Public Document Pack

THE HAMPSHIRE PARTNERSHIP

Tuesday, 9th December, 2014
10.30 am
Ashburton Hall, Elizabeth II Court (Podium)
Hampshire County Council

Contact: members.services@hants.gov.uk

AGENDA

1	**Welcome and Announcements - Councillor Roy Perry, Leader of Hampshire County Council**
2	**Devolution Discussion by the Partnership** (Pages 3 - 6)
3	**Skills and Employment in Hampshire** (Pages 7 - 24) **Introduction - Andrew Lloyd, Chief Executive, Rushmoor Borough Council** **Overview of Enterprise M3 and Solent LEP Skills and Employment Strategies – a presentation by Kathy Slack, Director of Enterprise M3 LEP** **Roundtable discussions led by:** • Tim Jackson, Principal of Sparsholt College and representative for Sixth Form and FE Colleges in Hampshire • Professor Elizabeth Stuart, Deputy Vice-Chancellor, University of Winchester • Major Jodie Kennedy-Smith, Career Transition Partnership, Armed Forces • Kathy Slack, Director of Enterprise M3 LEP **Feedback and consider any future role for The Partnership**
4	**Any other business**
5	**Closing remarks - Councillor Roy Perry**
6	**Future meetings of The Hampshire Partnership**

This page is intentionally left blank

HAMPSHIRE PARTNERSHIP

Date:	9 December 2014
Title:	Devolution in Hampshire

1. Summary

1.1 The purpose of this paper is to share with the Hampshire Partnership recent developments around issues relating to devolution, following the recent referendum in Scotland, the Prime Minister's statements and more recently Lord Smith's report on new powers for Scotland. The outcome from each of these events has seen a move by the Government to consider devolution issues in England generally, and for local government in particular. The recent announcements by the Chancellor in relation to the North West of England (and potentially Leeds and Sheffield) indicates a willingness on the part of Central Government to devolve further powers to local government. The nature, shape and form of this devolution is not yet clear across the country or for local government in Hampshire. The Leader of the Council has asked that the Partnership is updated.

2. Recent Decisions at Hampshire County Council (HCC)

2.1 The County Council at its meeting on 17 July 2014 considered a motion proposing a move to a Unitary County Council. This was overwhelmingly rejected by the County Council which agreed as follows:

> ***"That this Council continues to investigate efficiency savings that can be made by working further in close partnership with Borough and District Councils in Hampshire, whilst always seeking to ensure that current services are protected and where possible improved for the good of our local communities and without the significant waste of money and negative impact on public services which the investigation of unitary arrangements would bring."***

2.2 In effect this was a significant step in favour of the existing 'two tier' model of local government that exists in Hampshire and throughout many parts of England. About half the population of England lives in a 'two tier model' of government. Some would argue more where Parish and Town Councils exist.

2.3 Increasingly, the spokesmen for Government and the leading opposition parties recognise that devolution and future change should be on existing structures and boundaries. Presumably a recognition that a (relatively expensive) top down restructure of local government at a time of financial austerity would be counter productive particularly without strong public support. The last attempt at such a model in favour of regional models attracted little public support.

2.4 This position is strongly supported by the County Council given its extensive partnership agenda and the success of its direct public service provision. The Hampshire Partnership being one manifestation of that partnership working.

2.5 More recently the County Council at its meeting on 27 November 2014 considered a motion directly relating to devolution which was unanimously passed by all sides in the Council in favour of:

> ***"Whilst applauding the outcome of the Scottish Referendum, Hampshire County Council calls upon her Majesty's Government and the European Union to devolve more powers with appropriate funding, not just to Scotland but existing levels of local government at County, District and Parish level in England. In particular this Council calls upon Her Majesty's Government and the European Union for a transfer of powers, with adequate capacity and resources, from unelected and unaccountable quangos, both in the UK and the EU, to existing democratically elected Councils that are answerable to their local communities."***
>
> ***"In addition, this Council believe that the principle of subsidiarity in multi-tiered government means that devolution does not stop with moving powers, functions and budgets from central Government to local government, but also within local government from Counties to Districts and Parishes, where they exist, and from Districts to Parishes. Council commits to develop a programme to consider its own powers, functions and budget and how these could be devolved closer to the people of Hampshire."***

2.6 Both motions now create the beginning of the Council's policy towards devolution, involving the retention of the two tier model on existing administrative boundaries and devolution being based on the existing organisations - the whole County Council with Districts being the building block.

3. The Devolution Debate

3.1 While government or opposition parties have shown no interest in reorganisation, there has been recognition of 'County regions' alongside 'city regions'. The County Council Network having argued strongly that the economic power of County Councils being significant. Informal discussions with Ministers indicate that there is no prescription for two tier areas but what matters, at least as much as the quality of the arguments, is that there is unanimity across particular areas. Hence the importance of today's discussion which will enable the views of the Partnership to be heard.

4. Devolution of what?

4.1 Examples of potentially devolved activities have been in skills, regeneration, planning functions, transportation, highways functions and related financing devices. Many of these relate to the (potential) economic prosperity of an area. The County Council also believes that devolution should not only be about economic potential or geography of an area but about the importance of devolution to:

- A place, that people recognise;
- An area that has capacity to provide first class public services (the County Council is one of the leading authorities in the Public Sector Transformation Network);
- Has capacity, competence and resilience to do more; and
- Has the financial strength to take a long term view and manage the ebb and flow of resources.

4.2 In addition to recognising existing organisations and boundaries, the role of other public sector provision should be recognised (e.g. Police and Fire), the importance of the private sector and the LEP geography recently introduced by government. Hampshire's preferred position therefore is to build on the two tier model, and join with other Council authorities where it makes sense to do so, recognising that issues of scale, capacity and deliverability will be important. For example, one model could be Hampshire with Districts, the Unitaries of Southampton and Portsmouth and the Isle of Wight, where we have extensive relationships. This would fit for instance with existing partnerships with Police and Fire. The population of such a body could be some 2 million people. Other models and geography exist.

4.3 The purpose of today's discussion was to harvest views and opinions recognising that within Whitehall unanimity of parties will be important. While this discussion has become embedded in local government structures, it is axiomatic that whatever form it takes effective partnership working with the voluntary and private sectors will be key.

4.4 The Leader of Hampshire County Council has recently been involved in discussions with Ministers and senior civil servants and will update the meeting.

Andrew Smith

Chief Executive, Hampshire County Council

8 December 2014

This page is intentionally left blank

Skills and Employment

11.00 **Introductory Presentation** – Kathy Slack, Enterprise M3

Round table discussions (50 minutes)
(Professor Elizabeth Stuart, Tim Jackson, Major Jodie Kennedy-Smith)

Q1 - Having heard the presentation what are the key issues for you?
Q2 – Taking into account the data and your experience of what works, where could your organisation, and the Hampshire Partnership, have a role?
Q3 – Which, for you, would be the priority areas to focus on initially?

Plenary - feedback from each table & next steps

12.30 **Close**

Skills and Employment in Hampshire

Kathy Slack

Enterprise M3

- Large economy - £42.7bn in 2012 (5th largest LEP economy in England)
- 3rd highest LEP GVA per capita in England – cc £26,000 in 2012
- Large business base - 90,000 local businesses (local units), 22% of the South East, 78,400 enterprises
- Concentration of advanced manufacturing and service activities:
  - Computing, digital media, professional services, aerospace & defence, pharmaceuticals, advanced engineering
- Strong labour market outcomes:
  - 760,000 employees in employment (workplace); 830,000 residents in employment (77.5% vs 72.1% UK)
  - Above average self-employment rate (11.4% in EM3 vs 9.9% GB and 11% S.E.)

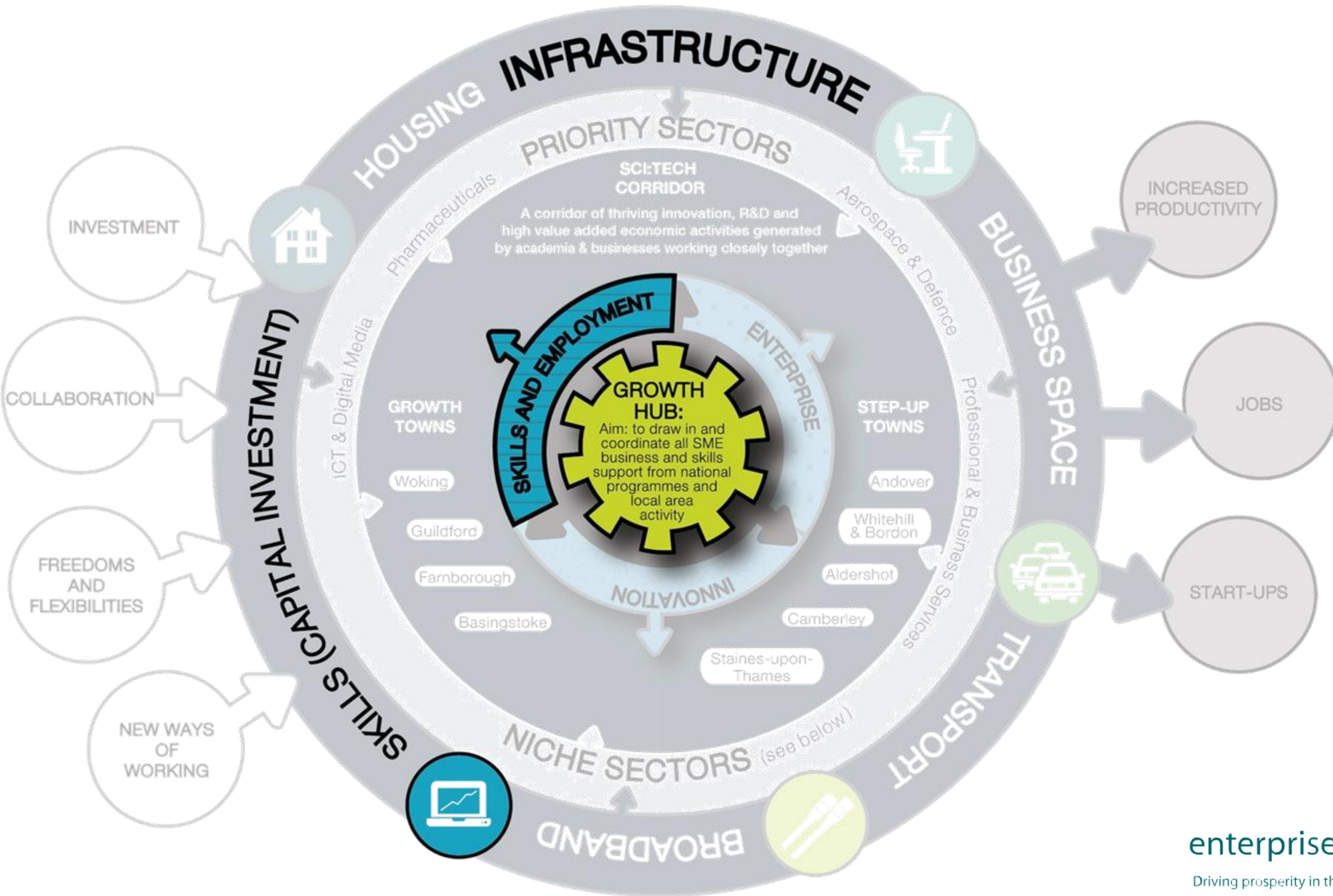
enterprise M3
Driving prosperity in the M3 corridor

Solent

- Large economy - £31.9bn in 2012 (10^{th} largest LEP economy in England)
- 14^{th} highest LEP GVA per capita in England – cc £20,500 in 2012.
- Large business base – 64,500 local businesses (local units), 16% of the South East, 53,500 enterprises
- Concentration of advanced sectors:
  - Advanced manufacturing & marine, transport & logistics, low carbon, visitor economy, defence, insurance
- Relatively strong labour market outcomes:
  - 662,500 employees in employment (workplace); 770,500 residents in employment (75% vs 72.1% UK)
  - Above the national average self-employment rate (10.3% in Solent vs 9.9% GB) but marginally below S.E. average (11% S.E.)

enterprise M3
Driving prosperity in the M3 corridor

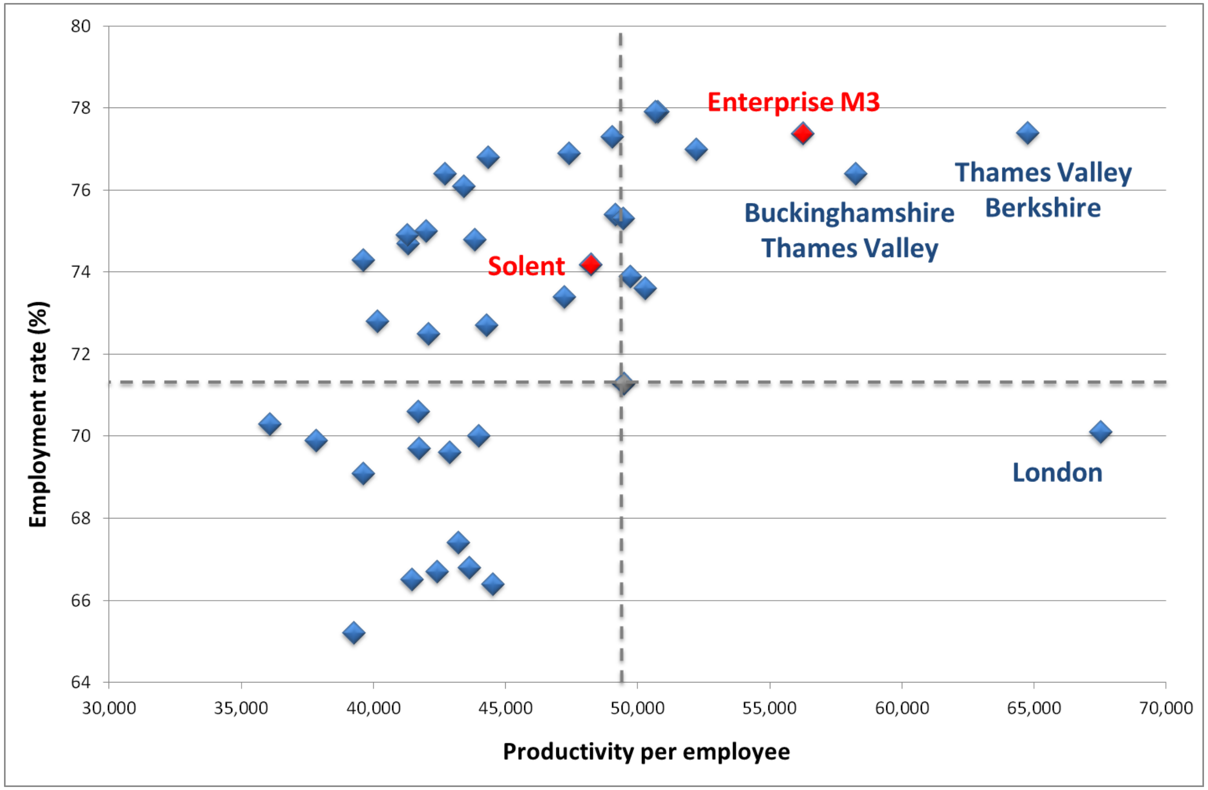
Skills and our integrated approach to growth



Page 11

enterpriseM3
Driving prosperity in the M3 corridor

Drivers of Economic Growth



- Economic growth depends on two factors – how many people are working and how productive they are
- Above average employment rate in EM3 and Solent
- Productivity marginally lags UK average (Solent); EM3 highly productive but only in the UK context

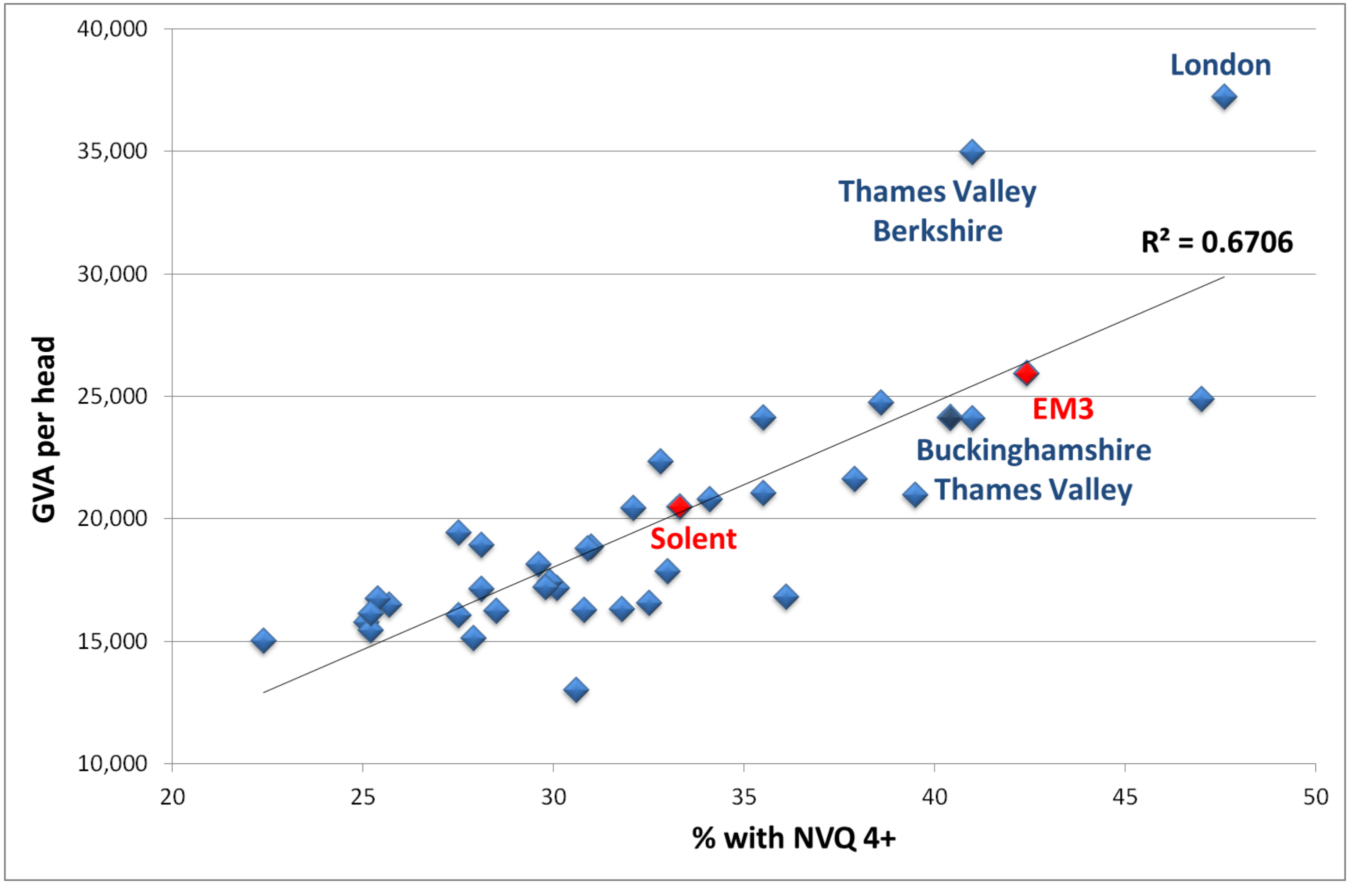
enterprise M3
Driving prosperity in the M3 corridor

Employment and productivity

- Employment rate – approaching 80% in Enterprise M3, not far behind in Solent
- Ageing population to impact on growth and limit the growth in the employment rate (hard to increase above 80%)
- Competitiveness and long-term growth depend on productivity growth
- UK losing ground against other G7 economies since 2007 – to remain competitive and prosperous need to boost productivity growth
- Drivers of productivity growth:
  - Investment
  - Innovation
  - Enterprise
  - Competition
  - **Skills** – the quantity and quality of labour of different types available in an economy

enterprise M3
Driving prosperity in the M3 corridor

Strong link between skills and economic prosperity



- Strong positive link between skills and economic prosperity, …higher skill levels are associated with better labour market outcomes and higher GVA per head
- Skills complement physical capital, and are needed to take advantage of investment in new technologies and organisational structures.

enterprise M3
Driving prosperity in the M3 corridor

Labour Shortages

(Persistent skill shortages and hard to fill vacancies)

A. Skills shortage vacancies by occupation

	LEPs	EM3	Solent
Managers	6%	3%	6%
Professionals	18%	15%	23%
Associate professional	21%	25%	18%
Administrative/clerical	9%	4%	5%
Skilled trades	18%	21%	12%
Caring, leisure	14%	14%	11%
Sales and customer s	9%	9%	10%
Machine operatives	5%	7%	10%
Elementary staff	9%	10%	14%

B. Hard to fill vacancies by occupation

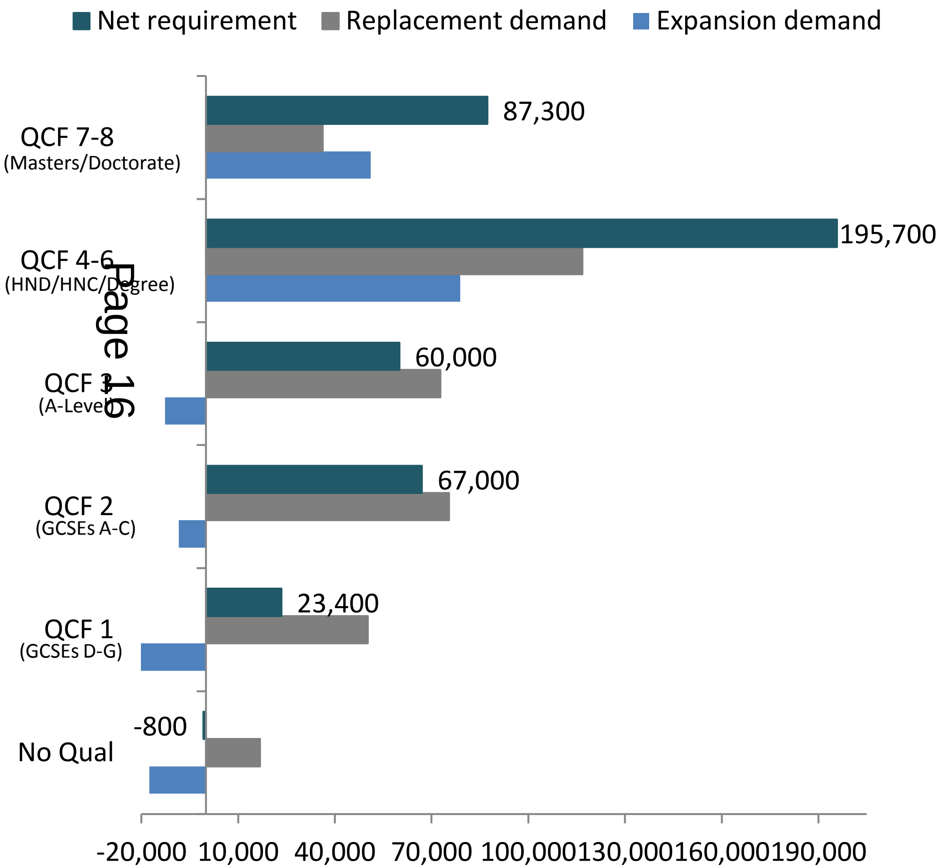
	LEPs	EM3	Solent
Managers	6%	3%	5%
Professionals	17%	13%	20%
Associate professionals	19%	22%	19%
Administrative/clerical	9%	6%	5%
Skilled trades	17%	21%	12%
Caring, leisure	15%	15%	13%
Sales and customer serv.	9%	8%	10%
Machine operatives	5%	10%	9%
Elementary staff	12%	11%	15%

- Sluggish supply and ‘brain drain’ to other areas
- Relative to the LEP average:
  - Enterprise M3: Associate professional and skills trades (shortage) and associate professional, skills trades and machine operatives (hard-to-fill)
  - Solent: Professionals, machine operatives and elementary staff (shortage) and professionals and machine operatives (hard-to-fill)

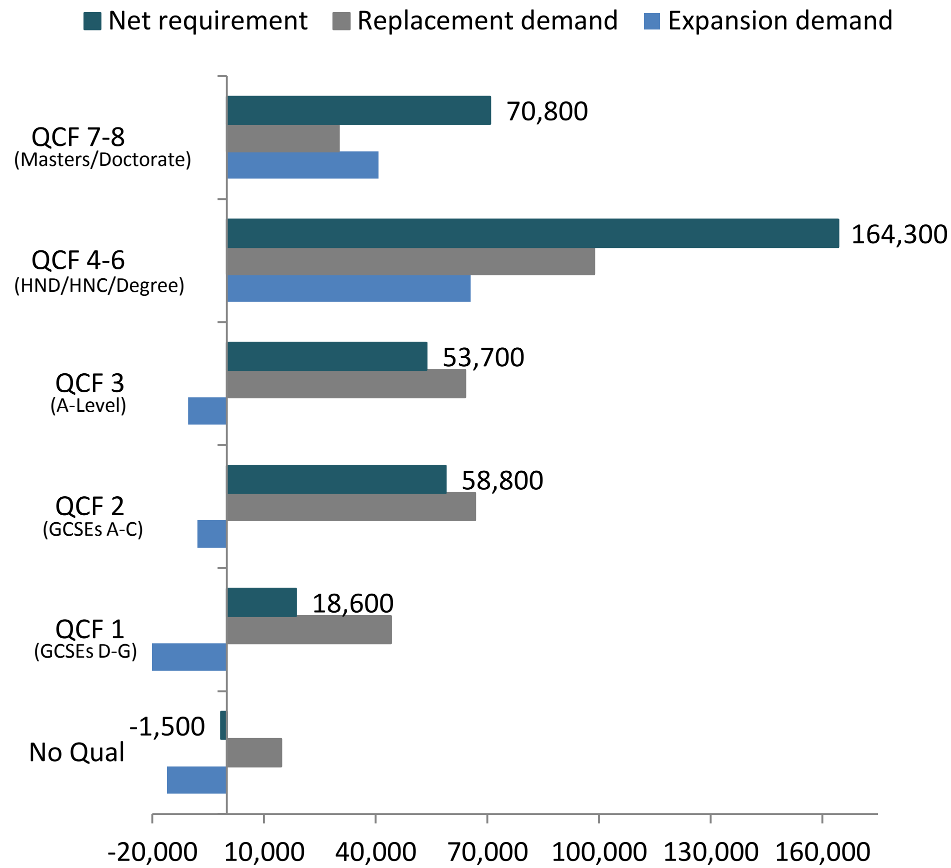
enterprise M3
Driving prosperity in the M3 corridor

Employment demand by qualifications 2012-22

Enterprise M3



Solent

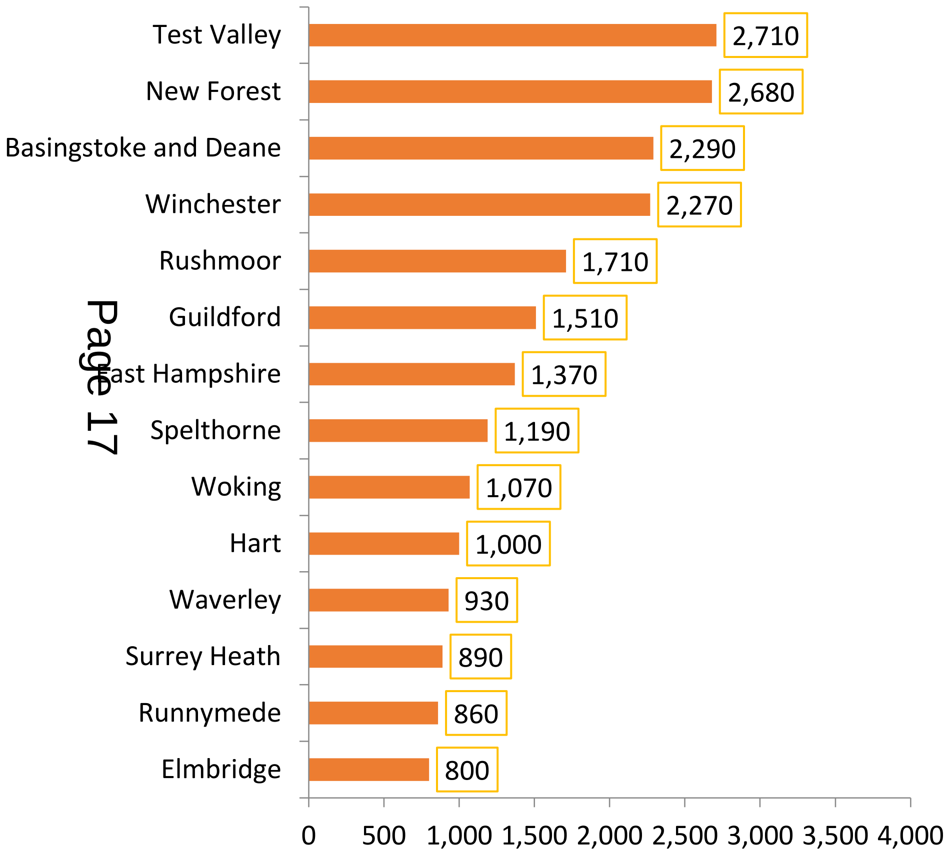


Hampshire County Council

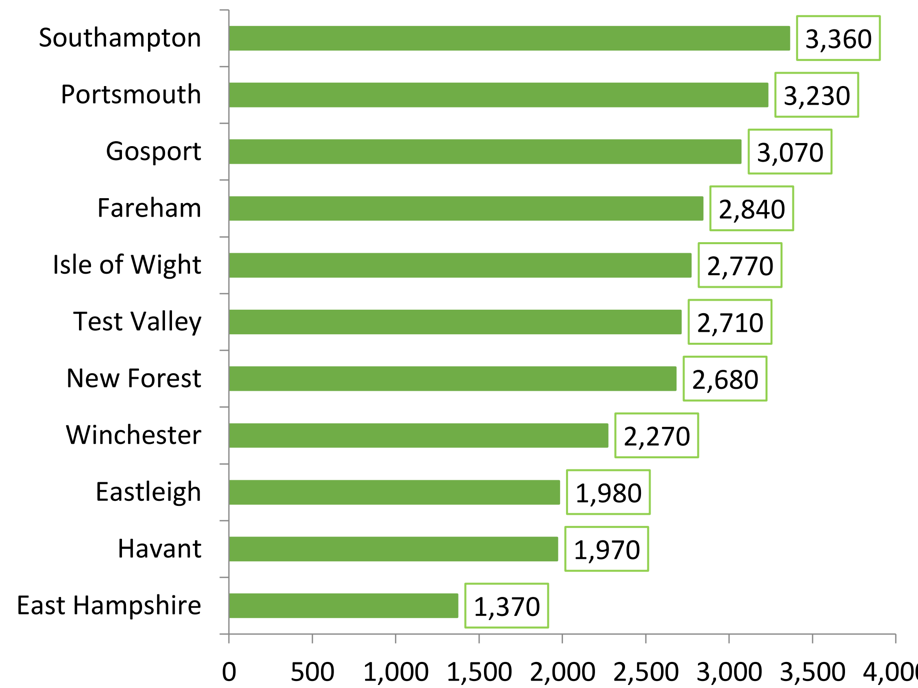
enterprise M3
Driving prosperity in the M3 corridor

Apprenticeship Programme Participation 2013/14

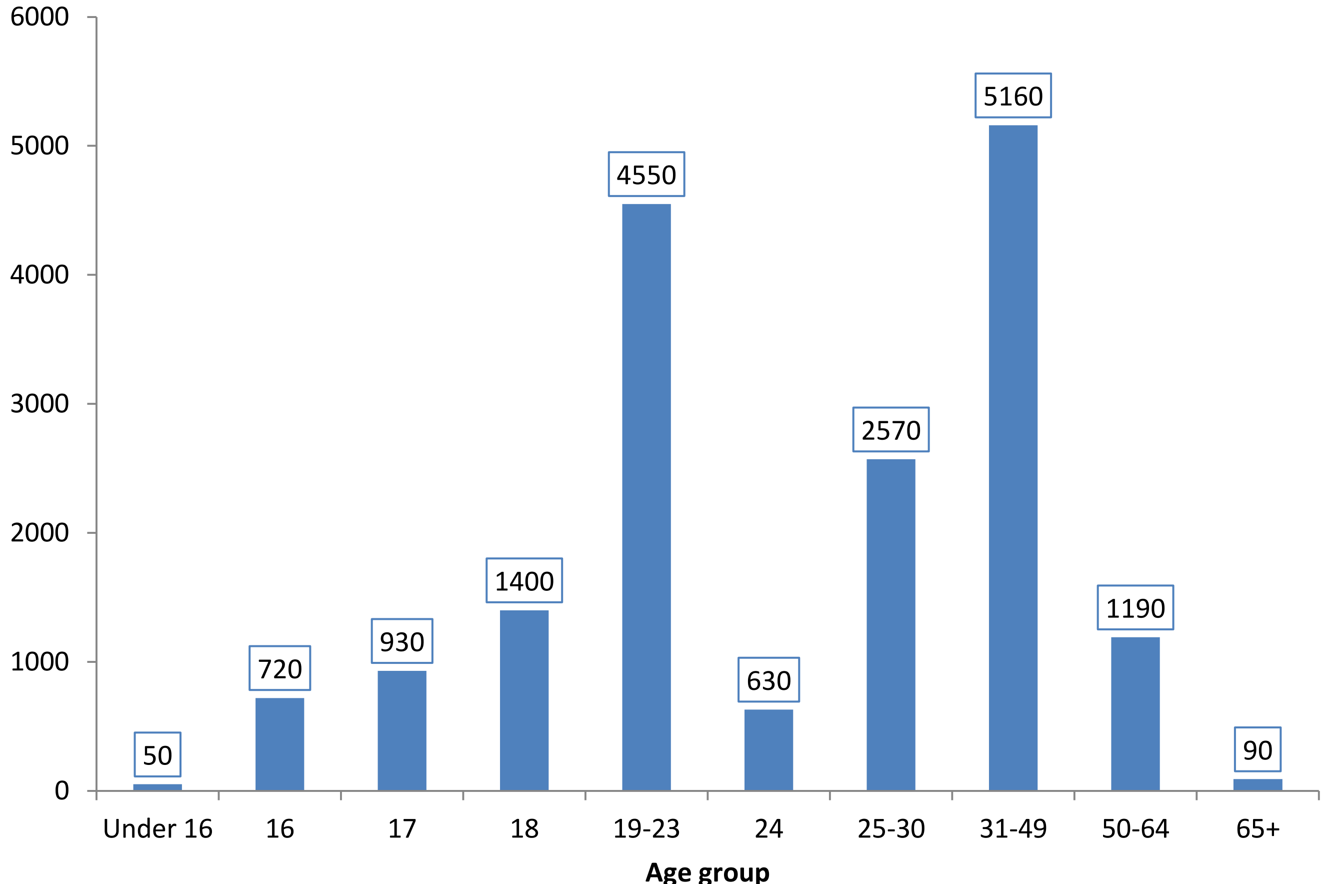
Enterprise M3



Solent



Apprenticeship by age in Enterprise M3

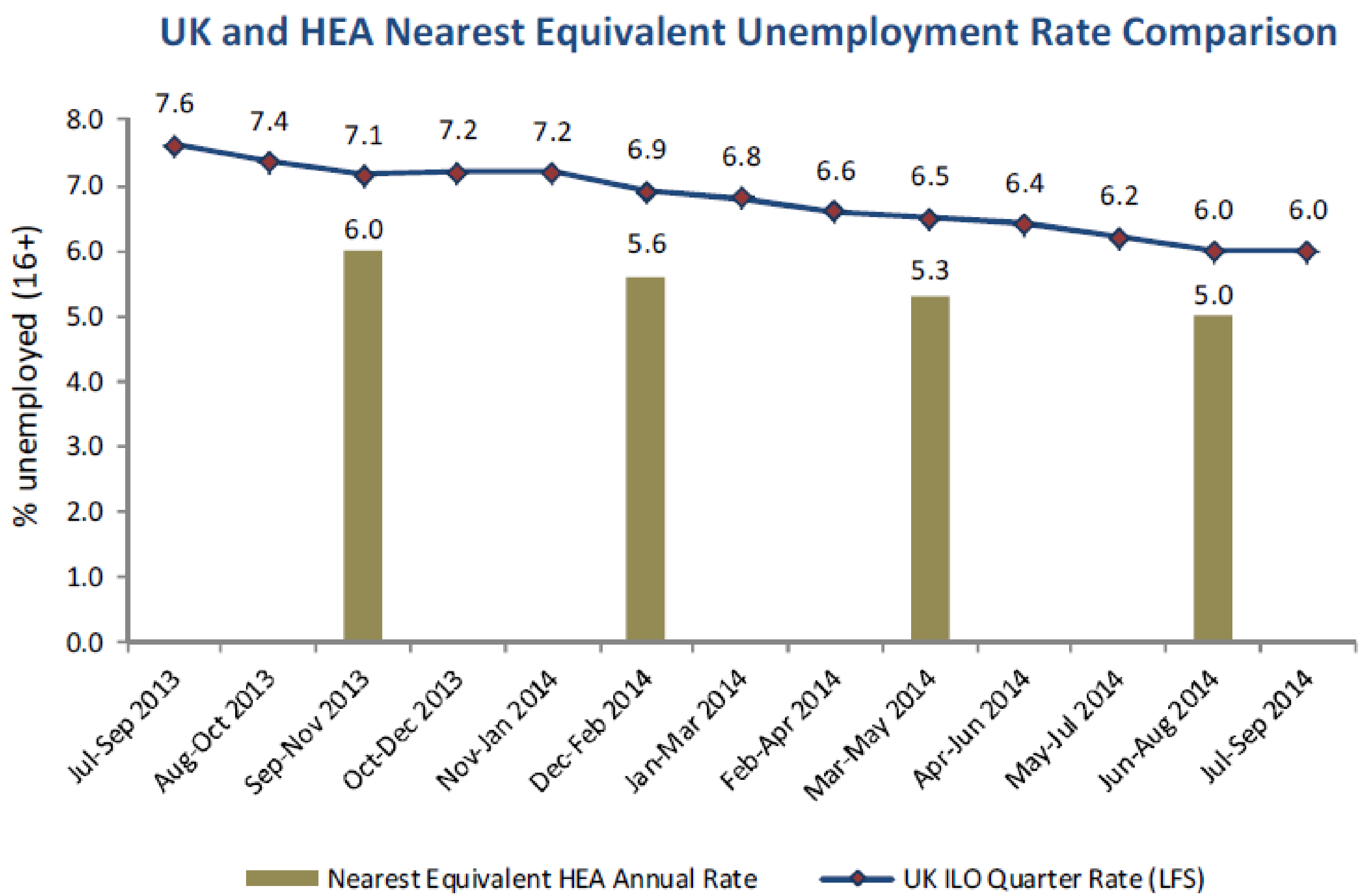


2012/13, learner, R14

Hampshire County Council

enterprise M3
Driving prosperity in the M3 corridor

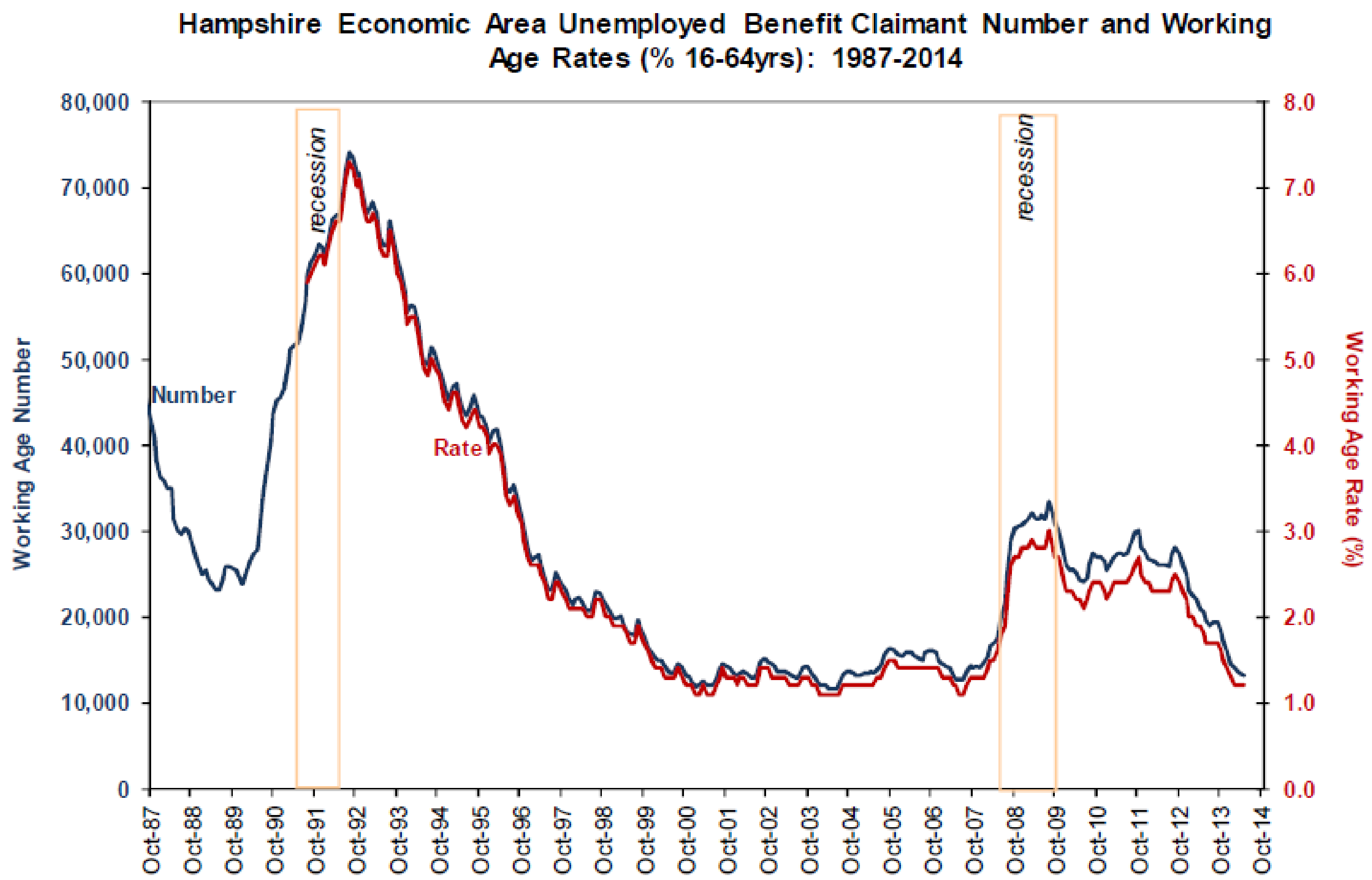
Comparison of UK and Hampshire unemployment rate



Hampshire County Council

enterprise M3
Driving prosperity in the M3 corridor

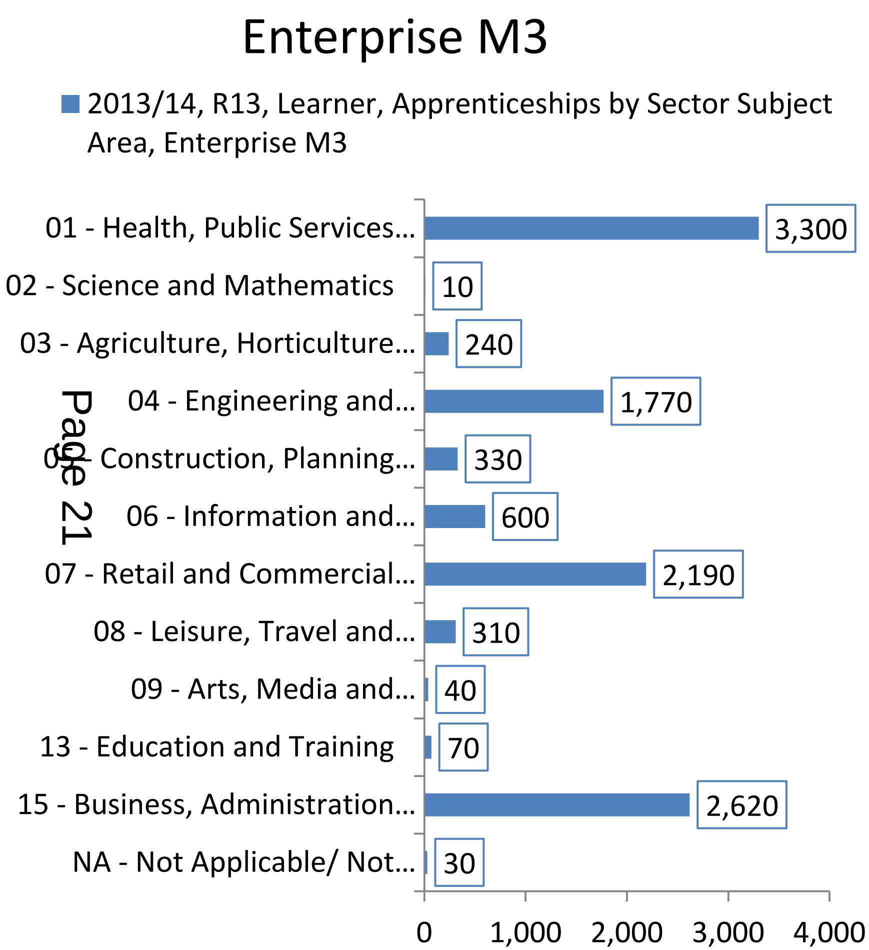
Hampshire unemployment rates 1987-2014

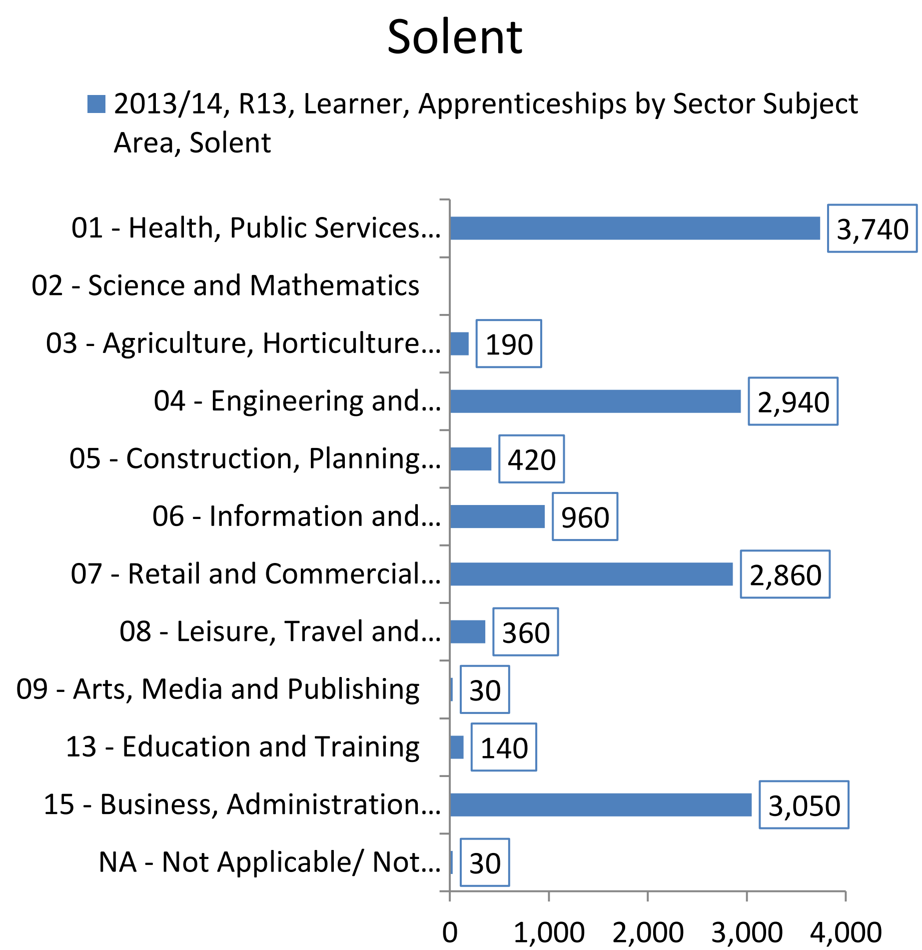


Hampshire County Council

enterprise M3
Driving prosperity in the M3 corridor

Apprenticeship starts by sector 2013/14





Hampshire County Council

enterprise M3 Driving prosperity in the M3 corridor

Career Guidance Initiatives in Hampshire (examples)

enterprise M3
Driving prosperity in the M3 corridor

What works in practice

Evaluation evidence from the ESRC What Works Centre for Local Economic Growth shows that:

- In-firm / on the job training programmes outperform classroom-based training programmes. Employer co-design and activities that closely mirror actual jobs appear to be key design elements.

- Shorter programmes (below six months, and probably below four months) are more effective for less formal training activity. Longer programmes generate employment gains when the content is skill-intensive.

- Training has a positive impact on participants' employment or earnings in more than half the evaluations reviewed.

enterprise M3
Driving prosperity in the M3 corridor

Skills and Employment

11.00 **Introductory Presentation** – Kathy Slack, Enterprise M3

Round table discussions (50 minutes)
(Professor Elizabeth Stuart, Tim Jackson, Major Jodie Kennedy-Smith)

Q1 - Having heard the presentation what are the key issues for you?
Q2 – Taking into account the data and your experience of what works, where could your organisation, and the Hampshire Partnership, have a role?
Q3 – Which, for you, would be the priority areas to focus on initially?

Plenary - feedback from each table & next steps

12.30 **Close**