

Agenda item:

Title of meeting: Cabinet

Date of meeting: 12th 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

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 23rd 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 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 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:

Title of document	Location

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:

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DAVID WILLIAMS
Chief Executive
Portsmouth City Council