creativity. Skills was seen as critically important, and the need to target local skills provision, as well as other infrastructure such as digital and energy
- Social Enterprise was highlighted as an important sector and any new system should seek to incentivise wider benefits for the local area
- Incentives should be put in place to business to bring vacant properties back into economic use
- Export support is an area requiring additional investment.

140. The full report on the business engagement conducted by the Solent LEP is included as a part of appendix 4 of this report pack.

### Feedback on the consultation process and approach

141. The three local authorities and the Solent LEP are committed to make the whole consultation process as transparent as possible. As a part of this any feedback on the consultation process itself received during the course of the consultation is gathered together here.
142. Overall, out of the 2,531 people who took part in the consultation questionnaire, 60 commented on the consultation process itself, representing 2% of consultation questionnaire responses. These included comments on the whole process, the timing of the consultation, how the consultation was promoted, the questionnaire and the information supporting the consultation.
143. Some of the key areas where feedback was received on the consultation process itself are as follows:
  - *That the questionnaire and consultation materials were overly positive towards the deal and only set out one perspective*
  - *That the questionnaire forced response in one way*
  - *That the consultation was rushed and that the timing of the consultation was poorly planned as it was across the summer*
  - *That there was not enough promotion of the consultation*
  - *That one could only respond to the consultation online*
  - *That the consultation ignored the duty under the Equalities Act 2010*
  - *That regardless of the consultation decision makers will do whatever they want.*
144. The following paragraphs respond in turn to each of the main areas of feedback on the consultation process.
145. The information provided was a distillation of what was outlined in full within the draft Governance Scheme, the Scheme itself was widely available. The information outlined the views and position of the authorities and gave respondents the opportunity to give their views in response.
146. The questionnaire was developed to ensure all views could be captured on a range of areas relating to the proposed creation of a Solent Mayoral Combined Authority. All questions that sought to ascertain the level of agreement with a proposal or approach contained a balanced scale. Figure 20 shows an example of this type of question, there are two degrees of agreement, two degrees of disagreement and a neutral centre point. The respondent can also either leave the question blank or select the 'don't know' option. Therefore questions cannot be seen to force consultees in any direction.



Figure 20

147. The consultation ran for over eight weeks and many other areas conducted six week consultations on the creation of a combined authority. The period of consultation also spanned across three calendar months to enable a range of people to respond. The decision making process allows enough time to go to each authorities Full Council for a discussion before the final decision is made at the respective Cabinets.

148. As this report has already shown in paragraph 16 onwards that extensive communications ran for the duration of the consultation through a wide range of channels. This is backed up by the response rate to this consultation being higher than other regions with significantly larger populations.
149. Paper versions of the questionnaire were available in libraries and council offices across the three authority for the duration of the consultation. They were also handed out at the drop-ins and public meetings. In total 207 paper questionnaire were received.
150. Prior to the consultation taking place the three authorities carried out an equalities impact assessment (EIA), section 7 of the main report deals with this issue and Appendix 5 of this pack is the final impact assessment following the consultation process.
151. The consultation is a way of gathering feedback on proposals and that feeds into the democratic decision making process. The fruits of the consultation have been clearly detail in this report, which will go to all the decision makers prior to making that decision.

### Conclusion

152. In total 3,867 stakeholders have engaged with the consultation process and given their views on the Solent Deal proposals.
153. The consultation has engaged with a wide range of individuals through a variety of methods to allow residents in across the Solent region to give their views on the proposed creation of a Mayoral Combined Authority.
154. As paragraphs 30-39 of this report have outlined, looking at various demographic breakdowns of the respondents it has shown that while certain groups were less represented than others there was still engagement across the board.
155. This consultation has sought to explore the views of the whole community on a wide range of issues, to elicit a full discussion on the future of the Solent region and how issues may be governed in the future.
156. Overall there was a significant level of engagement with the consultation as a whole. In total there were 2,531 questionnaire responses, including 1,533 respondents who made a comment of some description and a total of 5,128 individual comments have been analysed. The four largest themes that emerged through the analysis of these comments were; Mayor and cabinet, working together practicalities, finances and alternative options.
157. The consultation also gathered views via a range of other channels such as face to face events, public meetings, social media, letters and through business engagement. The themes that emerged from these broadly mirrored the views held by the respondents to the consultation questionnaire.
158. The consultation questionnaire showed that agreement with the principle of moving power and funding from local government to groups of local governments working together was 71% with 32% of respondents strongly agreeing.
159. Consultees were also asked about their agreement with the principle of the Isle of Wight, Portsmouth and Southampton councils and the Solent LEP working more closely together. Overall 71% of respondents either agreed or strongly agreed.



160. The central question of the consultation asked consultees to what extent they agreed with the preferred option to create a Solent Mayoral Combined Authority as set out in the draft Governance Scheme, the total level of agreement with this was 58%. The breakdown of agreement by the local authority areas shows that the highest level of agreement is in Southampton (64%) and the lowest is Portsmouth (55%) with the Isle of Wight is in the middle (57%).
161. The majority of respondents are positive about devolution and the proposed option, the comments and suggestions gathered through the consultation have resulted in a number of revisions to the draft Governance Scheme as outlined in section 5 of the main report.
162. This consultation has ensured compliance with local and government standards. This report, outlines the full picture of the consultation results and will be used to inform decision makers.
163. In conclusion, this consultation allows each Cabinet to understand the views of residents and stakeholders on the proposed Solent Mayoral Combined Authority and the proposed way forward. Therefore it provides a sound base on which to make a decision.

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Our ref: CP/jb

8<sup>th</sup> September 2016

David Williams  
Chief Executive  
Portsmouth City Council  
Civic Offices  
PORTSMOUTH PO1 2AL

Dear David

**SOLENT DEVOLUTION DEAL**

We note that you are currently consulting on plans to create a Solent Combined Authority which would help deliver the ambitious draft Devolution Deal for the Solent area. As a major employer based in Portsmouth we fully support the aims and objectives of the devolution deal to enhance productivity and growth in the Solent area and also the creation of the Solent Combined Authority to help deliver the deal.

We feel that we can play an important part in this agenda but we are also aware of some of the major challenges that this area faces including relatively poor rail journey times to London, a need for major investment in infrastructure to help improve access and the services that our customers and employees need, and the need to make sure that our education and skills system is focused on the needs of local employers.

We hope that you are successful in your plans and we would be grateful if you could keep us informed of progress.

Yours sincerely

**Colin Paynter**  
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**BAE SYSTEMS**  
INSPIRED WORK

16 September 2016

BAE Systems, Maritime Services  
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The Parade  
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PO1 3LS

David Williams  
Chief Executive  
Portsmouth City Council  
Civic Offices  
PORTSMOUTH  
PO1 2AL

Dear David

**SOLENT DEVOLUTION DEAL**

We note that you are currently consulting on plans to create a Solent Combined Authority that would aim to deliver an ambitious draft devolution deal for the Solent area.

As a major employer in the Solent region, BAE Systems support the aims and objectives of the devolution deal to enhance productivity and growth in the Solent area. We also support the creation of the Solent Combined Authority to help deliver the deal, providing that the public consultation currently underway clearly demonstrates that it has the support of the local community.

We are aware of the major challenges that the Solent region faces and the benefits this deal could bring, including investment in infrastructure to: improve rail journey times to London; address congestion in the Southampton / Portsmouth A27 corridor and into and out of Portsmouth; and ensuring that our education and skills system is focused on the needs of local employers.

We hope that you are successful in your plans and would be grateful if you could keep us informed of progress.

Yours sincerely,

James Davis  
Director Naval Base Services



Mr. David Williams  
Chief Executive  
Portsmouth City Council  
Civic Offices  
PORTSMOUTH  
PO1 2AL  
UK

Roscoff, 02 September 2016

Dear David,

### SOLENT DEVOLUTION DEAL

We are aware that you are currently in consultation on the plans to create a Solent Combined Authority with the aim to deliver a devolution deal for the Solent area. One of the key objectives of this plan is the investment in infrastructure, for the combined area.

As the operator of the continental ferry link from Portsmouth we fully support this objective.

Furthermore, we feel that infrastructure development of the Solent area is imperative to even attempt to maintain a relative position and viable alternative to Dover – Calais, which continues to receive huge infrastructure investment. We believe that this is vitally important for two reasons: for the country as a whole which needs more than one option for imports and exports on the Channel and secondly for the long term economic outlook of the Solent area.

Additionally, as a major employer in Portsmouth, the wider goals of this deal will benefit our employees and clients in the short term, as well as ensuring future generations of employees are equipped with the education and skills required to meet the future needs of local, national and international businesses that trade in the area.

We wish you success in your endeavours and would be grateful if you could keep us informed of progress.

Yours sincerely,

**Christophe MATHIEU**

Chief Executive Officer

*Copy to: Mr John NAPTON*

Brittany Ferries

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8 July 2016

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Also emailed to [paddy.may@portsmouthcc.gov.uk](mailto:paddy.may@portsmouthcc.gov.uk)

Dear Mr Williams

### **Governance Review for South Hampshire & the Isle of Wight**

Thank you for your letter of 1 July setting out your proposals for a combined authority and Metro Mayor. Whilst we can see potential benefits for the sub region from such an approach, there are proposals contained in this letter which we do not see working to the advantage of those who live and work in the South Hampshire area. In particular, I believe that we can continue to work with the three authorities (as we have with Solent Transport and its predecessors) to develop, through partnership, a better local bus network than would be provided under a franchised regime.

We provide local bus services throughout the urban areas of Portsmouth, Southampton and the Gosport/Fareham peninsula, and many surrounding parts of South Hampshire. Our track record of working together with the local authorities to deliver high quality public transport schemes that benefit all those who live in, work in or visit the region is exemplary. In the last five years we have jointly delivered, with the local authorities:

- smartcard based multi operator and multi modal ticketing with the Solent Go card, which is now available both in a regional format and also specifically in the two principal cities.
- the A3 bus priority corridor in Portsmouth which has seen passenger volume increases of 13% in its first year and 8 % over the past 3 years;
- the Eclipse busway linking Fareham with Gosport largely on dedicated bus-only roads which has seen passenger volumes grow by over 45% in the first four years of the service; has won several bus industry awards and has seen shared profits reinvested in further infrastructure improvements to provide an even better service to the customer;
- audio-visual next stop announcement equipment on all buses in Hampshire, a first for the UK outside London;
- Free to use, customer WiFi across all buses in Hampshire, which has recently been upgraded to 4G connectivity to provide an even better level of service.
- multi operator quality partnerships with local authorities combining commitments by all local bus operators to improve services with infrastructure investment plans by the Local Authorities.

We have a local modern fleet of 279 vehicles with an average age of 6.35 years. Our investment in new vehicles in the past 4 years in Hampshire is nearly £21m with a 129 new vehicles purchased. All of this investment is from the private sector.

In the light of this performance, typical of the bus operators in the Solent area, we question the benefits of the proposed franchised regime. The free market continues to provide for the needs of the travellers in the region and is quick to adapt to changes in demand and land use. Moving from a system of competition within the market to one of competition for the market will have the following disadvantages:

- Stifling of initiative by lack of competition
- Inability to react rapidly to change in demand, land use etc
- Increased costs due to the need for a contractual relationship and monitoring by both parties
- Additional need for local authority personnel to plan public transport services
- Loss of private sector incentivisation for service development
- Consequent potentially increased cost to local population through fares and/or council tax/business rates
- Reputational and financial risks shouldered by local authority rather than private sector
- A complex, time consuming, expensive and as yet undefined process for bringing the new regime to fruition

However, the private sector is perfectly positioned to deliver the stated benefits from any contracted or franchised regime. The model established to deliver the Eclipse busway in Fareham and Gosport is scalable and can be easily translated into a multi-operator voluntary partnership agreement where the private and public sector each accepts its share of risk and reward. A profit sharing mechanism was, at the time of signature, a ground-breaking feature of the legally binding Eclipse partnership, which gives both partners the certainty and stability they require to enable future investment decisions to be justified and protected.

Let me now consider the various points made about transport in the consultation document. I do recognise the vital role played in the region's prosperity by the means of getting people to their places of employment. Indeed, this is one of our principal sources of income. I would say that this is complemented by the need to get people to education, leisure, health and wider societal elements of the local community and that is where a strong, commercially focussed and adaptable local bus service plays a vital role. The document assumes a future "franchised" local bus service but pays no heed to the other mechanisms available to achieve this goal - the success of the past thirty years of a market-oriented system being cast aside without consideration. The particular transport issues identified at paragraph 2.19 are all internal to the authorities or government focused and none exposes a weakness or inability in the role of the private sector to deliver what is required. In fact, I strongly support the intentions set out in paragraph 2.21 to strengthen the integration of transport into the overall decision making and funding processes.

Paragraph 2.22 refers to the lack of a rapid transit system for the area - but Eclipse was established as the first phase of just such a system, and I would be pleased to enter into discussions on how future phases can be best planned, funded and delivered.

In paragraph 2.24 the rationale for the franchised approach is set out with the benefits being identified as:

- "1. Full control over all ticketing arrangements for franchised services – including fares, ticket types, branding and marketing;
2. Some flexibility to operators to set some or all aspects of ticketing arrangements commercially;
3. Cross-boundary operators will have the right to participate in the ticketing scheme and could be compelled to do so."

It is noted below at paragraph 2.26 that the SolentGo ticketing scheme already meets most of these requirements and the presence of local authority members on the Board of that

organization gives the authorities considerable influence over the operation of the scheme. If there is indeed an imperative to bring cross boundary operators into its scope (and there is nothing preventing that today) then making a statutory ticketing scheme which mandates participation is something already available under the Transport Act 2000.

Paragraph 2.25 additionally states that "franchising activity will enable the creation of a more integrated network. The [Mayoral Combined Authority] would work in partnership with rail and ferry operators to secure their further involvement". It is not clear what could be done under such a regime that cannot be done under existing voluntary arrangements given that the scope to integrate rail and ferry is unchanged under the proposals set out in the government's Bus Services Bill.

Paragraph 2.26 refers to the "...SolentGo scheme which has already secured the involvement of bus and ferry operators. This will be extended to other transport modes with the MCA having the ability to set the pricing of Solent Go products." A statutory ticketing scheme, established under the Transport Act 2000, or an Advanced Ticketing Scheme as envisaged under the Bus Services Bill, cannot mandate the involvement of a rail operator – so there is little benefit that could be obtained.

However, I am particularly interested in paragraph 2.48 which refers to "a significant Transport Infrastructure deficit across the region which is a barrier to productivity growth. The £30m per annum would, in part, be used to fund (or co-fund with partners) those schemes that would unlock the greatest return." In fact, I can see even greater potential benefits being unlocked through successful partnership working as the flexibility and readiness to adjust the local bus network can enable it to act as the "glue" which binds together all the economic, social and societal elements of the authorities' aspirations, without the associated cost and risk to the authorities. The existing Solent Transport Board provides the ideal opportunity to build upon existing successes and meet these aspirations.

Of some concern is the lack of reference to the adverse effects of congestion and what measures might be taken to overcome this. Local buses have their part to play in this and the success of the Eclipse project has seen 20% of users choosing the service over the use of their own private car. Replicated across the Solent area this would have massive benefits for accessibility and the environment. It is not just the public transport offer that must improve to achieve such results. There is also a need not only to address the integration of the transportation and planning functions, and to tackle parking policy and road-space allocation at a local level. As a multi-national business First can bring an array of experience to help address these issues and partnership working using a collaborative approach which can foster greater sharing of information, expertise and trust.

The transport offer from the private sector is agnostic of the local authority governance regime adopted. A Mayoral Combined Authority is not required to take "control" of local bus services and not obliged to apply for powers to "franchise" operations under the terms of the Bus Services Bill. It would be simple to transfer the existing partnership arrangements to any such revised local authority governance regime. Paragraph 5.4 refers to the powers available to such an authority including "2 Discharging duties common to Integrated Transport Authorities including coordinating action to meet transport requirements, commissioning of subsidised bus services implementing and enforcing the statutory concessionary travel scheme, setting a transport levy for the sub-region if required, providing information to the public in relation to public transport." Again there is nothing here which could not be delivered by the private sector under a partnership arrangement.

I am therefore, surprised to see your devolution deal wishing to use the powers of bus franchising, when bus operators, including myself, have delivered a vast array of improvements to the local public transport network, and remain open to discussing further transport initiatives as mentioned above.

I would therefore, be grateful for a further meeting to discuss the way forward.

Yours sincerely

Marc Reddy  
Managing Director  
Hampshire, Dorset & Berkshire



First Hampshire and Dorset Limited  
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Dear Dawn

**Response to Proposal to create Solent Combined Authority**

Thank you for your e-mail of the 1<sup>st</sup> July, in which you enclose details of proposals for a Solent Combined Authority. These are the initial comments from the Go! Southampton business improvement district steering group, which is working towards establishing the largest BID in the region, from April 2017. As a Top 20 national retail centre, the centre of Southampton has an impact over the Solent area and challenges such as transport, skills and infrastructure will have Solent dimensions. Therefore Go! Southampton would look to contribute to this debate as it unfolds. In this respect Go! Southampton recognizes this is at an early stage of development and as further proposals emerge, we anticipate that there will be more opportunity to comment.

The central issue is to seek to create a momentum in the South that reflects the initiatives in the North of England through devolved arrangements. Fundamental to this approach is to focus such initiatives around Functional Economic Areas. In that way travel to work, travel to learn catchment areas and transport, housing and land use patterns reflect natural business and economic activity areas. These initiatives have been studied by the Centre for Cities and the Core Cities and they are now becoming a reality elsewhere.

In the South of England, the Solent area has the base structure of two overlapping City areas around Southampton and Portsmouth, which reach to surrounding areas including the Isle of Wight. This is a genuine Functional Economic Area, along the M27 corridor, with the critical mass of population and business infrastructure. It therefore would be a definite candidate for becoming a Combined Authority (CA).

The benefits of devolution are based on the ability to shape public spending in the Combined Authority Area to better reflect actual needs. This creates a basis for shaping investments to promote the local economy and recognizing local market conditions, without the constraints of present administrative boundaries. The areas being postulated to be included in the Solent CA are considered to be those necessary to make a difference in this way. However it is also recognized that this would be further enhanced if the five District areas could be involved in setting up a Solent CA. That being said, with the devolution of Business Rates anyway by 2020, the Solent CA area is a natural framework to ensure that this particular change is both effective and transparent to businesses in the Solent area.

Behind this lies the matter of Governance and the need to create meaningful arrangements. The four options put forward are those that are germane, but the first two would not be sufficient to bring that clarity of decision making that will be intrinsic to creating an effective Combined Authority. Indeed although an Economic Prosperity

Board would streamline decision making, the final option of an CA Mayoralty achieves that with greater transparency and creates a champion for the Solent area, who is directly accountable to the public.

In summary the Go! Southampton BID Steering Group:-

- 1) Welcomes the initiative to create a framework to allow devolution to the functional economic area that the Solent represents.
- 2) Concurs that Southampton, Portsmouth and the Isle of Wight are the natural cornerstones of a Solent Combined Authority. However we encourage the active participation of Eastleigh, Fareham, Havant, Gosport and East Hampshire, so that natural economic activity areas are fully reflected in the Combined Authority.
- 3) Supports the governance option for a Combined Authority Mayoralty. However we would look for an inclusive approach, particularly with businesses and business organizations, to ensure that economic growth is the foundation of the Combined Authority.

Finally we would just make two additional points:-

- 1) The involvement of the Solent LEP is both noted and welcomed. We would hope that the work of the LEP will be recognized and continued as the Combined Authority is established
- 2) The relationship between the three unitary authorities the five district councils needs to remain cooperative and in so saying the need for comparable electoral cycles with those of the Combined Authority mayoralty, need to be considered.

On behalf of Go! Southampton, thank you again for the chance to comment and we look forward to being party to further discussions and developments.

Yours sincerely

Brad Roynon  
Chair, Go! Southampton Steering Group

c/o Hampshire Chamber of Commerce, Southampton  
Southampton Solent University, Business School, Sir James Mathews Building, 157-  
187 Above Bar Street, Southampton SO14 7NN

## **A powerful voice for your business**

PROVISIONAL COMMENT BY HAMPSHIRE CHAMBER OF COMMERCE  
 ON THE DRAFT STRATEGIC GOVERNANCE REVIEW FOR  
 THE PROPOSED SOLENT MAYORAL COMBINED AUTHORITY "SOLENT DEAL" - JULY 2016

**Prior to a public engagement consultation, key stakeholders are asked to consider and give their provisional comment on whether they agree with the recommendation that a Mayoral Combined Authority (MCA) for the Solent area is the best option for the area?**

Hampshire Chamber of Commerce would like to express its broad support for the devolution of powers from Westminster to local government in the form of a Solent Mayoral Combined Authority, provided that businesses are placed at the heart of the local growth agenda and that the business community has a voice in the decision making process on economic strategy for the Solent area, through ongoing engagement between local government and business representative organisations.

Local decision making has greater support if it means greater efficiency with better accountability. It is important that devolution does not add layers of bureaucracy, but rather streamlines it.

With the simplification of local government, a combined authority could bring about the greatest positive impact on issues of most importance to the growth of the local economy like:-

- transport investment for freight and passengers in "metro" local transport systems
- provision of sufficient land supply for logistics and employment use,
- apprenticeship funding and delivery, with incentives to businesses to employ apprentices.
- provision of skills training to bridge the gap between education and work
- local Higher Education programme to support the needs of local employers
- provision of incentives to empower local businesses to continue to export to Europe and build their export trade across the world, taking advantage of their easy access to Southampton International Airport and the ports of Southampton and Portsmouth.

Besides being able to contribute to consultation and influence decisions on local economic strategy and land use planning, Hampshire Chamber of Commerce would wish to see a means for business ratepayers to be consulted on all proposed changes to local business taxation, including changes related to transport investment. Future plans for the Solent area should have the support and input of the private sector business community through the 7 or 8 businesses on the Solent LEP Board, but also through HIBA, the Hampshire and Isle of Wight Business Alliance.

Under Hampshire Chamber of Commerce's lead, HIBA represents the private sector collaboration of two Chambers of Commerce, two local business networks, plus the local branches of 4 national business organisations, namely: Hampshire Chamber of Commerce, Isle of Wight Chamber of Commerce, Business South, Southern Enterprise Alliance (WSX Enterprise), plus British Marine Federation, EEF – the Manufacturers' Organisation, Federation of Small Businesses and the Institute of Directors.

## **A powerful voice for your business**

It is noted in the Governance Review Page 13 – 2.18.6 that ways of raising funding additional to the government allocation may include “a business rates supplement to create an Investment Fund to enable consistent long term planning and programming of major infrastructure projects.” Further, on Page 36 5.3 -the Mayor has the autonomous authority to levy such a supplement on business rates to fund infrastructure “with the agreement of the local business community through the local enterprise partnership, up to a cap.”

Rather than outline obligatory Mayoral supplements on business rates, the Governance Review would gain more support from business if it set provision for incentives to business, so as to favour measures to grow the local economy such as the employment of apprentices, increased spending on skills and training appropriate to the local needs of business, investment in capital equipment and achievements in export trade.

With an estimated £386m currently paid as business rates by businesses in the Solent area (SCC News 8 June 2016), the business community expects the new combined authority for the Solent to look at ways of reducing this burden on business, so that it equates more to the lower level of business tax paid before profit in other European countries. Business rates hit companies hard in the UK before they make a single pound in profit. This discourages investment in plant and machinery and in improvements to premises, at a time when we should be encouraging investment to support the future growth we all expect to come from devolution of powers from Westminster.

To gain and keep the support of the business community and demonstrate the “economic affordability of the region” when using business rates income for non-business expenditure (page 19, 2.38), a combined authority would need to monitor and justify the expenditure of the 100% income retained from business rates, as well as the expenditure of the increased income collected in business rates year on year, resulting from improved growth in the local economy.

Since 2013 Councils have had the power to keep up to half of their business rates income and transfer half of it to central government for redistribution as Revenue Support Grant. The government made this change to give financial incentives to councils to grow their local economies and increase their income from business rates. The Solent Deal is another step in the right direction and Hampshire Chamber looks forward to playing its part with business support and innovation.

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**A powerful voice for your business**

**Hampshire Chamber of Commerce** is the Independent Voice of Local Business across the county and is one of the largest business representational groups in the UK. It brings together the combined influence, expertise and business support of the county's three former major Chambers of Commerce to represent the voice of local business to the Enterprise M3 LEP, the Solent LEP via the Hampshire & Isle of Wight Business Alliance of which it is the founding partner. The substantial Chamber business network engages businesses of all sizes and in all sectors, whether throughout Hampshire with its two sector committees for Planning & Transport and Tax Finance & Legal, or in local groupings via its Area Committees for Southampton, Eastleigh, Portsmouth, Rushmoor & Hart, Basingstoke, Andover and Winchester, as well as its affiliates in Romsey, Stockbridge and Alresford. It is also the lead organisation for Creative South and Future South.





**By Email**

Leaders of Isle of Wight Council,  
Portsmouth City Council and  
Southampton City Council

Chief Executive's Office  
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My reference JC/dlw

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Your reference

Date 14 July 2016

E-mail John.coughlan@hants.gov.uk

Dear Leaders

**Solent Governance Review Stakeholder Consultation July 2016**

**Response from Hampshire County Council**

The County Council was invited on 1 July to respond as a key stakeholder to a pre-consultation engagement exercise in respect of the Solent Governance Review. This is a note of the County Council's response.

**Summary**

The County Council has noted that the Leader of Southampton City Council, one of the signatories to this exercise, has publicly quoted the Government as stating that the future of a Solent devolution deal is dependent on a new Prime Minister and that "there is no certainty on a decision". The County Council feels compelled to question whether this is a sound basis for proceeding with a consultation on a specific proposal that may not survive national political changes over the new few weeks.

As regards the review documents provided, we find the content is somewhat vague, with the core, structural proposals that should be driving and defining the discussion largely absent. Thus, for example, the documents simply describe, rather than critically analyse, current governance structures. The stated preference for a Mayoral Combined Authority (Mayoral CA) appears to be based on a series of assertions rather than evidence-based conclusions. Basic, essential information

Chief Executive  
John Coughlan CBE

about how the proposed combined authority would work and develop is missing. There is no clear, coherent plan setting out the mechanics of how the proposal would be implemented, no proper description of the structures needed to effect implementation, no map of the division of functions — in short, the elements required for any form of functional governance are not satisfactorily presented.

The onus rests upon those proposing an alternative to set out the complete structure of the proposal before there can be any proper response. There is no point in the County Council responding with its own vague statements or to trying to respond to superficial and vague proposals. By way of example:

1. Is it the intention of the constituent councils of the proposed Mayoral CA to seek to expand its geographical area by inviting other local authorities to join as constituent members following the Mayoral CA's establishment?  
Paragraph 5.11 suggests that the authorities listed will be invited to join only as non-constituent members, which would not affect the Mayoral CA's geographical area.
2. If the constituent councils are minded to expand the Mayoral CA, would any proposed extension only be pursued with the agreement of all Councils affected by that expansion?
3. While non-constituent members would be non-voting, is it proposed that they are able to fully participate in the business of the proposed Mayoral CA in all other ways?
4. The assumption that a devolution deal will be in place is a common thread running through the governance review despite no devolution deal having been announced by Ministers and reasonable doubt as to whether current Government policy on devolution will continue. Is it therefore appropriate to consult on a governance review built on assumptions that may not be reliable?
5. How and on what basis have the constituent councils of the proposed Mayoral CA, and Solent Local Enterprise Partnership, reached the conclusion that the area covered by Portsmouth, Southampton and the Isle of Wight is a functional economic area? Please can you provide the detailed analysis for us to consider.

6. What are the anticipated costs of creating and running the proposed Mayoral CA, and would non-constituent councils be expected to make a contribution?
7. Have the constituent councils of the proposed Mayoral CA considered the option of a non-mayoral combined authority, as is currently being proposed by councils in Leicestershire, Devon and Somerset, apparently with some likelihood of success?
8. How, in detail, does the provisional conclusion that a Mayoral CA is the best governance arrangement meet each of the evaluation criteria set out in paragraph 1.18? For example, no evidence is provided of likely efficiency savings, or that a Mayoral CA would not "create additional bureaucracy".
9. Is the proposed Mayoral CA based on an agreement not to be part of the new national business rates system currently being consulted upon by the Government?
10. Under the proposed business rates methodology, how would Hampshire County Council be compensated for any infrastructure burdens arising from decisions in Southampton, Portsmouth and the Isle of Wight?
11. What is the relationship between the proposed transport policy and delivery body outlined on page 13 and Solent Transport?
12. How have the constituent councils of the proposed Mayoral CA taken into account the fact that the official Travel To Work Areas for Southampton, Portsmouth and the Isle of Wight, as defined by the Office for National Statistics, extend well beyond the proposed Mayoral CA area?
13. Paragraph 2.46 states that the Mayoral CA proposal by the three unitary councils "includes the award of an additional £30m per annum for 30 years". Has this been confirmed by Ministers?
14. If it has been confirmed, what consideration has been given to the security of the funding regime over such an exceptional timeframe?

15. What is the evidence to support the assertion on page 35 that the proposed Mayoral CA has the most potential to “improve the exercise of statutory functions in the sub-region” – and does the “sub-region” extend outside the proposed Mayoral CA area?
16. Is it a requirement that the Interim Mayor described in paragraph 5.7 be a resident of the proposed Mayoral CA area?
17. Which “key public agencies” would form the Public Services Board described in paragraph 5.15, what would be the function of this Board and how would it work with existing collaborations?

These are just the questions that arose from an initial assessment and there are many more that will need to be answered. The County Council does wish to engage: the proposal has the potential to be profoundly important to the County Council. The purpose of this response is to urge you to put down something that is capable of being engaged with. The County Council quite understands that your position may evolve. Whether you prefer to meet the above questions by answering them or by going back to the drawing board is a matter for you. Once you have produced something that is capable of being consulted upon in a meaningful way, the County Council will be pleased to provide a full response to that consultation.

Yours sincerely

**John Coughlan**  
**Chief Executive**

D1.1/pf/364

8 September 2016

Councillor Donna Jones  
Leader  
Portsmouth City Council

**Councillor Roy Perry**  
Leader of Hampshire County Council  
Council  
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Dear Donna

I write further to the letter from David Williams dated 8 August which was sent by him at your request to respond to John Coughlan's letter of 14 July. John's letter of 14 July set out the County Council's genuine concerns about the consultation you were proposing to undertake. I am disappointed that the concerns expressed were far from adequately addressed in the formal consultation you launched. Neither did the response from David Williams deal specifically with the points set out in John's letter.

You will recall that the fundamental point made in John's letter was that in order to carry out consultation, those invited to participate must be given something concrete upon which to comment. John's letter of 14 July set out 17 examples of the inconsistencies and issues with the draft review and scheme.

Now that Officers have had more time to review your consultation documents, they have found that not only have those issues not been addressed, but that the content of your survey is superficial, misrepresents key aspects of your proposal and avoids consulting upon specific matters that should be addressed in any lawful consultation of this sort.

The on-line survey tool used for your consultation does not have the facility to capture the County Council's full response so, consequently, I attach with this letter, the County Council's formal response which should be read in conjunction with the on-line return.

You will see from the County Council's response, that there are serious concerns about your consultation exercise. You will appreciate that the County Council has a strong interest in any combined authority, formed by neighbouring authorities, being built on solid foundations. This is particularly important given the clearly expressed aspiration for that combined authority to add Hampshire districts to its membership and, by extension, to also add Hampshire County Council to its membership.

/continued.....

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To avoid raising these concerns in a more formal manner, I invite you to give serious thought to the points we have raised. There are profound implications for Hampshire residents in your current proposals and it is therefore crucial that appropriate processes are followed. As such, I believe that you should amend your draft scheme and survey to take account of the issues set out in our response and re-consult on your proposals accordingly. My officers would be very happy to meet and to provide more detail about our concerns, if that would be helpful.

In the event those concerns are not addressed I have little doubt but that officers will have to consider advising the County Council whether or not more formal action is required to protect the interests of Hampshire residents.

On a personal note, it is disappointing that we find ourselves in this position given that originally we were all agreed on a way forward. At a time when the Government would seem to be re-assessing its own position, particularly the requirement for Combined Authorities to have an elected Mayor, I think it would be good if we could find a means of getting back to the united proposal we unanimously agreed in September last year.

Yours sincerely

Councillor Roy Perry  
Leader  
Hampshire County Council

Enc

Cc: David Williams, Chief Executive, Portsmouth City Council



**Solent Governance Scheme (as amended 26<sup>th</sup> July 2016)****Detailed response by Hampshire County Council**

Hampshire County Council has submitted an individual response to the online questionnaire. The online questionnaire is presented as the sole means of responding to the Solent Governance Scheme consultation. However, the structure of the online questionnaire does not allow for all our response and the County Council has therefore submitted this document as an additional response. We trust that you will take it into account; but if not, please advise us immediately by return, setting out all your reasons for refusing to do so.

In summary, the County Council believes the Solent consultation does not adequately set out the powers that are to be devolved and the mechanisms for their exercise: this makes it impossible for consultees to respond in a way that can influence the outcome on key issues. Put another way, the Solent consultation is not a consultation in the true sense of the word. The County Council made the same point in relation to the Governance Scheme document as it was at the launch of the consultation. We were disappointed to see that the amendments made on 26<sup>th</sup> of July did not remedy the process. As it stands, your draft Governance Scheme document with supporting material do not provide sufficient concrete proposals to which consultees can respond. Even such information as is in the document is ambiguous, at times contradictory, vague and uninformative. Whilst a bit of time would be lost by starting again but doing so on a proper footing, the time lost would be far less than persisting with a doomed process that concludes with a successful legal challenge.

**General comments**

1. The County Council is surprised by the degree to which, and the suddenness with which, the Constituent Authorities of the proposed MCA have changed the basis of the original Solent Deal and the Governance Review (circulated for comment in July) so that the directly-elected Mayor has almost no powers. As no change in Government policy has been announced that would support this, the County Council can only assume that the Constituent Authorities are consulting on proposals that do not have the Government's blessing. It is irresponsible and potentially very misleading to proceed on this basis, and it would undoubtedly be embarrassing and damaging if the proposals have to be withdrawn and amended following Government intervention. The consultation should be halted while Government advice is sought.
2. The County Council notes that the Governance Scheme document is poorly written. This is not being picky. A consultation document is the means by which those being invited to respond – residents and taxpayers – are told what it is they are to respond to. It must be drafted in such a way as to minimise the opportunity for misunderstanding. That can only be achieved by the careful use of language. Your consultation document is carelessly drafted. It is capable of being interpreted in widely different ways by different readers. A reader should not be forced to guess which meaning is meant only to suffer the consequences if the guess is wrong. The County Council

suggests that it would be better to withdraw the document and take the time to have it professionally corrected before being republished. Unless this is done the Solent Governance Scheme consultation cannot be considered a sound basis for decision-making.

3. We note that the Solent consultation asks respondents to complete an online questionnaire but, contrary to Government web accessibility requirements and the Equality Act 2010, offers no alternative means of responding or having access to the documents on which the consultation is based. This potentially disenfranchises many people who would wish to respond. As a matter of basic policy the County Council would have expected to see options including Braille, audio and large print option, as well as a means of responding by email, requesting a paper copy or information about locations where a paper copy may be inspected, for example a public library. The consultation should be halted to allow time for these essential measures to be implemented so that all residents have an equal chance to contribute.
4. Our detailed comments below show that the Solent consultation is repeatedly in violation of the Government's Consultation Principle C, updated in 2016:
  - *Consultations should be informative: Give enough information to ensure that those consulted understand the issues and can give informed responses.*
5. There is a fundamental conflict in the Scheme relating to the functions that are to be exercised by the Mayor. Clause 5 of the Scheme states that the Mayor will chair the Mayoral Combined Authority (MCA) and will exercise the powers of the MCA in accordance with this Scheme. The implication is that the Mayor will directly exercise all of the powers of the MCA. However the remainder of the Scheme seeks to set out a divide between the powers to be exercised by the MCA (the vast majority) and the powers to be exercised by the Mayor. The importance of clarity on the power to exercise functions can hardly be overstated.
6. A number of the statutory references are wrong: these lead the reader astray. While certain reference can be correctly identified with some educated guesswork, others are completely unintelligible. The consultation should be withdrawn and rewritten to ensure that people wishing to respond to the consultation can understand and have confidence as to the legal basis of the consultation, and that it does not make misleading references to legislation on which it claims to be based.
7. Highway powers are of central importance to any re-arrangement such as is being discussed. Despite this, no highway powers are claimed anywhere in the Scheme. The County Council is driven to conclude that any highway authorities joining the MCA at a later stage will therefore not have their highway powers affected in any way. Whatever the position is, this should not be a matter of guesswork.

8. Spatial plans and strategies are mentioned in various places throughout the Scheme. It is left to guesswork who would be responsible for a spatial strategy and the status it would have.
9. Similarly, development of the budget for the MCA has no specifics – it, too, is a matter to be guessed at.
10. The County Council has noticed the following inconsistencies with the Governance Review Description. There may be others.
  - a. No requirement in the Scheme for the Mayor to consult the Cabinet on his or her strategies;
  - b. No right for the Cabinet to veto plans and strategies if two-thirds of the members choose to do so;
  - c. No mention of the Mayor's responsibility for the multi-year transport settlement;
  - d. No specific mention of the Mayor's responsibility for franchised bus services;
  - e. No reference to the power to raise additional business rates.
11. None of the points raised by the County Council in its response to the stakeholder engagement on the Solent Governance Review in July 2016 have been addressed in the document put out for consultation. A letter from the Chief Executive of Portsmouth City Council was received on 8<sup>th</sup> August, well after the launch of the consultation, which fails to adequately answer the majority of the County Council's questions. Some of the information provided in that letter contradicts the Governance Scheme – for example the letter states that non-constituent members would not have a vote, but paragraph 17 in the scheme allows for voting members to be co-opted. Generic use of 'Member' in the document is confusing because of the different rights and obligations of Constituent and Non-Constituent Members. This should be rectified. Other information provided in the letter – for example confirmation that the £30m pa funding is not guaranteed as it is subject to gateway reviews – could affect people's views of the proposal and should have been included in the consultation document.

#### Comments on specific clauses

12. Clause 1 makes reference to a "Key Route Network of local authority roads" that will be "managed and maintained" by the MCA. A consultee needs to know the content of the "Key Route Network": plainly, depending on its content it will draw different response. Despite this, the term is subsequently not mentioned again in the document. Indeed, we do not know whether it is proposed to be the Mayor's or the MCA's responsibility and what statutory powers are claimed for its management and maintenance. Without these, it is not possible to respond.
13. Clause 3A states that the MCA "shall invite Members" from a number of local authorities, but does not say what they will be invited to do or on what

capacity they will be invited to act.

14. Clause 4 (4) does not clarify whether an Interim Mayor “shall” or “may” be appointed, nor how an Interim Mayor will be appointed if the three Constituent Authorities cannot unanimously agree on a suitable candidate.
15. Clause 5 does not clarify who will chair the MCA in the absence of the Mayor, or in the case of an Interim Mayor not having been appointed.
16. Clause 5 indicates that the Mayor will exercise the powers of the MCA including those powers “developed” to the MCA. The County Council does not understand what the verb means in this context, but self-evidently it has the potential to be extremely important. When and only when its meaning is made clear can the County Council properly respond.
17. Clause 6 states that prior to the Mayor taking office the powers of the MCA “shall be exercisable by the Members acting unanimously”. This contradicts the majority voting arrangements set out in paragraph 17. It also suggests that all Members – Constituent or otherwise – have a veto over the actions of the MCA during this period, and does not clarify whether the Interim Mayor is considered to be the Mayor for this purpose. Whatever was intended by clause 6 – which again is plainly important – needs to be made clear.
18. Clause 8 similarly does not clarify whether the inability of Constituent Authorities to terminate the appointment of the Mayor also applies to the Interim Mayor.
19. Clause 14 states that the Chair will have a casting vote. On the other hand, the note to Clause 17 states that it is not intended that the Chair should have a casting vote in the case of equality of voting. Only one of these statements can be correct and it would be helpful to those responding to the consultation to know which one.
20. The first half of Clause 15 makes sweeping statements about the matters on which Solent LEP may vote. On one reading of clause 15 this will encompass almost any aspect of the MCA’s business and, if so, it will lead to disagreement about the right of the LEP to vote on certain matters. A proper consultation requires this to be clarified, as must the status of any vote on statutory matters such as infrastructure and transport which may be outside the MCA’s remit.
21. The second half of Clause 15 is frankly, gibberish. The County Council does not see how people can be expected to respond meaningfully to the consultation when it includes language such as this.
22. Clause 17, fourth bullet point, suggests that only Constituent Authorities will fund the business of the MCA, despite the fact that the Solent LEP (which will not have to help fund the MCA) has extensive voting rights and provision is made for other voting members to join. This could be considered

inappropriate.

23. Clause 18 states that executive arrangements do not apply to the MCA but continues to use terminology consistent with executive arrangements. For example, clause 10 refers to the Mayor allocating 'portfolios' to members which is odd given that in a non-executive set up members cannot take individual decisions. It is not at all clear what the role of members in relation to their 'portfolios' would be. As it stands, it is impossible to give a response with the necessary degree of detail.
24. Clause 26 suggests that highway powers, which are not among those listed, are not "intended to be ceded to the Mayoral Combined Authority by the Constituent Authorities". It should be clarified that this applies to any highway authority joining the MCA at a later date.
25. Clause 30A makes a sweeping statement that the MCA will have "powers over strategic planning". The statutory basis for these powers is not provided and there is no clarity at all about the relationship of these powers to Local Plans. And, of course, the powers themselves are not identified: is it some; is it all; if some, which ones?
26. Clause 30A also states that the MCA will have the responsibility to propose "future special plans". The County Council's presumption is that this is supposed to read "future spatial plans", but as a matter of elementary courtesy to the reader this should be clarified.
27. Clause 31 covers the duty to co-operate but only amongst Constituent Authorities. It does not explain how this duty will work with regard to other local authorities. Consultees need this explanation if they are to respond to it.
28. Clause 33 describes the conditions under which responsibility for local functions may be ceded by Constituent Authorities and the Solent LEP. It should be clarified that this requires unanimous agreement; and further that any other local authorities joining the MCA at a future date would similarly not need to cede responsibilities unless they believe pooling responsibility would demonstrably improve economic conditions and wider service reform.
29. The remainder of Clause 33 makes extensive reference to "the sub-region". It is not clear what this phrase is intended to mean. In the Hampshire local government context it is widely understood to refer to the South Hampshire sub-region, for example as covered by the Solent LEP's geographical area, which includes parts of eight Hampshire districts. As the MCA has no powers, and does not claim any powers, beyond the geographical area of its Constituent Authorities, the word "sub-region" should be replaced by "MCA area".
30. Clause 34 states that the MCA will take the role of Local Transport Authority for each of the Constituent Authorities. This is a sweeping statement which leaves many questions unanswered. For example, will the transport staff, budgets and executive decision-making responsibilities of each of the

Constituent Authorities be transferred to the MCA?

31. Clause 36 does not describe how the MCA's Local transport Plan will interact with the Hampshire County Council LTP. This is critical and, until described, cll 34-36 cannot be responded to in a meaningful way.
32. Clauses 40 and 41, which describe the cost-sharing arrangements, are so vague as to preclude a valuable response. The most that can be said is that they will lead to disputes that could be avoided with a bit of clarity. The Dorset Combined Authority scheme, for example, is based on population and sets out to two decimal places each authority's precise share of the CA costs.
33. Clause 44 does not specify whether the statutory officers will be paid for their services. Consultees would want to know this before responding.
34. Clause 48 describes the almost non-existent powers of the Mayor. The County Council – like many other consultees - would like to understand:
  - Why these powers are so reduced compared to those set out in the Governance Review;
  - Why these powers are so reduced compared to all other devolution deals agreed across England, as well as the draft Solent Deal prepared by HM Treasury in March 2016;
  - Whether the powers as now described have been agreed with Government officials and are thought acceptable to Ministers, and if so why Ministers are prepared to agree such a substantial change;
  - Why, given that the proposed powers of a directly-elected mayor have been a matter of such controversy in Hampshire and the Isle of Wight, they have only proposed to reduce the powers at the point of public consultation?
35. Clause 50 (a) claims for the MCA the duty to consider the needs of its "district" with respect to the provision of new housing. It must be clarified whether this gives the MCA the right to allocate housing development anywhere within the MCA area as a whole rather than within each of the separate Constituent Authorities.
36. It should further be clarified whether the MCA will need to be a Local Planning Authority to undertake these duties, and if so how its responsibilities interact with those of the Constituent Authorities and neighbouring authorities with whom the MCA has a duty to co-operate.
37. Clause 51 (d) (iv) provides the MCA with the power to acquire land compulsorily, but does not state that it may only do so within its geographical area. This must be clarified.

### **The Survey**

38. The Survey falls well short of constituting a lawful consultation. The issue being consulted upon is of constitutional importance with wide-reaching and

enduring consequences for all those living in and around the areas concerned. The consultation must reflect that. Asking consultees to spend "a few minutes" (page 2) answering the Survey does not reflect that.

39. But it is worse than just superficiality. The Survey conceals the importance of the change being consulted upon and the mechanisms by which it is proposed that this be secured; it misrepresents important aspects of the proposal; and it studiously avoids consulting upon specific matters that must be addressed in any proper consultation of this sort. The following are merely examples.

40. First, fundamental to the proposed combined authority is its membership. Page 5 of the Survey (entitled "The Solent proposal") asks consultees:

"To what extent do you agree or disagree with the principle of the Isle of Wight, Portsmouth and Southampton councils and the Solent LEP working more closely together?"

That is the closest that the Survey gets to describing the membership. There is nothing in the Survey itself to dispel the impression that membership will comprise Isle of Wight, Portsmouth and Southampton councils and the Solent LEP.

41. But in fact, the Survey misrepresents the membership of the Scheme. When §§3A and 4 of the Scheme are read closely, it is apparent that a member will be appointed by each of the nine councils listed in §3. The Survey repeats the misrepresentation at page 8, where it states:

"The mayor would be supported by a 'cabinet'. Each constituent council would have one representative on that cabinet who would be the leader of the council, deputy leader, directly elected mayor, or deputy mayor of that council. It is proposed that the Local Enterprise Partnership would have a non-constituent member who would also be a member of the cabinet."

This is irreconcilable with §4(5) of the Scheme.

42. Secondly, the Survey omits to provide any description of the voting system of the combined authority, including the voting entitlement of the Local Enterprise Partnership. Page 8 of the Survey gives the impression that although the LEP would be a member of the cabinet, as a non-constituent member it would not have any voting rights. In fact, as appears from §15 of the Scheme, the LEP may vote on matters relating to economic development, regeneration, infrastructure, transport and on the Growth Board and:

“on a given decision the Mayor votes the observe of all of the Constituent Authorities vote” (whatever that may mean).

43. Thirdly, the Survey does not give any indication that there are certain classes of decision that require unanimity of vote from constituent members voting: see §17 of the Scheme. This is important. It is being proposed that the combined authority take charge of important matters of governance, some of which are currently the responsibility of Central Government. It is self-evident that a requirement of unanimity presents the possibility of a single member frustrating decision-making in the list of matters in §17 of the Scheme. A Survey on a proposed new system of governance that conceal this from those Surveyed is not a “consultation” as the law understands it.

44. Fourthly, the Survey states (page 8):

“The draft Governance Scheme proposes that the mayor would be held to account through a formal ‘scrutiny committee.’ This is a committee, held in public, made up of existing locally elected councillors from different political parties who would like to challenge and shape policy decisions.”

This, too, misrepresents the position. Under the Scheme, it is not the mayor who is being scrutinised. Under the Scheme, executive arrangements would not apply to the combined authority (§18) and the Overview and Scrutiny Committee will have the power:

“to review or scrutinise decisions or other actions taken by the Mayoral Combined Authority” (§21)

45. Fifthly, page 6 of the Survey (entitled “What will it do?”) advises that the scheme will give the proposed combined authority greater funding and decision-making powers in four areas:

- “1. Supporting businesses growth
2. Skills and employment
3. Housing and infrastructure planning
4. Transport.”

This omits important decision-making powers that the Scheme would see transferred to the proposed combined authority, including:

- general powers of competence under Pt 1 of the *Localism Act 2011* (see §28 of the Scheme);



- the imposition of levies and other taxing matters (see §§36 and 38 of the Scheme);
- certain environmental functions (see §50(b) of the Scheme); and
- certain health functions (see §50(c) of the Scheme).

The Survey gives no indication of any of these. Significantly, the Survey makes it appear that the proposed arrangement will result in further funding allocation from Central Government and an entitlement to retain a greater proportion of business rates: there is no mention of any levy-raising power.

46. Sixthly, the Survey advises that the Mayor will “act as the chair of the combined authority” (page 8) and that the authority will “make joint decisions” (page 7). This, too, misrepresents the Scheme. It proposes that certain functions will be transferred to the mayor alone: see §48 of the Scheme.
47. It is clear that something has gone clearly and radically wrong in the consultation process. No hindsight was required to appreciate that a consultation on the Scheme needed to present the Scheme as it is, without the misrepresentations and omissions that pervade the Survey.
48. The Survey is not a lawful consultation. It does not redeem itself by hyperlinking to a document that enables someone to rectify the shortcomings in the text of the Survey and by including small options boxes. The Survey is fatally flawed.





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Wallington Hill  
Fareham  
Hampshire  
PO16 7BJ

Friday 23<sup>rd</sup> September 2016

David Williams  
Chief Executive Officer  
Portsmouth City Council  
Civic Offices, Guildhall Square  
Portsmouth PO1 2AL

Dear David,

**Devolution in Hampshire**

Hampshire and Isle of Wight Business Alliance (HIBA) represents the private sector collaboration of two Chambers of Commerce, two local business networks, plus the local branches of 4 national business organisations, namely: Isle of Wight Chamber of Commerce, Business South, Southern Enterprise Alliance (WSX Enterprise), Hampshire Chamber of Commerce plus British Marine, EEF – the Manufacturers' Organisation, Federation of Small Businesses (FSB) and the Institute of Directors (IoD) together we represent over 15,000 businesses in Hampshire and the Isle of Wight.

HIBA would like to express its broad support for the devolution in general terms, provided that businesses are placed at the heart of the local growth agenda and that the business community has a voice in the decision making process on economic strategy, through ongoing engagement between local government and business representative organisations.

Local decision making has greater support if it means greater efficiency with better accountability. It is important that devolution does not add layers of bureaucracy, but rather streamlines it. HIBA recognises that with the simplification of local government, a combined authority could bring about the greatest positive impact on issues of most importance to the

growth of the local economy such as transport investment for freight and passengers in "metro" local transport systems, provision of sufficient land supply for logistics and employment use, apprenticeship funding and delivery, with incentives to businesses to employ apprentices. Equally as important, skills and workforce development should also be a key priority for any combined authority in the South as the talent agenda underpins the economy in the region and act as a major catalyst for investment and growth - skills and training are crucial in bridging the gap between education and work.

However, whilst we fully support devolution, HIBA is concerned about the high level of confusion over the conflicting proposals for a Solent Combined authority or a Hampshire wide alternative, and potentially the heart of Hampshire proposal. Without the neighbouring authorities of Test Valley, Eastleigh, New Forest and Fareham, the Solent Deal will encounter great difficulty in achieving a strategic approach to business expansion; such as the Port of Southampton and Southampton Airport. Likewise without the unitaries of Southampton, Isle of Wight and Portsmouth, Hampshire would fall in its ambitions for the same reasons. It is imperative that we look at the bigger picture and return to the original plan that acknowledged Hampshire and the Isle of Wight as a whole with all its connections but acknowledges that the area is two economies, North and South.

It is vital that authorities are joined up and work together in delivering the larger economic picture – as to ensure the delivery of infrastructure, employment land and housing. Equally, we would ask you to pause and consider the larger impact on business of a divided Hampshire and Isle of Wight.

Hampshire and Isle of Wight Business Alliance board members would also like to receive further clarity with regards to the direct and clear benefits for the business community, and the wider consultation process, regarding the engagement with businesses on the matter so far.

The HIBA Board members have raised concerns about the following:

1. The consultation and timescale which contributed to the assessment of the Solent Deal.
2. The rotation of Mayors by District (suggested by the Solent Deal) – or indeed the need for an elected mayor at all.
3. The next steps for the Solent Deal if other Authorities do not join in.
4. The strategic authority approach to economic growth should be a priority, because without space from the districts in the proposed Southern Deal for employment land there will be no growth.
5. Business wishes to see the macro picture and joined up thinking to economic strategy on employment land, infrastructure, skills, and affordable housing.
6. The issue of the rural economy which has not been mentioned in proposals presented by the Solent deal.

Besides being able to contribute to consultation and influence decisions on local economic strategy and land use planning, Hampshire and Isle of Wight Business Alliance would wish to see a means for business ratepayers to be consulted on all proposed changes to local business taxation, including changes related to transport investment. Equally, to gain and keep the support of the business community and demonstrate the "economic affordability of the region" when using business rates income for non-business expenditure. A combined authority would need to monitor and justify the expenditure of the 100% income retained from business rates, as well as the expenditure of the increased income collected in business rates year on year, resulting from improved growth in the local economy.

HIBA board members are concerned that the current proposal for the Southern Deal is being rushed through without sufficient business consultation and without answers to many of the key issues raised by the business community. We seek clarity and answers on the concerns detailed above and suggest that further discussions regarding the proposals are held with the business community - for the greater good of economic growth and the electorate.

Hampshire and Isle of Wight Business Alliance look forward to playing its part with business support and innovation, and taking part in any future consultation.

We look forward to hearing back from you, and working together.

**Robert Hillier, OBE, VMH.**  
**Chair of Hampshire & Isle of Wight Business Alliance (HIBA)**

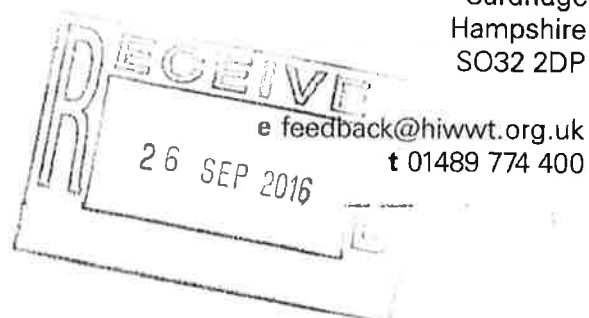




September 2016

Cllr Donna Jones  
Leader  
Portsmouth City Council  
Civic Offices, Guildhall Square  
Portsmouth  
PO1 2AL

Beechcroft House  
Vicarage Lane  
Curdridge  
Hampshire  
SO32 2DP



Dear Cllr Jones,

### **Solent Deal Consultation**

### **Response from Hampshire & Isle of Wight Wildlife Trust**

As the public consultation draws to a close on the devolution options for Hampshire and the Isle of Wight, on behalf of the Wildlife Trust I wish to highlight directly key issues which are important to our 26,000 members and the public alike. It has been starkly apparent that both the supporting documentation and the discussions have sidestepped the environment in general, and the region's pre-eminent wildlife in particular, and this is of serious concern to us.

Whilst we appreciate that the options presented are complex with diverse ramifications for services and governance, a high quality environment is fundamental to the vision and prosperity of a devolved Hampshire and Isle of Wight. Our natural environment both on land and at sea is an asset providing incalculable benefits for people, and is a reason why many people choose to live and work here. It should be invested in as an asset alongside other forms of infrastructure.

We also have grave concerns that the whole notion of devolved government is predicated on a level of housebuilding which is at odds with many people's vision for our natural environment – without sufficient investment in an ambitious new wave of attractive green infrastructure and effective mitigation for protected sites, these housebuilding targets are simply unsustainable. Furthermore they risk diminishing the very appeal of our area.

We therefore trust that you will openly and deliberately outline your vision for the natural environment and how this may be delivered as the preferred option becomes clearer. As ever we are willing to discuss how our vision for a wildlife-rich Hampshire and Isle of Wight may fit into the preferred option whether that be devolution or no devolution.

With kind regards,

**Debbie Tann**  
Chief Executive





### Solent Strategic Governance Review: Highbury College Response

Highbury College supports the conclusion from the Solent Strategic Governance Review that a Mayoral Combined Authority for the Solent area is the best option for the area. It welcomes the commitment set out in the Review to provide a shared programme of economic growth and public services reform which will contribute to productivity and growth across our region. It supports the conclusion that the Mayoral Combined Authority option will facilitate greater collaboration and advance the productivity and growth agenda by leveraging the region's collective assets. This reflects the outcomes of the recently concluded Solent Area-Based Review process and Highbury College's commitment to seek opportunities for collaborative working between our local colleges and universities to ensure a sustainable offer for students and employers across Portsmouth and the wider Solent region.

The Review acknowledges that the Solent region has 'several weaknesses in its skills base that have contributed to the widening of the productivity gap', and Highbury College is committed to playing its part in reducing this gap, and ensuring that skills development supports productivity, economic growth and enhances the life opportunities of our communities. We do this by working in partnership with schools and universities as part of a progression pathway for education and training; and we work with local employers, through a well established process of Employer Expert Advisory Boards, to ensure that our provision is demand-led and meets the current and developing needs of employers.

The College offers technical and professional provision from entry level to HE in all subject sector areas and its success rates at all ages are above the national average. Its Curriculum Strategy is well informed by Local Market Intelligence and is linked to Solent LEP priorities, local trends and market trends. For example, our STEM Strategy has been developed to respond to the LEP prioritisation of the STEM agenda and the development of a higher skilled workforce. The focus on higher level skills is also reflected in our Apprenticeship Strategy which further embeds our commitment to an employer-driven approach to skills and we support this focus in the Review. We welcome the Review's commitment to raising the human capital within our region and 'supporting the development of a highly skilled workforce, with employers in the driving seat'. Such ambitions align with Highbury College's mission and we warmly welcome the expression of the importance of skills development and technical and professional pathways which is set out in the Review.

The commitment to improving adult skills and reducing the skills gap of adults whose current level of qualifications is below the national average is one we support and we look forward to the opportunity for further consultation on how this will work. It will be important that the development of a strategic plan for skills delivery across the sub region maintains a strong focus on localism within the planned regional decision making framework, and ensures that we are able to accelerate the participation of those at the low end of the qualifications spectrum in the skills system and those in receipt of welfare benefits so that they can gain and sustain employment.

Highbury College has invested significantly in its technology infrastructure to ensure that its students are well equipped for the workplace and we welcome the statement to develop new and innovative ways of working through leveraging the potential of the region's digital infrastructure.

Finally, Highbury College looks forward to continuing to play its part in shaping the economic prosperity of our region. We consider the proposal for the Mayoral Combined Authority, which is set out in the Solent Strategic Governance Review, as providing the right platform to accelerate the growth agenda across our region and deliver economic opportunities and increased productivity, by putting in place mechanisms which will harness the individual and collective talents in our local communities within our wider region.

8 July 2016



ice | south east england

**14 September 2016**

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Submitted electronically via:  
[www.solentdeal.co.uk/have-your-say](http://www.solentdeal.co.uk/have-your-say)

Dear Sir/Madam

**ICE's Response to the Solent Deal Draft Scheme Consultation (September 2016)***Introduction*

The Institution of Civil Engineers (ICE) is an international membership organisation that promotes and advances civil engineering around the world. ICE is a qualifying body, a centre for the exchange of specialist knowledge, and a provider of resources to encourage innovation and excellence in the profession worldwide.

ICE South East England welcomes the opportunity to respond to the consultation. Our State of the Nation: Devolution report, published in June 2016, provides a number of recommendations for combined authority devolution bids and this response has been developed through application of that report to the Solent area.<sup>1</sup>

*Our Response***1. What is a combined authority?**

*To what extent do you agree or disagree with the principle of moving power and funding for the economy, transport and jobs from central government to groups of local councils working together?*

**Strongly Agree**

ICE South East England supports the devolution of decision-making powers, particularly over infrastructure policy. We support the 'no one size fits all' approach; that devolution deals must be made to reflect the area's unique needs and circumstances.

**2. The Solent Proposal**

*To what extent do you agree or disagree with the principle of the Isle of Wight, Portsmouth and Southampton councils and the Solent LEP working more closely together?*

**Strongly Agree**

The Solent Combined Authority area, made up of the Isle of Wight, Portsmouth and Southampton do make up a coherent and practical area which would benefit from the creation of a combined authority. The region also has

<sup>1</sup> [ICE State of the Nation 2016: Devolution, June 2016](#)

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similar infrastructure needs, particularly marine and coastal engineering, and economic make-up, with shipping, manufacturing and maritime industries.

### 3. What will it do?

*Do you agree or disagree with each of the areas the Solent Combined Authority is seeking to devolve powers as outlined in the draft Scheme?*

*Support for businesses to grow:* **Agree**

*Skills and Employment:* **Agree**

Investment in people and training is necessary to support the engineering and infrastructure sectors. The development of STEM subjects (science, technology, engineering and maths) will be especially important to the Solent Combined Authority due to the type of industries in the region. To address the growing skills gap in the UK, the Solent Combined Authority should identify opportunities for government, industry and academic institutions to invest in training and skills. With two large universities and several large sectors, ICE South East England believes the region has the capability to deliver this, but that there needs to be a joined up approach to skills and training provision as indicated in the proposals.

*Housing and infrastructure planning:* **Agree**

The Solent Combined Authority must take a systems-based approach to infrastructure, looking at the region's requirements strategically and holistically. For example, the Solent Combined Authority's must consider the effect of coastal flooding on the transport network or the effect of new rail links on the energy system.

*Transport:* **Agree**

The Solent Deal sets out that the Solent Combined Authority will "fulfil directly or commission the role of Transport Authority". ICE South East England agrees with the creation of sub-national transport authorities and believes the Solent region could benefit from a joined-up approach to rail, bus and road services. ICE South East England suggests the Combined Authority works to examine how other Passenger Transport Executives/Integrated Transport Authorities, like Transport for London, Transport for Greater Manchester, South Yorkshire and West Midlands work to ensure best practice for the Solent region.

*Are there any other powers that you think the Solent Combined Authority should seek to secure from government either now or in the future?*

Digital infrastructure must be considered within the Solent devolution agreement, with the agreement including funding provision for the research, development and delivery of digital infrastructure. The Solent Combined Authority should also work with central Government departments to access any data that is currently or could be used to improve the delivery of infrastructure services.

To be fully effective at planning and delivering infrastructure, the Solent Combined Authority, should also seek greater powers to raise funds to pay for the infrastructure the area requires.

### 4. How will it work?

*To what extent do you agree or disagree with the preferred option as set out in the draft Governance Scheme seeking to devolve powers to the Solent Mayoral Combined Authority?*

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**Strongly Agree**

*Do you have any comments on the proposal set out in the draft Governance Scheme?*

ICE South East England supports Option 4, the preferred choice of the three local authorities, as it is the option with the greatest ability and scope to deliver the region's infrastructure requirements.

**5. The Mayor**

*Do you have any comments on the governance or decision making arrangements outlined in the draft Governance Scheme?*

ICE South East England believes that directly elected mayors should not be a pre-requisite for devolution deals, but Option 4 – the preferred option – does seem to offer the best opportunity for the region. It is crucial that whatever governance arrangements are made, there are the structures for clear leadership and accountability.

*Other than the further scrutiny committee, do you have any further suggestions about how the new combined authority could be held to account?*

NA

**Final Views**

*Are there any impacts or alternatives you feel have not been considered in developing the proposals for a Solent Mayoral Combined Authority?*

Devolution, particularly over infrastructure, offers a significant opportunity to not only rebalance the economy and increase growth, but also ensure future development of social and environmental benefits. The Solent Combined Authority should take a rounded approach to development, including social and environmental goals rather than only focusing on economic growth. This includes measurements like sustainability and quality of life.

*Do you have any other comments or suggestions relating to the creation of a Solent Mayoral Combined Authority?*

ICE South East England encourages the team behind the Solent Mayoral Combined Authority to examine the recommendations set out in our State of the Nation: Devolution Report. As a membership organisation of 11,000 engineers across the South East of England, we offer our expertise in developing best practices and strategies, particularly in regard to the infrastructure sector.

Yours sincerely,

**Suzanne Moroney**  
Director, ICE South East England

Registered charity number 219252  
Charity registered in Scotland number SC035629





**From: Michael Lane**

Police and Crime Commissioner  
St George's Chambers,  
St George's Street, Winchester,  
Hampshire SO23 8AJ

05 October 2016

To Whom It May Concern:

I am grateful for the opportunity to respond to your consultation on devolution and options for the Hampshire Constabulary Area, which I represent.

My commitment is to work to make all of the people in Hampshire, Isle of Wight, Portsmouth and Southampton safer. This translates for me into working to mitigate risk, whether economic, community or from criminals and those who wish us harm. It is also to be a partner with others in maximising opportunity to realise potential whether this is individuals, their family circumstances, their communities or more widely.

I wish to be and seek to be in partnership with all those with leadership roles in my area of responsibility, interpreted in the widest context of local, regional and national, as appropriate and as contributes to the outcome of making us safer.

In offering my comments as Police and Crime Commissioner, I recognise that it is for local authority leaders to decide on structure, governance and accountability in local government, in the best interests of the public. The arrangements that are pursued should be those that ensure the most efficient use of public funds, and maximise the benefits to our communities.

As PCC I consider that for policing:

- Operationally effective policing would be best delivered by Hampshire Constabulary remaining responsible for its existing boundary and geography.
- That a fundamental part of operational policing is sustaining a local and neighbourhood footprint that would continue to reflect support to local communities, much as today, and which would remain broadly consistent with any planned changes from a devolution agreement.
- That the PCC role and the Constabulary role would continue to engage from the strategic to the operational levels, responding via the Police & Crime Plan to the community's priorities and reflecting the most operationally effective and efficient delivery that can be delivered and sustained from the supporting budget.



@HantsPCC



@MichaelLanePCC



Police and Crime Commissioner for Hampshire



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As to accountability, I consider:

- The Police and Crime Commissioner is established in legislation and my authority comes from the electoral mandate given in May this year. It reflects a co-terminus footprint with the Constabulary Area and represents a mandate from elections held across the whole area, reflecting Hampshire's Districts and Boroughs, the Isle of Wight, Southampton and Portsmouth. This mandate would be unaltered by any decisions over devolution within that area.
- The role of PCC is evolving and a number of initiatives to extend the role are under active consideration nationally and subject in many cases to local agreement to pursue. This does not alter the mandate, but has the potential to change the nature of partnerships and require appropriate adjustment to reflect such changes. This is achievable, in the event of devolution initiatives being implemented, within the existing PCC remit and geography.

As a key partner and stakeholder in my area, I am clear that it is for Local Authorities, in consultation with their constituents, to determine structures and partnerships that best support and serve their communities. I therefore consider that I, as PCC, should restrict my views on options to reflect the delivery and accountability comments I have made above.

I continue to commit myself to partnership with the current Local Authority structure and bodies and, no less, with new arrangements if/when agreed. And I will continue to serve all my constituents with the ambition to deliver on my promise to keep them safer through local, regional and national efforts within my remit.

In the interests of transparency and as they have common themes to both consultations, this note is my response to both Hampshire County Council and the proposed Solent Mayoral Combined Authority requests for comment.

Yours sincerely

**Michael G Lane**  
**Police and Crime Commissioner for Hampshire**



Tackling Poverty  
Portsmouth City Council  
Guildhall Square  
Portsmouth  
PO1 2AL

David Williams  
Chief Executive  
Portsmouth City Council  
Civic Offices  
Guildhall Square  
Portsmouth  
PO1 2AL

16<sup>th</sup> September 2016

Dear David

**Re: Solent Deal Consultation September 2016**

This response to the Solent Deal consultation document is made with regard to Portsmouth City Council's Tackling Poverty Strategy 2015-20 (TPS 15-20).

The Vision for the Combined Authority has potential to align well with the Vision and Priorities outlined in the TPS 15-20, providing that the needs of our disadvantaged communities are taken into consideration in each area:

**1. More skilled, better paid jobs**

At present, average resident wages are lower than average workplace wages in Portsmouth, indicating that better paid jobs are taken by those living outside of the city. We must focus on enabling residents in poverty or at risk of poverty to increase their skills and take up better paid employment.

**2. Bring investment into the area**

The concentration of deprivation in Portsmouth puts us in the worst 14% of local authorities in England, highlighting the fact that there is significant inequality in the city, with pockets of deprivation that have remained unchanged over decades. Similarly, Southampton and Isle of Wight encompass areas of disadvantage as well as more affluent areas. It is essential that new investment focuses on the areas of greatest need, rather than leaving those residents further behind.

**3. Reduce the region's welfare bill**

Better paid employment will reduce residents' reliance on welfare benefits, but the other significant driver for poverty and need for financial support is high housing costs. Increasing the supply of housing above the increase in need will release some pressure on demand, but the greatest area of unmet need is for genuinely affordable rented housing, and increasing its supply should be an urgent priority for the Combined Authority.

#### 4. Reform public services

Public service delivery should focus on what matters to residents, and its success should be measured on delivering the outcomes that residents require. It also offers opportunities to support digital transformation, but this requires resources to be put in place to ensure that vulnerable people are not excluded. The Voluntary and Community Sector has a key role to play in delivering public services, but the Combined Authority must ensure it supports sustainable development of this sector.

The four areas identified as the focus for the Combined Authority are all areas where devolving power and increasing investment could support action to tackle poverty. As this consultation comes ahead of more detailed negotiations, it is an opportunity to consider how key issues will be resolved to ensure that the work of the Combined Authority serves to reduce poverty and benefit those in greatest need:

- How will business rates be set, and how will revenue be shared between the three authorities, to ensure authorities inside or outside of the Combined Authority do not find themselves in competition with each other, for example by reducing business rates below the market level to attract business investment?
- How will bus franchising ensure a consistent, quality service that meets residents' needs, and prevent providers cutting services and quality to boost profits?
- How will we ensure that investment in transport supports those who do not drive, and connects people living in areas of deprivation with employment opportunities?
- How will we ensure that increased productivity will lead to increased investment and employment?
- How will support for local enterprise promote and increase social value?
- How will we ensure that we work in partnership across public services to improve the quality of the housing stock and reduce fuel poverty?
- How will the provision of adult education respond to the needs of residents, and also align with the needs of business to close the skills gap;
- Equality Impact Assessments should consider the impact on people living in poverty of key policy decisions;
- The terms of the Combined Authority should explicitly state that it aims to reduce deprivation and inequality (including health inequalities), for residents and the areas where they live.

If you require any further information in relation to the points raised in this letter, please do not hesitate to contact me.

Kind regards,

Mark Sage  
Acting Tackling Poverty Co-ordinator

**NHS**  
**Portsmouth**  
**Clinical Commissioning Group**  
 NHS Portsmouth CCG Headquarters  
 4<sup>th</sup> Floor  
 1 Guildhall Square  
 (Civic Offices)  
 Portsmouth  
 Hampshire  
 PO1 2GJ  
 Tel: 023 9289 9500

8th July 2016

Cllr Donna Jones, Cllr Jonathan Bacon, Cllr Simon Letts  
 Members Services, Portsmouth City Council  
 Civic Offices  
 Guildhall Square  
 Portsmouth, PO1 2AL

**Via email:**

Paddy May, Corporate Strategy Manager,  
 Portsmouth City Council

Dear Colleagues

**Governance Review for South Hampshire and Isle of Wight**

Thank you for your letter of the 1st July regarding this aspect of The Solent Deal.

Whilst we acknowledge the complexities involved, NHS Portsmouth Clinical Commissioning Group are pleased to support the aims of The Solent Deal and the conclusions of the governance review.

The CCG and City Council has well established plans for the future of health & social care in the City and, whilst the Deal has broader strategic intent, we believe there are clear benefits to local health & care through the creation of a strong economy, enhanced business growth and education across the South Hampshire and Isle of Wight area.

We believe the Deal is strongly supportive of the direction being developed through the Hampshire and Isle of Wight Sustainability & Transformation Plan (STP) which has built a strong case for considering how health & care needs to be considered and delivered not just at a local level but also across wider geographies.

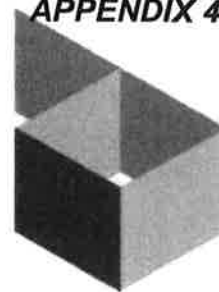
Yours sincerely

Dr Jim Hogan  
**Clinical Leader & Chief Clinical Officer,**  
**NHS Portsmouth Clinical Commissioning Group**

cc: David Williams, Chief Executive, Portsmouth City Council  
 Innes Richens, Chief Operating Officer, NHS Portsmouth CCG  
 Tracy Sanders, Chief Strategic Officer, NHS Portsmouth CCG  
 Michelle Spandley, Chief Finance Officer, NHS Portsmouth CCG  
 Dr Elizabeth Fellows, Clinical Executive Member and Chair of CCG Governing Board



# Portsmouth College



Paddy May  
HR, Legal & Performance  
Portsmouth City Council  
Civic Offices  
PORTSMOUTH  
PO1 2AL

8<sup>th</sup> July 2016

Dear Paddy,

## **Solent Deal Strategic Governance Review**

Thank-you for sending through the Solent Deal Strategic Governance Review documentation on 1<sup>st</sup> July 2016.

We note the extremely tight timeframes in which you would like our views on this material and feel that any expectation of a full and comprehensive response is not reasonable. We have not had the opportunity to discuss this formally at our board and an issue of such importance does need time for proper reflection and consideration. We do, however, acknowledge that there will be a full consultation programme over the Summer and early Autumn and we would welcome the opportunity to engage more fully as part of the formal consultation.

With all of the above caveats it is clearly to be applauded that a potential devolution deal could bring close to £1bn of investment into the Solent area. There is a clear need to improve the infrastructure in our area and this funding could make a significant contribution to overcoming these shortcomings. We also welcome that the deal is looking to increase productivity and provide more and better jobs. At Portsmouth College we feel that we, with our FE colleagues, have a clear role in helping to achieve these objectives.

We recognise that there is a requirement to change the governance to help implement the Solent Devolution deal and feel that creating a combined authority to help achieve this is a good idea. We look forward to the consultation on how a Solent Combined Authority will work in practice and it will be important that we get a chance to influence these arrangements. Clearly it will be very important that the combined authority has robust mechanisms in place to achieve good partnership working across the three unitary authorities of Portsmouth, Southampton and the Isle of Wight.

Yours sincerely

Steve Frampton  
Principal, Portsmouth College

Nick Wynne  
Chair of Corporation, Portsmouth College

Portsmouth College  
Tangier Road  
Portsmouth  
PO3 6PZ

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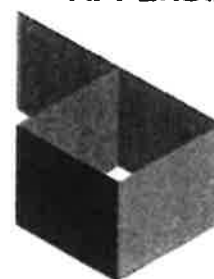
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Principal  
Steve Frampton  
BSc (Hons)





# Portsmouth College



16<sup>th</sup> September 2016

David Williams  
Chief Executive  
Portsmouth City Council  
Civic Offices  
PORTSMOUTH  
PO1 2AL

Dear David,

## SOLENT DEVOLUTION DEAL

We note that you are currently consulting on plans to create a Solent Combined Authority. As with many consultations at present, and beyond your control, there seems to be haste with this process, and it has been impossible to schedule a full Governor's meeting ahead of the deadline. However the Chair and Vice Chair do wish to give initial support for the Solent Devolution deal which would help deliver the ambitious draft Devolution Deal for the Solent area. We will of course be having a comprehensive briefing by Paddy at the end of the month for all Governors, to ensure we can continue to play a strategic role in the development of the exciting partnership.

As the major college for 16 to 18 year olds in Portsmouth, we support the aims and objectives of the devolution deal to enhance productivity and growth in the Solent area, and feel the creation of the Solent Combined Authority could help deliver these ambitions.

We feel that we can continue to play a critical part in the agenda of the Combined Authority and we are also aware of some of the major challenges that this area faces including education. We are keen to continue to work in partnerships with our local schools and Solent Sixth Form Colleges to improve educational outcomes and employability skills for young people. We would be committed to working with the Solent Combined Authority to help ensure that our young people have the skills needed to meet the needs of employers (locally and nationally) which would help enhance productivity and growth, develop their own businesses, contribute to the culture and creativity of our region, and be happy, productive and proactive citizens.

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Steve Frampton  
BSc (Hons)



**Portsmouth  
College**



We hope that you are successful in your plans and we would be grateful if you could keep us informed of progress.

Yours sincerely,

**Steve Frampton**

**Principal and Governor**

*On behalf of the Chair of Governors, Nick Wynne and Vice Chair, David Carpenter*





Red Funnel Group  
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30<sup>th</sup> September 2016

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3 - OCT 2016

CHIEF EXECUTIVE'S  
OFFICE

Ms Dawn Baxendale  
Chief Executive  
Southampton City Council  
Civic Centre  
Southampton  
SO14 7LY

Dear Dawn

**Re: Solent Deal**

Please find below comments from Red Funnel in relation to the possible Solent Devolution Deal. Please accept these comments on the basis of reviewing the available documents. It is acknowledged that the documentation gives a relatively high level view of a possible deal.

1. The principle of devolving a number of functions, powers and responsibilities from central government to the Solent sub-region is to be welcomed, provided there is a robust governance structure within the region to manage these.
2. The Mayoral Combined Authority (MCA) appears to be the best option for providing the sub regional governance.
3. The role of the Solent LEP in the proposal is confused and unclear. It would appear the Solent LEP is proposed to be part of the constitution of the MCA while the range of responsibilities of the MCA appear to significantly overlap and could therefore possibly duplicate those of the Solent LEP.
4. One key element missing in the high level proposal is how the funding, under the control of the MCA, would be allocated within the sub-region. At the next stage of any consultation the principles by which the MCA would allocate funds should be illuminated. This is particularly important in relation to the IOW and the retention of 100% of Business Rates. The real benefit of retaining 100% of business rates comes from growth. There needs to be recognition that the growth potential on the Island is challenged by geography, transport, skills and housing. Some of these challenges can be overcome by appropriate funding to enable growth, which is why the principles and mechanism for allocating the £30m p.a. and the 100% business rates retention is absolutely fundamental to the future prosperity of the IOW and its ability to support the development of the region.

[www.redfunnel.co.uk](http://www.redfunnel.co.uk)



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5. The governance of the MCA is the fundamental issue in making it successful for the Solent sub-region. There are a number of examples of collaborative and cooperative working across the sub region. While many of these have had varying degrees of success, it is questionable that they have given a really ambitious strategic direction across the region. The proposal for the MCA needs to illustrate how it will learn from these examples and how it would be significantly better in delivery.
6. The proposed deal makes reference to the MCA taking responsibility for adult skills development. However, if the intent of the MCA is to guide strategic growth of the sub region in the medium term then there needs to be clarity on its role in relation to pre and post 16 education. The proposal is currently silent in this regard.

In summary Red Funnel supports the principle of the proposed Solent Deal and we look forward to participating further as the proposal develops, through further consultation.

Yours sincerely

---

Kevin George  
Chief Executive  
Red Funnel Group



Solent LEP Office  
Second Floor  
1000 Lakeside  
Western Road  
Portsmouth  
PO6 3EN

Dawn Baxendale, Chief Executive, Southampton City Council  
John Metcalfe, Chief Executive, Isle of Wight Council  
David Williams, Chief Executive, Portsmouth City Council

16th September 2016

Dear colleagues,

**Re: Solent Deal Consultation**

Thank you for the opportunity to respond to the Draft Governance Scheme as part of the Phase 2 consultation on the recommendation to establish a Mayoral Combined Authority (MCA). This letter sets out the formal position of the Solent Local Enterprise Partnership (LEP).

The position has been considered and agreed by the Solent LEP Board of Directors. However, in formulating our response, the Solent LEP has undertaken considerable engagement with the wider business community and key stakeholders in the area and the feedback received during the course of this work has informed the position. For your reference, we are pleased to enclose with our response a report summarising the engagement undertaken by the LEP and feedback received at each stage. We hope that this is helpful in informing your response to the consultation and wider feedback that you receive through the public consultation.

Following consideration of the Draft Scheme and feedback received from the business community, the Solent LEP are pleased to confirm our support in principle for the establishment of a Mayoral Combined Authority with a Directly Elected Mayor.

Businesses recognised the potential opportunity that a Directly Elected Mayor for the area could bring; both as an ambassador for growth with key links to central Government to build momentum moving forward, similar to the impact which has been seen in other parts of the UK, and also as a focal point locally for key decision makers in the area to take forward growth plans which will benefit business. The benefits in relation to incentivising investment in growth are also clearly recognised and it is hoped that the proposed new structures will enable a transformational shift in attitude across all stakeholders to prioritise investment in infrastructure which enables business growth.

Regarding infrastructure, the Solent LEP has consistently stressed the importance of Transport, digital infrastructure, availability of land assets, housing, skills, maximising the benefit of our world class Universities, business support and innovation. Feedback received throughout the process has reinforced these assertions. In relation to infrastructure funding which it may be possible to secure through a Solent Deal we would encourage partners to adopt a flexible approach to this in order to ensure local creativity is not hampered in designing projects and programmes which will benefit business.

In addition to the above priorities, the feedback received suggests we need to increase our emphasis on international trade as we move forward; both in terms of assistance we can provide to support exporting to international markets, and also in attracting Inward Investment to the area.

Alongside the positive comments received and support for the proposals, there are areas which businesses are understandably concerned with which we want to flag for the consideration of all partners moving forward.

Businesses were clear that support for the proposal to establish an MCA is provided on the basis that the entity will operate in a simple, cost efficient manner and that additional layers of bureaucracy for business will not be put in place. We understand from our engagement with Local Authority Partners that this is the intention and we welcome this approach, however, the ongoing importance of monitoring this will be essential in ensuring the continued support of the business community.

Business rates were also raised and detailed consideration regarding the impact that any levy may have on the Solent business base highlighted as critical. The impact of proposals should not be considered in isolation and businesses are mindful that impacts must be considered in a cumulative manner (alongside cost increases coming as a result of the apprenticeship levy, for example). Cost increases will have an impact on our SME bases ability to remain competitive; however, long-term certainty around cost bases is also an important consideration for the larger multi-national employers based in the area.

In response to this, business engagement is seen as absolutely critical regarding any proposals on business rates. Support will only be achieved if proposals relate to truly transformational projects which have a tangible benefit to businesses. Smaller projects and / or addressing issues of short term funding gaps are unlikely to secure business support and should be funded from other sources.

Communications and business engagement with the new body has been one of the most regularly raised points of concern by the business community and, in relation to this, we have also taken the opportunity to consider the Solent LEPs position within the proposed new structure and how we interface with the MCA.

There is widespread support from the business community to support the recommendation within the review that the Solent LEP should work closely with the MCA, balanced with the need to maintain an independent voice for business.



On this basis, the Solent LEP can confirm its willingness to further explore the proposal regarding joining the MCA as a non-constituent member with voting rights on matters relating to economic development, infrastructure and transport.

We have also seen widespread support for the LEP to maintain its lead role for economic development in the Solent area, continue ownership of the economic strategy for the MCA and there was support for the Solent LEP to form the Growth Board to continue to ensure private sector influence over strategic growth matters as is proposed.

The close involvement of the Solent LEP within the MCA will ensure a strong business voice within the new entity, however, we remain mindful that wider business engagement will be absolutely essential to the success of the MCA moving forward. Building on the engagement the Solent LEP has undertaken during the course of this consultation, it is important that we continue to engage the business community in the proposals moving forward.

We look forward to working with you in the coming months to negotiate the best possible deal with Government for the Solent area.

Yours sincerely,

Gary Jeffries  
Chairman  
Solent Local Enterprise Partnership

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**SOLENT  
LOCAL  
ENTERPRISE  
PARTNERSHIP**

## **Solent Deal Business Engagement**

Summary of Solent LEP activity and feedback received



## **1. Introduction**

In order to help inform the Solent LEP response to the consultation on setting up a combined authority that would enable us to draw down new Government funding and pass significant decision making powers to the Solent area, the Solent LEP has undertaken significant consultation with local businesses. This has included:

1. A series of stakeholder meetings, including;
  - a. Business roundtable session during pre-consultation phase to seek initial views from key businesses and business organisations
  - b. Three business roundtable sessions, one in each relevant Local Authority area
  - c. Briefing and discussion session with all Solent LEP Delivery Panels
  - d. Key stakeholder meeting with the Hampshire and Isle of Wight Business Alliance Board
2. A dedicated business survey seeking views on the proposals administered in partnership with the Hampshire and Isle of Wight Business Alliance
3. Inviting direct written representations on an open basis, as well as specifically inviting these from Solent LEP Business Members

A total of 130 organisations have actively participated in the above engagement activity and the following report provides a summary of each element of the engagement activity and feedback received.



## 2. Stakeholder Meeting Summary

The Solent LEP has undertaken the following meetings with key businesses and stakeholders in relation to the Solent Deal proposal:

- Wednesday 13<sup>th</sup> July 2016: pre-consultation phase Business Roundtable - Cams Hall, Fareham
- Monday 25<sup>th</sup> July 2016: Meeting with Board of Hampshire and Isle of Wight Business Alliance - Hampshire Chamber of Commerce Offices, Fareham
- Friday 12<sup>th</sup> August 2016: Business Roundtable - 1000 Lakeside, Portsmouth
- Thursday 18<sup>th</sup> August 2016: Business Roundtable - KPMG Offices, Southampton
- Friday 9<sup>th</sup> September 2016: Briefing and discussion session with Solent LEP Panel Members - Solent Hotel, Fareham (including representatives from private, public and academic sectors)
- Tuesday 13<sup>th</sup> September 2016: Business Round Table - Northwood House, Isle of Wight

This series of meetings has resulted in direct engagement with representatives of 72 key businesses and wider stakeholders.

A list of organisations participating in the round tables is included below for reference:

3-Sci Ltd	Hampshire and Isle of Wight Business Alliance	RBS / NatWest
ABP Southampton	Hampshire Chamber of Commerce	Red Funnel
BAE Systems	Handelsbanken	Southampton Airport
BDO	IFPL	Southampton Business Improvement District
Betapak	IoD	Southampton City Council
BRI	Isle of Wight College	Southampton Solent University
British Marine	Isle of Wight Council	Southern Vectis
Business South	Isle of Wight Chamber of Commerce	St Maur Hotel
Christopher Scott Ltd	Isle of Wight Technology Group	Stagecoach
Coffin Mew	Isodo3d	Steve Porter Transport
Eclips UK	KPMG	The Marlands Shopping Centre
EEF	Mercator Media	Transformer Properties
Ernst & Young	MHI Vestas	Turley Associates
Fasset	Natural Enterprise	University of Portsmouth
First Hampshire & Dorset	Parity Trust	University of Southampton
FSB	Penny Mordaunt MP	Wightfibre
FSB - Isle of Wight Branch	Portsmouth City Council	WSX Enterprise
Future South	QinetiQ	
Green Marine		
Gurit		

The following organisations, represented on Solent Local Enterprise Partnership delivery panels, attended the LEP Panel session on Friday 9<sup>th</sup> September:

Arkenley Lane
Barclays
Boosting Business Performance Ltd
City College Southampton
Critical Software
Department for Work and Pensions
Dryad Maritime
EBP
Ellis Transport Services
Environment Agency
Fasset
GKN Aerospace
Hampshire and Regional Property Group

Hampshire Chamber of Commerce
Intraserve
Lambert Smith Hampton
Oxford Innovation
SETsquared
Solent Growth Hub
Solent Transport
Southampton City Council
UKTI
University of Portsmouth
University of Southampton
UTC - Royal Navy

During the course of the stakeholder meeting series, the significant majority of those involved have been supportive in principle of the recommendations in the Solent Deal Strategic Governance Review to establish a Mayoral Combined Authority with a Directly Elected Mayor.

A number of specific benefits in relation to this model have been recognised throughout the course of the consultation, including the following;

- The opportunity for the local area to pilot the new business rate system and feedback into the design of the new national system, including the importance of local tailoring.
- Incentivise Local Authorities to prioritise growth
- Opportunity to take a long-term view of the future as opposed to simply addressing short term public sector funding gaps
- Opportunity presented regarding planning to take a strategic approach, on a joint basis to accelerate growth
- The opportunity a Directly Elected Mayor presents to provide long-term leadership, and create momentum and ambition as a growth ambassador for the area
- Opportunity to increase business and political engagement through the model, including engaging the LEP in the prioritisation of projects

In addition to the positive response, a number of areas for consideration have been raised by the business community, including the following;

- Direct LEP representation within the structure is seen as critical
- The importance of business engagement and communication (including promotion of the opportunity to stand as a candidate for the DEM role) will be vital on an ongoing basis
- Need to ensure appropriate management of financial risk across the MA area - mitigating risk of any future down turn in business rates which may occur and risk relating to any potential resets
- Increasing Inward Investment, international trade and place based marketing on a Solent basis were flagged as particular priorities for the business community
- Business buy-in would be critical and, in order to achieve this, there should be a focus on transformational projects - whilst not forgetting the importance of SME businesses to the economy

- The need to ensure that processes are simple, efficient and that additional layers of bureaucracy are avoided
- The recognition of the Solent LEP as a functional economic area and importance of other district areas not in the phase 1 Geography (particularly in relation to issues such as transport and East-West connectivity which was seen as critical)
- The need to ensure accountability of the Directly Elected Mayor to the business community as well as the electorate
- The challenge of engaging businesses in relation to devolution alongside the focus on BREXIT (noting the potential opportunity to return powers to the local area from the EU rather than Westminster through devolution)
- Need to ensure "infrastructure" is not a limiting term for only transport investment which limits local creativity. Skills was seen as critically important, and the need to target local skills provision, as well as other infrastructure such as digital and energy
- Social Enterprise was highlighted as an important sector and any new system should seek to incentivise wider benefits for the local area
- Incentives should be put in place to business to bring vacant properties back into economic use
- Export support is an area requiring additional investment
- Concerns from private sector bus operators were noted and these are being directed towards dedicated engagement with Local Authority Partners

### 3. Business Survey Summary

As part of this engagement, in partnership with the Hampshire and Isle of Wight Business Alliance, the Solent LEP has undertaken a business survey seeking views on the proposals. The Business Survey launched on Wednesday 17<sup>th</sup> August 2016 and closed on Wednesday 7<sup>th</sup> September 2016.

A reference copy of the survey is available at the following link:  
<https://www.surveymonkey.co.uk/r/HIBABusinessSurvey>

The following document summarises the responses received to this survey.

#### Question 1: Demographic Information

54 responses to the business survey have been received. All respondents are anonymous, however, information in relation to sector, employee numbers, location and annual turnover were requested to help inform analysis.

A diverse range of businesses have responded to the survey. Employee numbers range from 1 - 12,000 and annual turnover from £100k to £1bn. Geographically, 21 businesses have listed PO postcodes, 26 SO postcodes and a minority of other postcodes. Sectors are wide ranging and a summary table provided below for information.

Accountancy	1
Architecture and Urban Design	1
Banking	1
Business Advisory / Coaching / Consultancy / Support / Services	7
Café	1
Construction / Construction services	2
Cruise Vacation Travel	1
Digital / Software / Technology	3
Education/Teaching	3
Energy / Renewable Energy	2
Finance / Financial Services	2
Healthcare	1
Hospitality	2
Information Technology / Services	2
Land management and development	1

Local Government	1
Logistics	1
Manufacturing	1
Marine / Maritime	2
Marketing and Communications / Services	2
Port	1
Property	1
Publishing	1
Retailing	2
Surveyors	1
Town Planning	1
Transport	7
Wholesale	1
Not disclosed	2

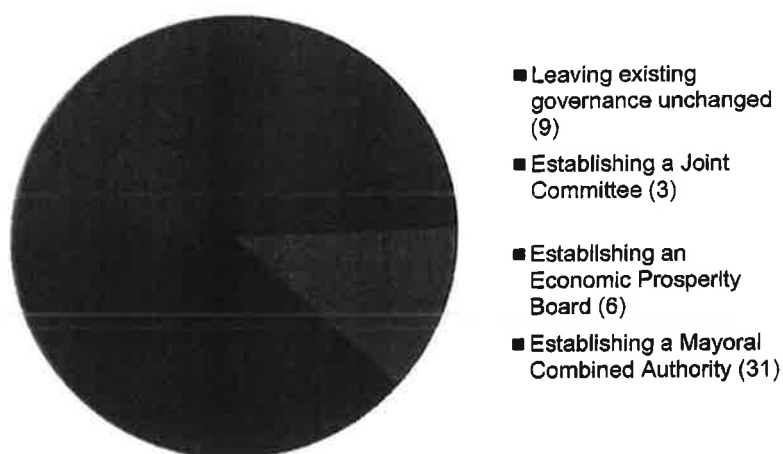
**Question 2:** The consultation includes four options for Governance Models. A summary of the preliminary findings of the review in relation to each option can be found on page 34 of the published Governance Review Document. Please rank the 4 options from 1-4 in order of preference.

1. Leaving existing governance unchanged
2. Establishing a Joint Committee
3. Establishing an Economic Prosperity Board
4. Establishing a Mayoral Combined Authority

The following table summarises the ranking provided in relation to each of the 4 options. Option 4 (establishing a Mayoral Combined Authority) was the Governance model favoured by respondents, with 31 of the 54 organisations ranking this as their preferred option. 78% of respondents (38) ranked establishing an MCA as either their first or second preference.

Ranking	Option 1	Option 2	Option 3	Option 4
1	9	3	6	31
2	5	12	26	7
3	8	25	12	2
4	26	7	5	10
No response	6	7	5	4

The following chart shows the top preference selections for each of the four governance models:



**Question 3:** If a Mayoral Combined Authority were to be established, how should the LEP interface with this?

1. As part of the Mayoral Combined Authority with a vote alongside other Local Authority Partners on matters relating to economic development infrastructure and transport
2. As an advisory committee to the Mayoral Combined Authority on matters relating to the economic development, infrastructure and transport
3. As a full member and forming a dedicated advisory committee (both option 1 and 2)
4. As an external partner to the MCA, interfacing with the new organisation on matters relating to the economy through a partnership approach, similar to the current working relationship between the LEP and existing Local Authorities
5. Develop an alternative relationship with the MCA, not included above. Please describe.

Respondents were able to select only one of the 5 options. The following table summarises the responses received.

1. As part of the Mayoral Combined Authority with a vote alongside other Local Authority Partners on matters relating to economic development infrastructure and transport	12
2. As an advisory committee to the Mayoral Combined Authority on matters relating to the economic development, infrastructure and transport	12
3. As a full member and forming a dedicated advisory committee (both option 1 and 2)	18
4. As an external partner to the MCA, interfacing with the new organisation on matters relating to the economy through a partnership approach, similar to the current working relationship between the LEP and existing Local Authorities	7
5. Develop an alternative relationship with the MCA, not included above. Please describe.	3
No response	2

The LEP interfacing with the MCA as a full member and forming a dedicated advisory committee (as is proposed in the Strategic Governance Review) was the narrowly favoured option with 18 of the 54 respondents selecting this option. However, it is clear that respondents favoured the LEP interfacing with the MCA in some form, with 78% (42) of respondents selecting one of the three options which involve the LEP directly interfacing with the proposed MCA in some form.

3 respondents provided comments relating to developing an alternative relationship with the MCA, not included above. The common theme in all responses focused on ensuring a lack of duplication of roles/responsibilities and simplification of processes for business.

**Question 4:** How important for business are each of the proposed areas of investment contained within the deal?

1. Business Support and Innovation
2. Learning, Skills and Employment
3. Transport
4. Housing and Planning

Respondents were able to rank each option from 1 (highly important) to 5 (not important at all). The following table summarises the responses received.

Ranking	Business Support and Innovation	Learning, Skills and Employment	Housing and Planning	Transport
1	28	29	27	30
2	18	23	13	13
3	4	0	8	7
4	1	0	3	1
5	0	0	0	0
No response	3	2	3	3

The table suggests all four of the proposed areas of investment contained within the deal are seen as important for business with no respondent selecting option 5 (not important at all) on any of the proposed areas.

**Question 5:** In addition to the initial potential powers to be identified, the Deal identifies that "further powers may be agreed over time and included in future legislation". Are there any specific further powers which Businesses would wish to see devolved to the local area?

This question was open and respondents were able to enter any further suggestions. 13 responses were received to this question. A range of responses were received with the further devolution of powers in relation to skills and education the most frequently occurring.

**Question 6A:** To what extent do you support or oppose the principle of tax-setting powers being transferred from central Government to the Local Area?

Respondents were able to record their support from 1 (strongly support ) to 5 (strongly oppose). Overall, there was strong support for this principle with 61% (33) of respondents selecting either option 1 or 2. The following table summarises the responses received.

1 Strongly support	2	3	4	5 Strongly oppose	No feelings either way	No response
23	10	8	2	7	0	4

**Question 6B:** To what extent do you support or oppose the requirement for a combined authority mayor to have the support of the business community through the Local Enterprise Partnership in order to implement any business rate supplement?\*

Respondents were able to record their support from 1 (strongly support ) to 5 (strongly oppose). Again, there was strong support for this principle with 65% (35) of respondents selecting either option 1 or 2. The following table summarises the responses received.

1 Strongly support	2	3	4	5 Strongly oppose	No feelings either way	No response
20	15	8	3	4	1	3

**Question 6C:** What other considerations should LEP be aware of in relation to proposals regarding business rates?\*

This question was open and respondents were able to enter any further suggestions. 15 responses were received to this question. Common themes included ensuring democratic accountability in decision making and increased business engagement through the LEP. A number of comments focussed on rates reduction in relation to two areas; for social enterprises and as a means of attracting additional inward investment to the area.

\*In relation to question 6B and 6C, it should be noted that further information regarding national proposals relating to Business Rates have been made available since the production of this business survey and the Solent LEP will consider these in greater detail in the context of responding to the national consultation "*Self-sufficient local Government: 100% business rate retention*" to ensure wider issues are considered and views from the Solent business community are appropriately reflected.



**Question 7:** What Local Government behaviours would businesses in the Solent wish to see incentivised through a reformed local Government finance system?

1. Investment in Business Support and Innovation
2. Investment in Housing and Planning
3. Investment in Learning Skills and Employment
4. Investment in Transport
5. Investment in Public Services

Respondents were able to select as many of the 5 options as they wished. The following table summarises the responses received.

Investment in Business Support and Innovation	33
Investment in Housing and Planning	27
Investment in Learning Skills and Employment	38
Investment in Transport	40
Investment in Public Services	18

Private sector priorities clearly focussed on incentivising investment in growth, with Investment in Business Support and Innovation, Housing and Planning, Learning Skills and Employment and Transport all identified by 50% (27) or more of respondents, with investment in transport identified most frequently. Investment in public services was identified by 33% (18) of the 54 respondents.

In addition to selection of the above options, respondents were also able to provide any other suggestions on an open ended basis. 4 comments were received including long-term solutions for aging populations and joint planning strategy.

**Question 8:** Are there any Business behaviours which businesses in the Solent would wish to see incentivised through a reformed local Government finance system?

1. Job Creation
2. Employee Development and Training
3. Apprenticeship Creation
4. Productivity/Innovation Enhancements
5. Environmental improvements
6. Corporate Social Responsibility
7. None
8. Other (please specify)

Respondents were able to select as many of the options as they wished. The following table summarises the responses received.

Job Creation	30
Employee Development and Training	32
Apprenticeship Creation	28
Productivity/Innovation Enhancements	26
Environmental improvements	25
Corporate Social Responsibility	11
None	2

Job creation, employee development and training and apprenticeship creation were all identified by 50% (27) or more of respondents, with investment in employee development and training identified most frequently. Investment in Productivity/Innovation Enhancements (26), Environmental improvements (25) and Corporate Social Responsibility (11) were also identified by respondents.

In addition to selection of the above options, respondents were also able to provide any other suggestions on an open ended basis. No other comments / suggestions were received

**Question 9:** To what extent do you support or oppose the principle of the Solent LEP aligning its Infrastructure investment through the Growth Deal with wider infrastructure funding which may be secured through a devolution deal?

Respondents were able to record their support from 1 (strongly support) to 5 (strongly oppose). There was strong support for this principle with 69% (37) of respondents selecting either option 1 or 2. The following table summarises the responses received.

1 Strongly support	2	3	4	5 Strongly oppose	No feelings either way	No response
24	13	6	3	3	2	3

**Question 10:** Are there any other comments relating to the Solent Deal consultation which you would like to bring to the attention of the Solent LEP?

This question was open and respondents were able to enter any further suggestions. 17 responses were received to this question. Common themes included the importance of securing the involvement of neighbouring district authorities in the Solent.

Collaboration, communication, transparency and democratic decision making were highlighted as important, as well as reducing bureaucracy and increasing efficiency.

## 4. Written Response Summary

Under an initial phase of pre-consultation, the Solent LEP wrote to all Business Members of the Solent LEP and partners at the Hampshire and Isle of Wight Business Alliance to invite any initial responses to the strategic governance review and, during this initial engagement, 6 items of correspondence were received.

During the course of the full consultation period, the Solent LEP has accepted direct written feedback and established a dedicated email address ([solentdeal@solentlep.org.uk](mailto:solentdeal@solentlep.org.uk)) to manage any correspondence received during the period. Four items of correspondence have been received and these are recorded in the following table:

Sender:	Date Received:	General Comment:
Hampshire Regional and Property Group	4 <sup>th</sup> July 2016 (pre-consultation phase)	Supportive with comments
Stagecoach	8 <sup>th</sup> July 2016 (pre-consultation phase)	Supportive with comments
South Hampshire Bus Operators' Association	12 <sup>th</sup> July 2016 (pre-consultation phase)	Neutral with comments
First Group	14 <sup>th</sup> July 2016 (pre-consultation phase)	Not supportive
Corrotherm	12 <sup>th</sup> July 2016 (pre-consultation phase)	Neutral
Southampton Airport	11 <sup>th</sup> July 2016 (pre-consultation phase)	Neutral
West Quay Southampton (on behalf of Go! Southampton business improvement district steering group)	11 <sup>th</sup> August 2016	Supportive
Gosport Resident	22 <sup>nd</sup> August 2016	Not supportive
Hampshire County Council	8 <sup>th</sup> September 2016	Not supportive
ABP Southampton	8 <sup>th</sup> September 2016	Supportive

### Pre consultation feedback

Three comments were received from bus operators and these focussed on a reference in the documentation to powers relating to franchising of bus services. As these comments are detailed and specific to a single issue, as opposed to general concerns relating to the MCA governance model being recommended, these have been dealt with by facilitating direct engagement with the Local Authorities for the Bus Operators to discuss these concerns during the period and the Solent LEP Chairman and Chief Executive will meet with SHBOA post the close of the period.

No other negative concerns were raised; however, two comments emerged as follows:

1. Strong support for the other district authorities of the Solent LEP functional Economic area to join the proposed MCA and;
2. The MCA should not increase costs and add another layer of bureaucracy

**Full consultation feedback**

Four further representations were received during the full consultation period at the LEP. In relation to the positive responses received, these have specifically highlighted the following points:

- Welcomes the initiative to create a framework to allow devolution to the functional economic area that the Solent represents.
- Concurs that Southampton, Portsmouth and the Isle of Wight are the natural cornerstones of a Solent Combined Authority. However we encourage the active participation of Eastleigh, Fareham, Havant, Gosport and East Hampshire, so that natural economic activity areas are fully reflected in the Combined Authority.
- Supports the governance option for a Combined Authority Mayoralty. However we would look for an inclusive approach, particularly with businesses and business organizations, to ensure that economic growth is the foundation of the Combined Authority.
- The involvement of the Solent LEP is both noted and welcomed. We would hope that the work of the LEP will be recognised and continued as the Combined Authority is established
- The relationship between the three unitary authorities the five district councils needs to remain cooperative and in so saying the need for comparable electoral cycles with those of the Combined Authority mayoralty, need to be considered.
- welcome the proposed Solent Deal on the basis that the combined authority has the ability to make strategic decisions in a timely manner whilst keeping costs and bureaucracy to a minimum
- The Solent maritime cluster would benefit from a cohesive combined local authority structure that has planning, transport and the economic as its principle strategic objectives.
- The ambitions of improving local public transport and connections to the national networks; road and rail networks to enhance access for goods to be transported, commuting and connectivity; attracting new employers to the area creating jobs and opportunities for local people; supporting economic growth by making suitable sites available for housing and employment developments; and making sure training is designed to provide the skills local employers need to aid business growth are supported.

In relation to other comments, one response from a resident has been received which was not supportive of the proposal and proposed resourcing arrangements. Local Authority Partners have responded directly to the points raised and the response will be considered directly as part of the formal public consultation. In addition to the above points, comments were received which related to the Solent Growth Deal 3 proposal being put forward by the Solent LEP. The LEP Executive has responded to these to clarify the separate process in relation to the Local Growth Deal.

Hampshire County Council have expressed concerns with the following areas:

- The nature and timing of the consultation with businesses

- Proposed geography, with specific concerns relating to key transport nodes outside of the proposed area and confusion with lack of alignment with Solent LEP geography
- Alternative opportunities under the Cities and Local Devolution Bill to support the establishment of regional transport organisations
- Limited ambition in relation to developing a simple and efficient planning system
- Delivering simple, accessible and efficient decision-making
- The balance between local community decision-making and control and the more strategic work of the combined authority
- lack of transparency over the conditions in which the creation of a directly elected mayor is required

Full copies of all correspondence received have been made available to Board Members on request.



Dawn Baxendale  
Chief Executive  
Southampton City Council  
Civic Centre  
Southampton  
SP14 7LY

29 September 2016

Dear Dawn,

Thank you for your letter dated 22<sup>nd</sup> September in regard to working with Portsmouth City Council, the Isle of Wight Council and the Solent Local Enterprise Partnership to agree a Solent Devolution Deal with central government.

I am fully aware of the consultation process and on-line questionnaire that commenced earlier in the summer and, as a major stakeholder, am fully supportive of the work being undertaken. I wish you a successful outcome and you have my full support for the proposed Solent Deal.

Yours sincerely,

Gareth Rogers  
Chief Executive Officer







2 September 2016

Dear Cllr Bacon, Cllr Jones, Cllr Letts, Cllr Perry,

I am writing in response to the two consultations on Hampshire devolution and to endorse the efforts being made to reform the current system. As Hampshire's main water and wastewater provider, Southern Water serves more than 700,000 people across the county. We play an important role in supporting the local economy and our services are an essential part of daily life for people who live and work in our region.

Over recent years we have invested many millions of pounds to improve our service and provide new infrastructure to these growing communities while continuing to protect the environment. Our current £3 billion investment programme is well under way and will deliver further enhancements across Hampshire and the rest of the South East, such as improving the quality of coastal and river waters.

We have a statutory obligation to serve new development and are fully committed to providing the right infrastructure in the right place at the right time. To achieve this, we work in collaboration with planning authorities and developers. As a major infrastructure provider we welcome any proposal that allows for greater integration of planning functions and wider certainty around priorities. This would bring increased efficiency and clarity to the way we work with local authorities and developers to deliver the infrastructure required for growth.

While we do not favour any of the proposals individually, we do welcome the move towards a more integrated, holistic approach to planning and development and a more co-ordinated approach to decision-making across the county.

We continue to watch the debate and developments with interest.

Yours sincerely,

Matthew Wright  
Chief Customer Officer



Mr A Cufley  
Director of Transport, Environment and Business Support  
Portsmouth City Council  
Civic Offices  
Guildhall Walk  
Portsmouth  
PO1 2AL

Bus Station  
Southgate, Chichester  
West Sussex  
PO19 8DG

T 01243 755850  
F 01243 528743

stagecoachbus.com



16<sup>th</sup> May 2016

Dear Alan

### **DEVOLUTION PROPOSALS FOR BUSES**

Thank you for seeing Mark and myself today along with David, Pam and Paddy. As requested, I am following up in writing the concerns and points that we raised in the meeting.

Stagecoach has worked well with Portsmouth City Council over the years and we have been heavily investing in the local bus network with resultant significant growth in patronage currently running at 2% in adult fare paying passengers. Our entrepreneurial approach to our customers has resulted in value for money fares and we operate entirely commercial mileage within Portsmouth with not one tender operated under contract to Portsmouth City Council.

We have been aware for a while now regarding the provisions made within the Solent devolution prospectus for the proposed combined authority to gain powers for franchising bus services. Whilst disappointed, we accepted why you might want the powers although not necessarily use them, choosing to evaluate various options and at least initially continue to work in partnership with the bus operators in the way that has worked so successfully over recent years.

As you know, Mark Turner, our Commercial Director recently attended a consultation meeting hosted by the Solent LEP at which Donna Jones, the Leader of Portsmouth City Council answered a number of questions and made a number of representations in relation to the devolution proposals.

Mark was surprised when the Leader appeared to give a clear indication of the Councils intent to pursue Franchising as opposed to evaluating all the options associated within the forthcoming Buses Bill. The leader then expressed a desire to 'cross-subsidise' before referring to the benefits of operating with 'one big contract as opposed to lots of little ones'. A comment was then made that saving could be made on the £4.5m of funding spent on 'bus contracts'.

To clarify, as a private sector company, we already 'cross subsidise' in order to support the wider network and we are not sure what Portsmouth would be 'cross subsidising' given that your bus service contracts are of minimal value, none of which we operate on your behalf. You then suggested that cross subsidy could refer to a proposal for the elderly population of Portsmouth to pay a fare and the resultant reductions in the concessionary budget being used to support rural services outside of Portsmouth. If this is the case then I can't see such

a proposal being popular with the Portsmouth community. Furthermore, such a proposal would almost certainly result in a reduction in journeys being made by the elderly in Portsmouth, which could then negatively impact on the local economy.

As it stands, our 200 employee local business is now faced with a great deal of uncertainty and I need to try and avoid that affecting our staff morale and fleet and also our network investment plans for the coming years.

I would very much welcome the opportunity to meet with the leader, understand her concerns together with her aspirations for the local bus network and discuss how we can work together to achieve our common objectives to the benefit of everyone.

Thanks again for the meeting today and I look forward to hearing from you.

Yours sincerely,

Michael Watson  
Managing Director

Professor Graham Galbraith BSc MSc PhD CEng MCIBSE FHEA MIOd  
Vice-Chancellor

Direct line: +44 (0)23 9284 3191  
Email: graham.galbraith@port.ac.uk  
Wednesday, 06 July 2016

Paddy May  
Corporate Strategy Manager  
Portsmouth City Council  
Civic Offices  
Guildhall Square  
Portsmouth PO1 2BG



University House  
Winston Churchill Avenue  
Portsmouth PO1 2UP  
United Kingdom

T: +44 (0)23 9284 8484

Dear Paddy

**Governance Review for South Hampshire and the Isle of Wight**

I write in response to the email from David Williams on 1 July 2016 relating to a possible devolution deal with government for the South Hampshire region.

It is of course difficult in such a short timescale to fully assimilate the details. However, the University of Portsmouth is, in principle, content with the stated aims of the proposal and the conclusions drawn in the governance review document that the creation of a Combined Authority will help deliver improvements for the Solent economy and quality of life for local people.

Yours sincerely

**Graham Galbraith**  
Vice-Chancellor

[www.port.ac.uk](http://www.port.ac.uk)



**Professor Graham Galbraith**  
Vice-Chancellor

Direct line: +44 (0)23 9284 3191  
Email: [graham.galbraith@port.ac.uk](mailto:graham.galbraith@port.ac.uk)

18 September 2016

**Paddy May**  
Corporate Strategy Manager  
Portsmouth City Council  
By email: [Paddy.May@portsmouthcc.gov.uk](mailto:Paddy.May@portsmouthcc.gov.uk)

Dear Paddy



University House  
Winston Churchill Avenue  
Portsmouth PO1 2UP

Switchboard: (023) 9284 8484  
Facsimile: (023) 9284 3400

### **Solent Deal : Governance Review for Hampshire and the Isle of Wight**

Thank you for visiting the University to explain the 'Solent Deal' and for us to discuss how the governance arrangements on which you are consulting might impact both on the University and the future prosperity of the Solent Region.

The University believes that effective and joined up decision-making arrangements are important within the Solent sub region in order to drive economic prosperity and ensure quality of life for its residents. In our view it is important to ensure that a strong and shared vision exists amongst all key stakeholders, that the needs of the sub region are clearly identified, that resources are prioritised appropriately and that barriers are not put in the way of delivery.

I can confirm that, having reviewed the options as set out in the consultation paper, the University supports the proposals for a Mayoral Combined Authority as the appropriate governance arrangements for the devolution of powers and responsibilities through the Solent Deal. It would appear that the history of collaborative working in the Solent area, via PUSH and the LEP, provides effective foundations for these arrangements. However, we do not have a view on the specific geographical basis of an MCA since we believe that this is a matter for the democratically elected authorities to decide.

Both as a major employer in the City of Portsmouth and through our role as a driver of economic growth as a major University, we believe that the Solent Region has significant potential to raise productivity and address the barriers which are holding back economic prosperity and quality of life. Innovation plays an important role in this and the universities in the region have the ability to make a greater contribution than has previously been recognised. The consultation paper recognises the importance of innovation and, if the Solent Deal is approved, we would want to understand how we could work with the new governing body to increase our participation and give the university sector a greater voice. In addition, we are interested to gain a better understanding of the opportunities presented by the devolution of post 19 funding for education and skills training.

The relationship between political decision-making and the devolution of business rates is an unknown. We would be concerned to ensure that, under any new arrangements, the growth potential of the University is given equal weight to the interests of the private sector in any development proposals.

Yours sincerely

**Graham Galbraith**  
Vice-Chancellor

[www.port.ac.uk](http://www.port.ac.uk)





Cllr Simon Letts  
Leader of Southampton City Council  
Civic Centre  
Southampton  
SO14 7LY

07<sup>th</sup> July 2016

Dear Simon,

#### **Solent Governance**

Thank you for the consultation documents pertaining to Solent Governance. In principle we are supportive of the direction of travel outlined as Option 4 in the document titled "Solent Strategic Governance Review Summary Document" leading to the establishment of a Mayoral Combined Authority for Southampton, Portsmouth and the Isle of Wight.

We would like to remain closely involved in the process going forward particularly with regard to the development of transport plans and how this might impact UniLink, a key transport infrastructure for our students, staff and the local community.

As a world leading higher education establishment we are fully committed to supporting the development of the Solent as a vibrant, sustainable and economically successful region. We look forward to participating in the developing thinking for the region and would welcome the opportunity to strengthen business and infrastructure links, entrepreneurial activity and social wellbeing, along with our direct education and research offer, as part of the Solent Deal

Yours faithfully,▲

Ian Dunn  
Chief Operating Officer





Portsmouth  
CITY COUNCIL

# Equality Impact Assessment

Preliminary assessment form v5 / 2013

[www.portsmouth.gov.uk](http://www.portsmouth.gov.uk)

The preliminary impact assessment is a quick and easy screening process. It should:

- identify those policies, projects, services, functions or strategies which require a full EIA by looking at:
  - negative, positive or no impact on any of the equality groups
  - opportunity to promote equality for the equality groups
  - data / feedback
- prioritise if and when a full EIA should be completed
- justify reasons for why a full EIA is not going to be completed

Directorate:

Chief executive

Function e.g. HR,  
IS, carers:

Strategy Unit

Title of policy, service, function, project or strategy (new or old) :

Solent Combined Authority Governance Review and Scheme

Type of policy, service, function, project or strategy:

- ☐ Existing
- ☒ New / proposed
- ☐ Changed

**Q1 - What is the aim of your policy, service, function, project or strategy?**

The Isle of Wight Council, Portsmouth and Southampton City Councils have been working together with Solent LEP on a proposal to set up a Mayoral Combined Authority.

A Combined Authority is created voluntarily and gives a group of local authorities extra powers from central Government, primarily to grow the local economy.

The first stage in creating a Combined Authority is to undertake a Governance Review.

Three unitary local authorities (Isle of Wight Council, Portsmouth City Council and Southampton City Council), the Solent LEP and the borough and district councils in the South Hampshire region (Eastleigh, Fareham, Gosport, Havant, and East Hampshire) have negotiated a draft Devolution Deal with Central Government.

As part of the process to take forward the Deal, legislation requires local areas to have formal governance arrangements in place in order for funds and powers to be devolved from Government.

The three unitary authorities (Isle of Wight Council, Portsmouth City Council and Southampton City Council) are in a position to consider the full range of options and have therefore undertaken a Governance Review.

The Governance Review:

- looks at the natural economic geography of the three authority areas;
- evaluates how governance could be improved to deliver better outcomes for local people across the key themes covered by the proposed deal.

The three authorities, having considered the governance review document and feedback from stakeholders, decided to undertake a full public consultation about the proposals. In light of the responses, the three Authorities are recommending that a submission is made to the Secretary of State asking him to set up a Mayoral Combined Authority.

**Q2 - Who is this policy, service, function, project or strategy going to benefit or have a detrimental effect on and how?**

The proposals do not remove the duties of the Local Authority in regard to the Equality Act 2010.

At this stage, there is no evidence of potential negative impacts or barriers identified for any of the protected characteristics within the Equality Act 2010.

If the proposal for a Combined Authority is agreed by the Secretary of State, further equality impact analysis will be undertaken as appropriate, as more detailed plans emerge.

At this stage, significant opportunities for Solent area have been identified (a number of which could benefit potentially disadvantaged groups in the area).

These include:

- £900m funding for the area over 30 years to invest in economic growth and housing.
- Retaining all business rates generated in the area (approximately £400m) in exchange for the current system of government funding for local councils - meaning the area would have better control of its own financial future and be rewarded for economic growth.
- Power to create a spatial plan for the area.
- Increased productivity, more and better jobs by simplifying and strengthening support for business growth, innovation, global trade and investment.

- Control of the budget for adult education and training in the area, enabling a focus on developing the skills local businesses need.
- Development of new programmes to help claimants back into work and provide them with support.
- Delivery of new homes in the area by 2026.
- Control of a dedicated transport budget, franchised bus services and the network of key local authority maintained roads.
- Innovative and integrated approaches to public service reform.

In the light of detailed responses through the public consultation, the three Authorities changes have been made to the governance review and scheme. This scheme will also be subject to further review and refinement as the process proceeds with the Secretary of State.

**Q3 - Thinking about each group below, does, or could the policy, service, function, project or strategy have a negative impact on members of the equality groups below?**

Group	Negative	Positive / no impact	Unclear
Age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Transgender	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other excluded groups	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If the answer is "negative" or "unclear" consider doing a full EIA

**Q4 - Does, or could the policy, service, function, project or strategy help to promote equality for members of the equality groups?**

Group	Yes	No	Unclear
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Disability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Race	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gender	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Transgender	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sexual orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Religion or belief	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pregnancy or maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other excluded groups	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the answer is "no" or "unclear" consider doing a full EIA

**Q5 - Do you have any feedback data from the equality groups that influences, affects or shapes this policy, service, function, project or strategy?**

Group	Yes	No	Unclear
Age	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transgender	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other excluded groups	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the answer is "no" or "unclear" consider doing a full EIA

**Q6 - Using the assessments in questions 3, 4 and 5 should a full assessment be carried out on this policy, service, function or strategy?**

☐

yes

☒

No

**Q7 - How have you come to this decision?**

The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

At this stage the decision sought is to publish and submit a scheme for a combined authority to the Secretary of State. Any proposed combined authority will not directly provide services to the community (as it will be a strategic body). However an equality impact (and safety) assessment has been undertaken and this shows that there will be no direct impact on those with protected characteristics. Should there be a proposed change in any actual service delivery as a consequence of the establishment of a combined authority further Equality Impact Assessment will be undertaken at that time.

Consultation was undertaken on our proposals. Analysis of the consultation report showed that there was significant majority levels of support for the principles of devolution and the setting up of a mayoral combined authority. Analysis by age, gender, disability or race showed that there was no significant differences in terms of the responses compared to the overall results.

However by establishing a formal strategic body that aims to better co-ordinate the provision of services like housing and transport across the area, it is considered that this will make it easier to ensure that the concerns and issues of those with protected characteristics are taken into account when determining strategies and approaches.

If you have to complete a full EIA please contact the Equalities and diversity team if you require help  
Tel: 023 9283 4789 or email: [equalities@portsmouthcc.gov.uk](mailto:equalities@portsmouthcc.gov.uk)

**Q8 - Who was involved in the EIA?**

Paddy May, Corporate Strategy Manager, PCC

**This EIA has been approved by:** David Williams

**Contact number:**

023 9283 4020

**Date:**

4th October 2016

Please email a copy of your completed EIA to the Equality and diversity team. We will contact you with any comments or queries about your preliminary EIA.

Telephone: 023 9283 4789

Email: [equalities@portsmouthcc.gov.uk](mailto:equalities@portsmouthcc.gov.uk)



# Agenda Item 18



**Portsmouth**  
CITY COUNCIL

## **COUNCIL MEETING**

### **QUESTIONS FOR THE CABINET OR CHAIR UNDER STANDING ORDER NO 17**

**CITY COUNCIL MEETING – 11 October 2016**

#### **QUESTION NO 1**

**FROM: COUNCILLOR STEVE HASTINGS**

**TO REPLY: CABINET MEMBER FOR ENVIRONMENT &  
COMMUNITY SAFETY  
COUNCILLOR ROB NEW**

In the light of new charges at amenity tips forced on this city by Hampshire County Council, could the cabinet member please tell us what action is being taken to combat fly tipping and more generally litter in this city?

#### **QUESTION NO 2**

**FROM: COUNCILLOR YAHYA CHOWDHURY**

**TO REPLY: CABINET MEMBER FOR TRAFFIC AND  
TRANSPORTATION  
COUNCILLOR JIM FLEMING**

The piecemeal approach to parking our great city has seen for over a decade is a real concern amongst communities across Portsmouth. Whilst we welcome a scrutiny review to alleviate the problems residents face, could the Cabinet Member be more specific on when he would like to see the report received so that plans for improvement can be implemented?

### **QUESTION NO 3**

FROM: COUNCILLOR STEPHEN MORGAN

TO REPLY: CABINET MEMBER FOR RESOURCES  
COUNCILLOR LEE MASON

Protecting the Portsmouth Counselling Service

The Labour Group is very concerned by the future of the Portsmouth Counselling Service. This charity provides invaluable services to those in need. Could the Cabinet Member provide assurances to this chamber that everything possible is being done to protect this vital service for the people of Portsmouth?

### **QUESTION NO 4**

FROM: COUNCILLOR ROB WOOD

TO REPLY: CABINET MEMBER FOR TRAFFIC AND  
TRANSPORTATION  
COUNCILLOR JIM FLEMING

Given the high number of vacancies for School Crossing Patrol Officers (SCPOs) and that no schools have offered to help reduce that gap, how will the Cabinet Member address parents' concerns for their children's' safety and mitigate any ongoing negative impacts of the voluntary redundancy package now being offered to SCPOs?"