



# A prospectus for change



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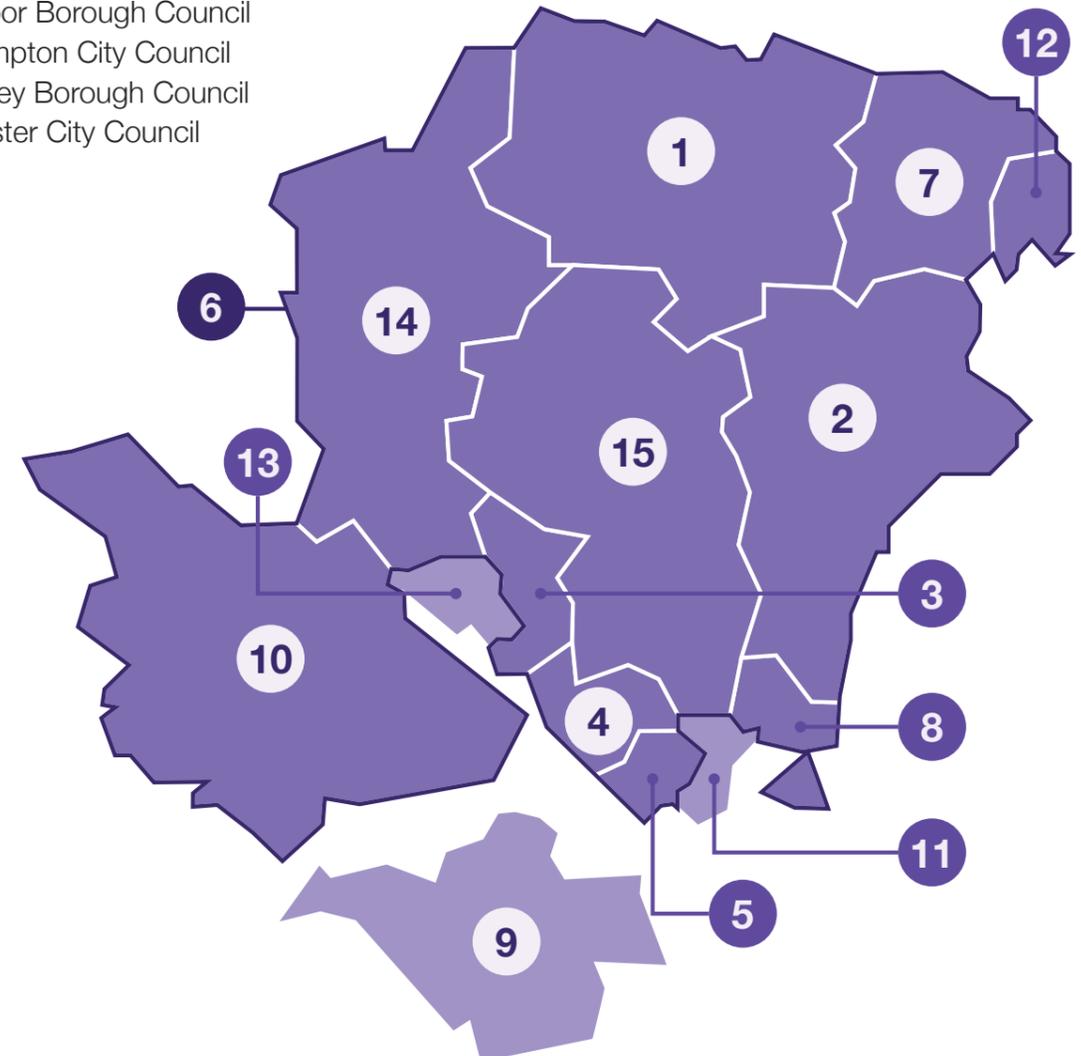
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# The Pan-Hampshire area

Pan-Hampshire is made up of the following administrative areas:

1. Basingstoke and Deane Borough Council
2. East Hampshire District Council
3. Eastleigh Borough Council
4. Fareham Borough Council
5. Gosport Borough Council
6. Hampshire County Council
7. Hart District Council
8. Havant Borough Council
9. Isle of Wight Council
10. New Forest District Council
11. Portsmouth City Council
12. Rushmoor Borough Council
13. Southampton City Council
14. Test Valley Borough Council
15. Winchester City Council



# Foreword

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In July 2021, the Prime Minister announced that “we need to re-write the rulebook, with new deals for the counties” and added “there is no good reason why our great counties cannot benefit from the same powers we have devolved to city leaders”. Following this speech, Hampshire County Council submitted a County Deal Expression of Interest to the Government in August. Obtaining a **bold and ambitious deal for Pan-Hampshire** will not only allow us to take greater control over our future, but to build on our combined strengths to boost the area as a whole and help benefit the lives and opportunities of residents.

The County Council, together with its Districts, Boroughs, neighbouring Unitaries and other public sector partners, have long worked collaboratively and effectively to create a globally successful and forward-looking economy in one of the country’s most historic and environmentally significant regions. Collectively, we recognise the challenges ahead of us, some of which have been expedited by the COVID-19 pandemic. Achieving a County Deal will allow the area to **build back better** – raise living standards, increase opportunities and bolster the resilience of our proud communities.

We know that significant numbers of residents in the Pan-Hampshire area sadly experience similar levels of poverty, deprivation and skills disadvantage to communities in areas often selected for ‘levelling up’ funding in the Midlands and the North. These experiences can no longer be masked by the affluence of our wider region. **This is why we are asking the Government for increased freedoms and responsibilities to use our local knowledge and understanding to provide the right opportunities and access to skills and jobs, health, housing, as well as infrastructure investment to make a real difference to people’s lives.**

The Pan-Hampshire area is a £67bn economy of two million people that contributes over £9bn a year to the Exchequer. It is bigger than many existing combined authority areas and delivers far more in terms of economic impact. It is only right that **we ask the Government to provide us with the financial investment our residents need.**

Hampshire is also famous for its wonderful and diverse natural environment – a large proportion of our geography is either designated as National Park or Area of Outstanding Natural Beauty, as well as many areas having some form of international, national or local designation for its nature conservation interest. This is why **we are asking the Government for strategic planning powers to ensure that a Pan-Hampshire housing approach ensures the right levels of affordable homes in the right places** ensuring green space is protected and the potential for creating the necessary infrastructure alongside environmental gain can be maximised.

To achieve our shared ambition of being carbon neutral by 2050, as well as building resilience to the impact of climate change, **we are asking for a devolution deal to support our natural environment by giving the Pan-Hampshire area local control over the environmental powers and resources to enable us to deliver climate change and environmental strategies.**

A Pan-Hampshire County Deal provides a once-in-a-generation opportunity to bring more of the power that has been remotely held in Whitehall and Westminster to the people and places of Hampshire. We recognise that this prospectus sets us on a long journey of negotiations. However we value the opportunity presented and look forward to continuing to work positively with stakeholders and the Government in order to demonstrate our commitment and ability to deliver the best possible outcomes for our residents and businesses.



Councillor Keith Mans  
Leader of Hampshire County Council



## Introduction

This document makes the case for an ambitious County Deal for Pan-Hampshire. It describes the Pan-Hampshire economy, its major contribution to the UK, and what it could achieve if given the powers and funding already available to some other areas of England. Pan-Hampshire has a proven track record of growth and delivery – but too often fragmented systems and a lack of being able to take our own decisions have prevented us from achieving what we know we can.

This document should be read in conjunction with the technical annex, which shows how the Pan-Hampshire economy works and the evidence that underpins our emerging proposals for new powers and funding.

Over the coming weeks, we will be consulting on the proposals in this prospectus. These will be further developed into a Full Evidence Report for submission to Government in early December.

## A global economy, key to the success of Global Britain

The Pan-Hampshire area is a globally important £67bn economy, major international gateway and economic engine for global Britain. Together the existing county and districts of Hampshire, cities of Portsmouth and Southampton and the Isle of Wight are home to 2 million people and 3% of the entire UK economy - bigger than many areas that have significant devolved powers and funding. Compared to existing combined authority areas, Pan-Hampshire is the fourth largest with the third largest number of businesses<sup>1</sup>.

We are a knowledge intensive economy, at the heart of the UK's modern maritime sector, with firms such as British Ports and DP World, as well as globally excellent research and innovation, including the National Oceanography Centre and Marine and Maritime Institute, at the forefront of the UK's global leadership on climate change and maritime environmental technology. The Marine and Maritime sector along the Solent supports over 150,000 jobs and £12bn in turnover, and the designation of the Freeport offers outstanding opportunities to create in the UK a world class maritime economy with trading opportunities supporting the UK's Global success.

We are also a major centre for the aerospace sector, including the UK's centre of aerospace research at Farnborough. Leading businesses include BAE Systems, AIRBUS, GKN Aerospace, Gulfstream and QuinetiQ. Andover is the HQ of the UK Army, with other major training and education bases at Minley, Winchester and a major garrison and associated businesses at Aldershot.

Pan-Hampshire is a major centre of AI, with IBM's research and development laboratory based at Hursley. We have world-leading engineering excellence at the Boldrewood Innovation Campus and major science and innovation strengths in photonics, cyber security and environmental technology, as well as have major sites for ExxonMobil and Zurich operations.

We are extremely well connected. Globally, through our two major ports, Southampton International Airport and excellent links to Heathrow, Gatwick and Bournemouth airports. Nationally, through fast rail and road links to London, Oxford, the Midlands, OxCam Arc and M4 corridor. Locally, through the M3, M27, rail and wider road networks. Our rural areas are better connected than most. We also have strategically important underground links with fuel lines to the major airports.

Alongside a powerful economy and excellent services, Pan-Hampshire has a wealth of natural assets, including two national parks, high quality farmland, beautiful market towns and villages, three AONBs and 290 miles of coastline.

Pan-Hampshire partners also have a well-deserved reputation for delivering growth and infrastructure projects and excellent public services. We are working together in Public Health and across health and care, and are committed to going further and faster to ensure that the needs of our residents are at the centre of our health system.

<sup>1</sup> Note this does not include the Greater London Authority

## A diverse and outward looking economy, with strong connectivity to local, national and global markets

The area that a County Deal would cover is both varied and strongly integrated. It draws its strength from its diverse mix of places.

In the south of the Pan-Hampshire area is the sixth largest built-up area in England and Wales, spanning from Southampton to Havant along the M27, in an arc including Portsmouth, Fareham, and Gosport. This area is inextricably linked with the sea, both geographically and economically – as the UK’s major maritime and marine economy, with two of its biggest ports. These links connect Pan-Hampshire to Europe, north America, and beyond, at the heart of the Global Britain agenda. This has led to the development of a major industrial cluster in this area, as well as the UK’s most significant naval centre.

The Isle of Wight is tied into Pan-Hampshire by means of several ferry routes to the rest of the area. The Isle, along with the New Forest in the west of Pan-Hampshire, comprises much of Hampshire’s visitor economy, with major natural assets.

This southern area is tightly linked to the rest of Pan-Hampshire through major motorway connectivity (the M3) and good rail links. These links continue through the area, binding Pan-Hampshire to the Greater London economy. Winchester is at the centre of an economy focused

on professional services and the local government sector, with large office provision in business parks in the wider Winchester district. Basingstoke is a central employment hub and key development area with opportunities for housing and commercial development – such as the Manydown Garden Communities development. Around all of this are the rural areas of Hampshire, which are unusually well-connected, with A-roads coming off the central motorway artery. Other towns in the North of Pan-Hampshire – such as Andover and Farnborough - are specialist economic centres in their own right (for example Farnborough for aviation, where Farnborough is the largest private airport serving the London area) and plays a pivotal role in the local economy.

Pan-Hampshire therefore has a unique combination in the UK of both having strong economic ties into the capital and having a strong industrial cluster in its own right, based around an exporting powerhouse. **However, Pan-Hampshire does not yet have the powers and funding to enable us to deliver to our potential and ensure that all our residents and communities benefit.** There are different, conflicted governance structures and a lack of the co-ordinated functions needed to manage climate change, make the transition to zero carbon and ensure that future growth does not leave people behind.

## A highly functional economic area gives a strong basis for a major Deal with Government

This connectivity, geography and the nature of our business sectors mean that Pan-Hampshire is a highly functional economic area, more so than many other parts of the UK. Our supply chains are mature and more self-contained than most – over 40% of inputs are sourced locally and this reaches 50% in some sectors. This is the fifth highest of any area in the UK. Our distinctive business strengths are also shared across the Pan-Hampshire area – the vast majority of the different parts of Pan-Hampshire are more closely aligned to our own industrial structure than the average for England as a whole - with clear and shared specialisations across all the local authorities. These include Pan-Hampshire’s nationally important maritime, aerospace, and aviation sectors – with “crown jewels” including Farnborough airport, the ports of Portsmouth and Southampton, as well as headquarters and major bases for all three services of the Armed Forces.

This very strong evidence for the economic area is also found in the labour market. 86% of working residents work in

Pan-Hampshire, with only a few parts in the north of the area where there are any discernible commuting patterns towards London and adjacent areas. Our housing and commercial property markets are also highly integrated and contained. Nine of the top ten destinations for people moving house in Pan-Hampshire are also in Pan-Hampshire. Together our economy is a highly functional economic area and a great place to live. We also contribute £8.7bn<sup>2</sup> to the UK Exchequer in VAT and other taxes – putting us in a strong position to continue to deliver for the UK.

**This analysis of our shared economic strengths and interdependencies demonstrates that Pan-Hampshire provides the prerequisite viable geography for a County Deal and one that is stronger than many existing devolution deals. This footprint provides a growth platform for the UK, as well as providing the right scale to support the long-term success of all residents who live and work in the area.**

<sup>2</sup> HCC analysis of ONS GDP and GVA figures

01



Gross Domestic Product (GDP) of  
**£67.2bn**  
(3% of the UK economy)

02



Over  
**one million**  
jobs in Pan-Hampshire

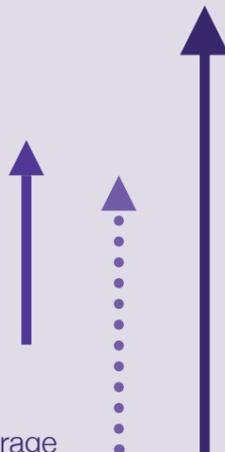
03



**40%**  
of inputs sourced from  
local supply chain

04

Almost  
**50%**  
of the workforce  
in professional  
occupations, higher  
than the national average



05



**Nine of  
the top ten**  
destinations for residents moving  
house are also in Pan-Hampshire

06



Population of  
**two million**

07



**86%**  
of working residents work  
within Pan-Hampshire

08



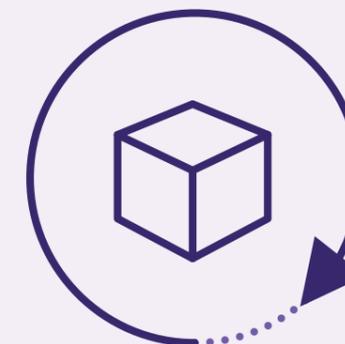
**A distinct  
sector mix**  
with shared specialisms across the  
county including maritime, IT and  
professional services

09

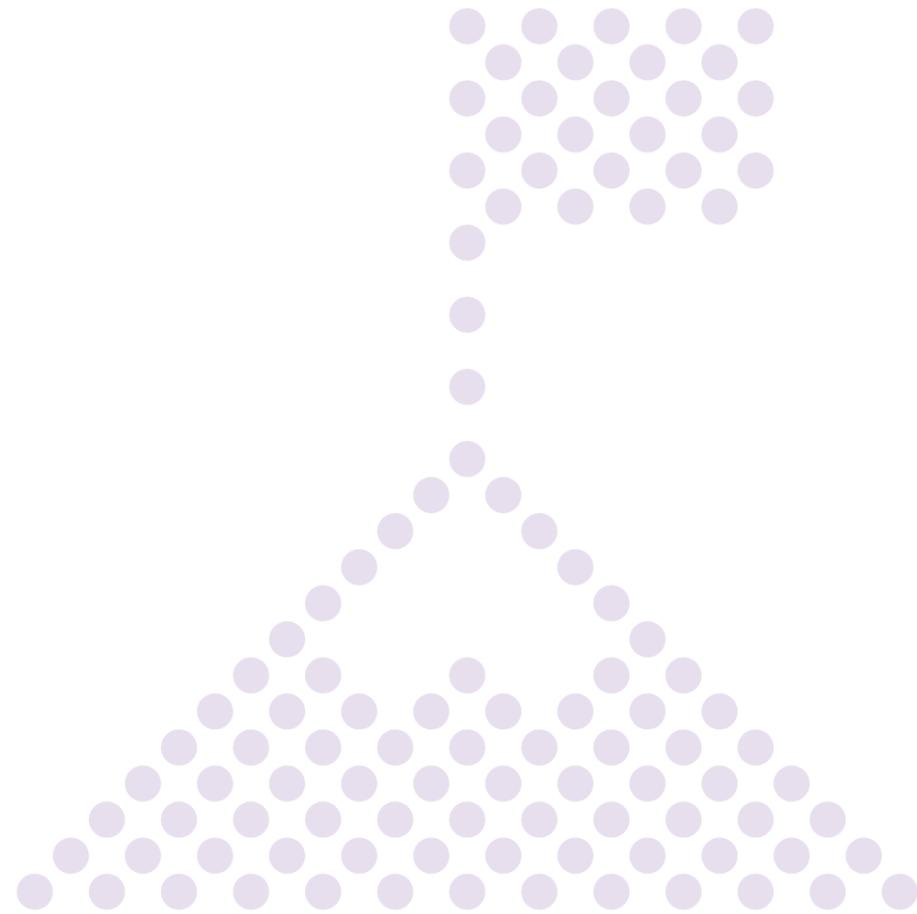


Strong  
**transport  
links**  
by, road, rail and water

10



Total exports value of  
**£25.6bn**  
with ports supporting  
UK supply chains



## Challenges

Pan-Hampshire is not without significant challenges, however.

**Climate change** and more frequent extreme weather events are already causing more river, ground water and coastal flooding risks. A larger than average amount of our area is within Flood Zones 2 and 3. Current arrangements for flood management and environmental protection are complex and do not allow us to work effectively to bring our research, business and public sector resources together effectively to meet the challenge.

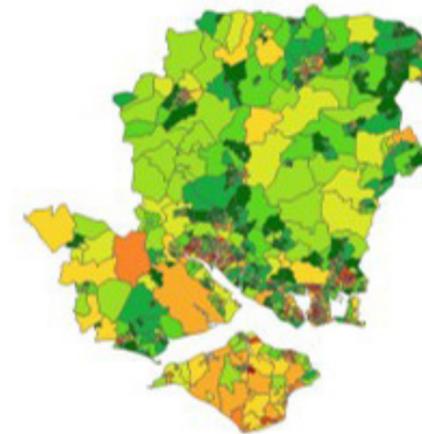
We have communities experiencing **severe deprivation and spatial inequality** – particularly in the more urban areas of Southampton, Portsmouth, Gosport and Havant, as well as on the Isle of Wight. East Hampshire, Havant, Portsmouth and Southampton all feature as priority two for the Government’s Levelling Up Fund, with Gosport in priority one, reflecting the inequalities which exist within Pan-Hampshire. These are all the more marked because of the relative prosperity in the rest of the county. Skills levels are similarly varied.

## Index of Multiple Deprivation deciles in Hampshire

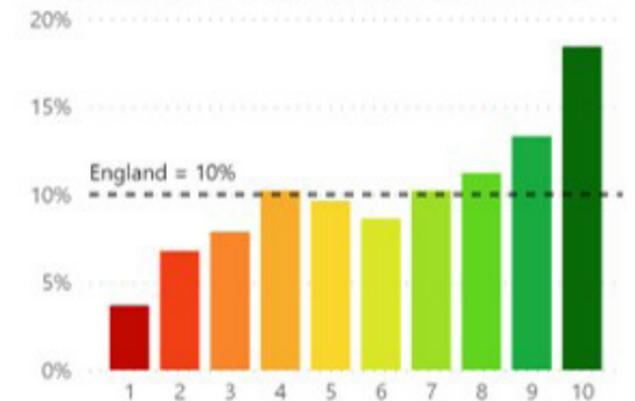
(1 = most deprived)

Deprivation decile

Decile 1 2 3 4 5 6 7 8 9 10



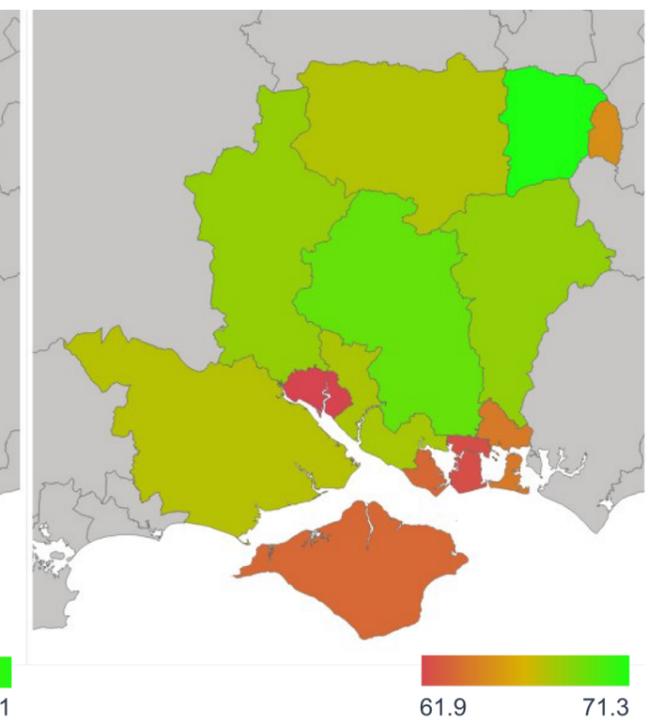
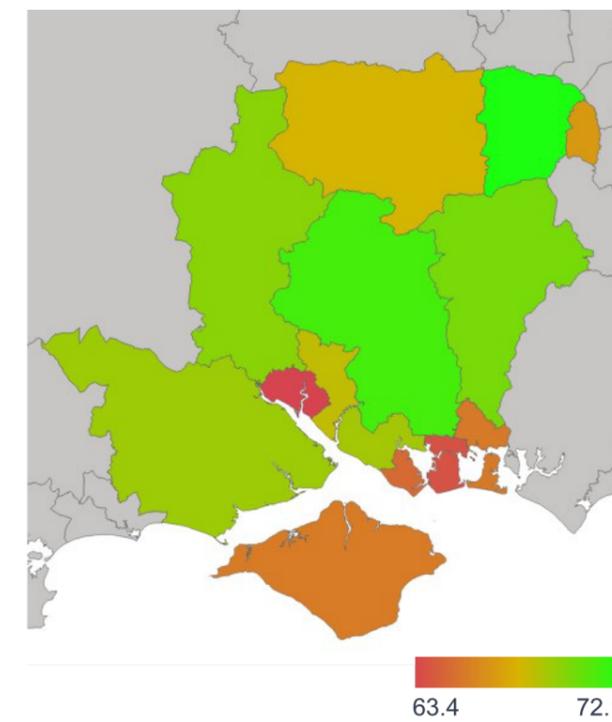
### LSOAs in each national deprivation decile



## Healthy Life Expectancy in Hampshire

Female

Male



**Physical accessibility and connectivity is a real issue for many communities,**

particularly in between the southern parts of Hampshire and the wider area. This increases car dependency, associated congestion and air quality issues. It holds back more rapid levels of agglomeration, supply chain innovation and city growth. It is also preventing communities from benefiting from opportunities, and makes it much harder to achieve a modal shift towards more sustainable forms of travel to work. One of the challenges is our inability to plan and implement improvements in a timely manner to meet the demands of a growing economy. As working patterns continue to change, physical and digital connectivity between our smaller towns

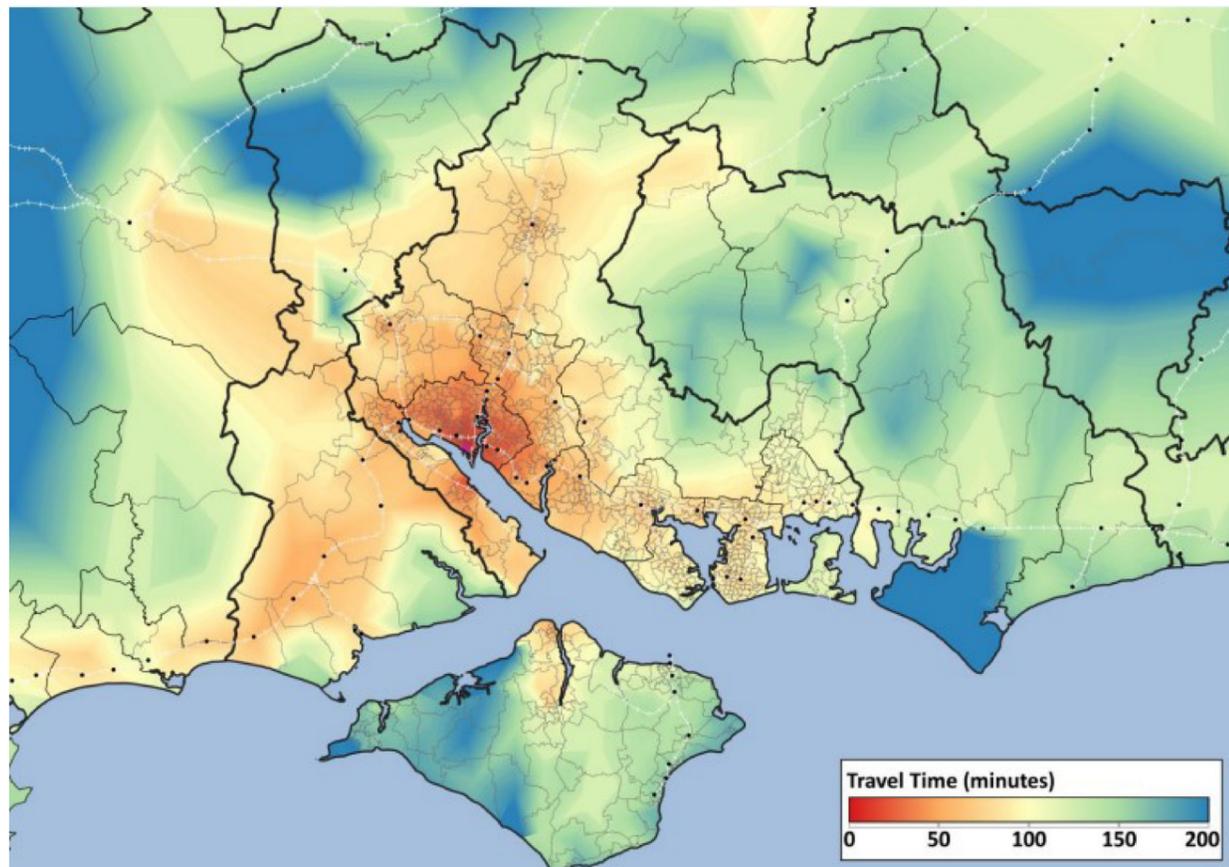
and rural areas, including the Isle of Wight, will become even more important.

**Affordability gaps in the housing market have widened significantly.**

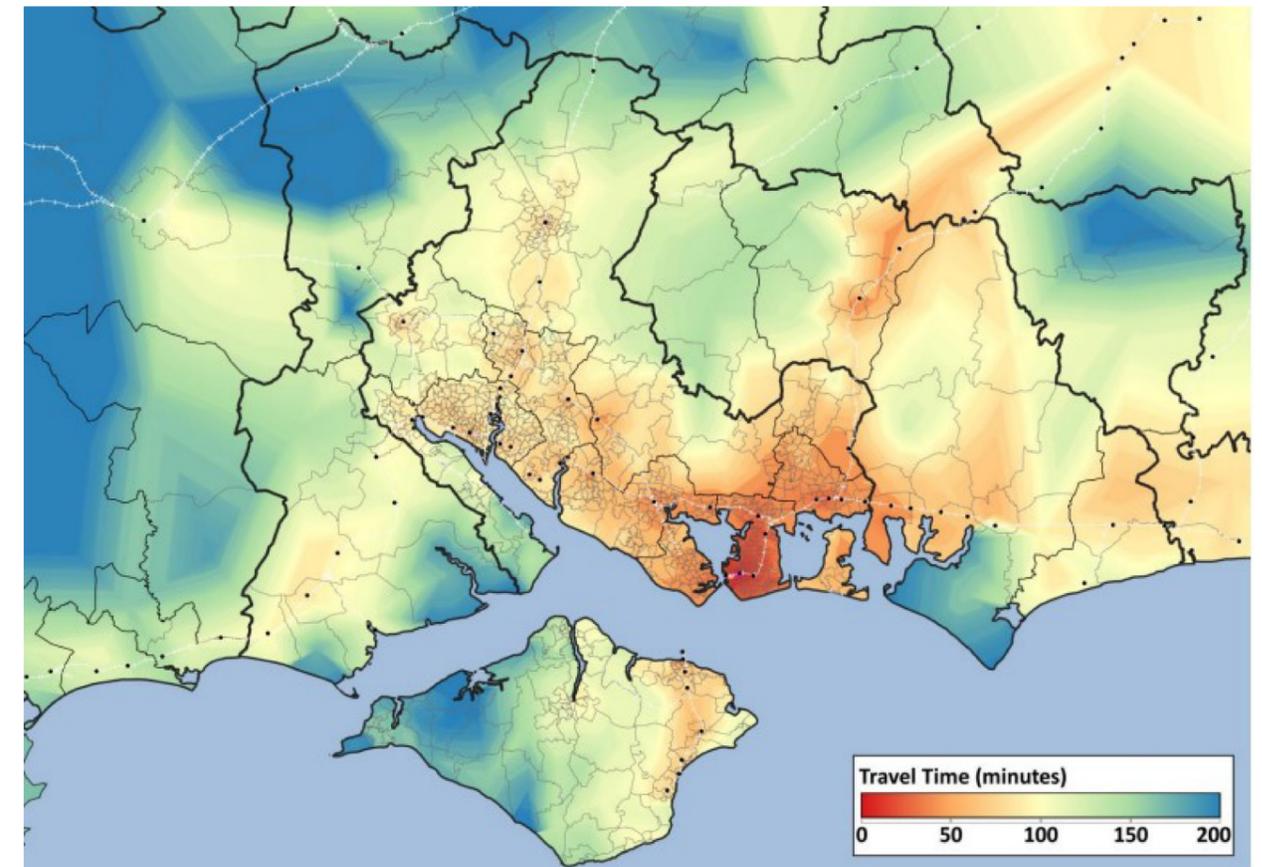
Median house prices in East Hampshire and Winchester are now over twelve times as high as median incomes. And while Pan-Hampshire is already contributing nearly 3% to the Government's target of 300,000 houses a year by the mid-2020's, there are still too many large, often public sector owned, sites still holding back delivery capability.

Our cities and towns need investment to remain competitive and successful places to live and do business. Towns

Modelled public transport times for Southampton City Centre in 2041



Modelled public transport times for Portsmouth City Centre in 2041



such as Aldershot, Andover, Basingstoke, Farnborough and Fleet all have plans or programmes for town centre renewal and regeneration. Expansion of those town centres during the 1960s and 70s has resulted in dated layouts and buildings that now need updating to meet modern requirements. Whilst there are challenges in retaining economic uses in buildings with permitted development rights for conversion or redevelopment for residential uses, the creation of high-quality public spaces and buildings can help these centres to provide for a mix of uses to attract residents to spend time and money in those centres, rather than further afield. In addition, graduate retention is lower than it should be, with too much talent drifting to London.

We need to create vibrant places that highly skilled people and businesses want to locate to and live in, as well as creating sustainable, affordable housing close to employment opportunities.

As elsewhere in the country, **health and adult social care is under significant strain**, but this is a particular challenge for Pan-Hampshire given its higher-than-average proportion of elderly residents and associated complexity of needs, rising rates of dementia and pressure on hospital discharge pathways.



## Ambition and aims — What can a Deal for Pan-Hampshire deliver?

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To maintain our competitiveness and attractiveness as a place to live, Pan-Hampshire partners will have to think differently about how they work together and deliver for residents. Whether in taking the opportunities of our world-leading businesses, research and innovation, or renewing our towns and cities, tackling climate change and building high quality environmentally sustainable homes, the status quo doesn't give us all the tools we need. Our residents and businesses rightly expect us to continue to take bold and long-term action to secure investment and the quality of life everyone deserves.

Our commitment to making all these strengths deliver real benefits for our residents is clear in our recent Hampshire 2050 Commission and the Hampshire Story, which set out how we can combine the best of our natural and economic assets and excellence to meet both local and global challenges and improve health and wellbeing, resilience to climate and environmental change and ensure people have the skills and opportunities they need to succeed.

**Pan-Hampshire has a track record of delivering for the UK.** A County Deal enables Pan-Hampshire to be ambitious, delivering on three big priorities.

### 1 Delivering on **prosperity**

- A new, integrated approach to funding and delivery for our transport network, unlocking the potential of our unique combination of smaller cities and highly accessible rural areas with London connectivity and trade links – a huge opportunity post COVID-19 and Brexit
- Transforming city and town centres through powers to acquire and develop strategic sites
- Accelerating infrastructure delivery to unlock sustainable growth, providing digital and physical connectivity, business space and energy efficient, affordable, homes in the right locations – including the once in a generation Freeport opportunity

### 2 Delivering on **opportunity**

- Levelling up – tackling the spatial inequalities and challenges facing different parts of Pan-Hampshire
- Removing affordability barriers which force young people and families to relocate by providing a breadth of housing types

### 3 Delivering on **sustainability**

- Embedding the drive to net zero in all programmes, building on success
- Increasing biodiversity, managing the impacts of climate change and strengthening Pan-Hampshire's natural assets

To achieve what our residents deserve and to meet the challenges of climate change, we need to be able to do things differently and invest at scale but with real local impact. The status quo doesn't give anyone the powers or funding that are needed. Whilst our combination of cities, highly accessible rural areas, stunning natural assets and global trading assets mean we are well positioned as a green, highly digital economic powerhouse, we don't have the powers needed to get these assets working effectively together.

In Health and Adult Social Care, our ambition is to work more closely together to create a neighbourhood and community focus as well as to develop a high-quality hospital network, through an inclusive partnership to drive health innovation, wider reform and support left-behind areas. To do this, and to tackle environmental change, global technology trends and to improve the lives of our residents, we have to be more than the sum of our parts.

Under existing functional arrangements, meeting all these challenges will be hugely difficult - there is an opportunity to engage government on a County Deal which supports place leadership at all levels in Pan-Hampshire to ensure all residents and businesses can achieve their full potential.

In July 2021 the Prime Minister announced Government's intention to re-energise devolution by creating opportunities for agreeing County Deals between county councils, partners, stakeholders, and the Government. All civic leaders in the Pan-Hampshire area have been invited to bring forward their proposals for inclusion in a possible Deal. Hampshire County Council, in discussion with partners, are producing the evidential base which would be necessary to underpin the relevance and robustness of any proposals, in order to demonstrate a significant impact on the lives of all people who live and work in Pan-Hampshire.

The technical appendix to this Prospectus is the outcome of this research which has been independently assembled and which is summarised in the following sections.

## A County Deal — What would constitute success?

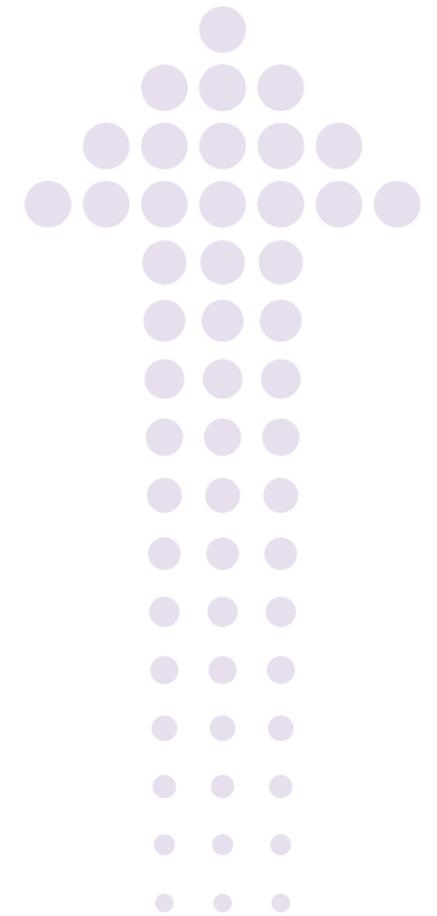
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**B**ased exclusively upon the evidence which has been assembled in the Technical Appendix, this paper sets out high level, outline proposals for inclusion in a Deal with Government that would have a real, measurable impact on the lives of residents and the growth of Pan-Hampshire as a clear and Functional Economic Geography. They are set out here for further discussion and technical development with partners and Government to ensure they have the greatest impact possible.

These proposals will provide all people in Pan-Hampshire with the best possible start in life, helping them to leave education ambitious and equipped with skills for life, able to access secure employment and safe accommodation, and live life to the

full as they get older. These proposals will strengthen Pan-Hampshire's economic competitiveness and its major contribution to UK PLC.

**These are ambitious proposals and would be a step change in the evolution of County Deals to date, responding to the unique assets and challenges of an economy with rural, coastal and major urban areas, whilst ensuring it had at least the same powers and access to funding as metropolitan areas, many of which are smaller economies. This is not considered an unreasonable objective given the scale of opportunity which is presented in Pan-Hampshire for the benefit of all those who live and work in the area.**



# Proposals for Powers and Investment

To take these opportunities and tackle the challenges, we are proposing that Pan-Hampshire considers developing a Deal with Government, based on three major ambitions set out above.

Our proposals and asks of Government to achieve further and faster progress for our residents on each of these is set out in this section.

## Delivering on prosperity

1

A single devolved investment fund for all existing and future growth funding, including strategic sector and innovation funds to help regenerate our city and town centres

Pan-Hampshire is a £67bn economy, constituting 3% of the UK total. Its maritime and defence sectors are core to the success of Global Britain. We have specialisms in IT, finance and legal services, globally leading manufacturing firms and major research and innovation assets, including the Southampton Marine and Maritime Institute and the Zepler Institute. But our cities and towns need continued investment in regeneration and renewal to remain competitive and continue to attract and retain business investment and highly skilled people. We cannot be complacent about our offer and the experience of living and working here.

We also need to continue to invest in our business sectors, ensuring better jobs and more opportunities for progression.

The current fragmentation of funding puts us at a disadvantage compared to areas with devolution deals. We need to be able to bring together existing and future funding for town and city centre renewal and business productivity and innovation to achieve better outcomes for our places and better return on investment.

A County Deal should enable Pan-Hampshire to bring future funding together into one single devolved fund. This will mean strategic priorities across funding divides can be brought together into a programme to target joined-up packages towards major priorities.

This would include stronger partnership working with the bodies who fund economic development activity in Pan-Hampshire, such as the Local Enterprise Partnerships and the Department for International Trade (DIT).

This fund would have some key elements, incorporated into joined up packages, focussing on shared and major priorities. These could include:

- Supporting place-based initiatives to create the space needed for business to thrive. Already we are seeing, in response to COVID-19, an increased focus on co-working type spaces, which can bring commuter populations closer to local high streets during the week, supporting regeneration and reducing carbon emissions from travel.
- Venture funding to support promising businesses in Pan-Hampshire to scale up at pace. This could include different funding streams related to key technologies and sectors, with a focus on tying development to Hampshire's existing skills and business base.

2

A housing and infrastructure revolving investment fund, including a strategic partnership with Homes England and a public land programme including Government disposals. This would include prudential borrowing underpinned by local business rates retention, HE investment, first-time stamp duty funding, and potential for expanding Council Tax to undeveloped housing sites

3

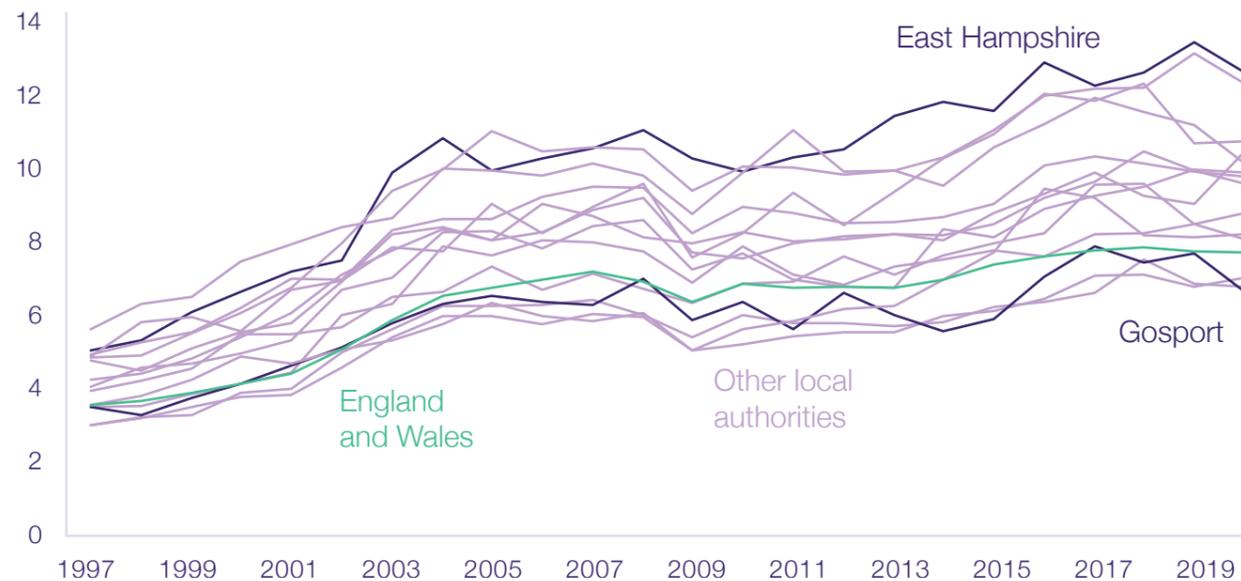
Strategic planning powers, including a Pan-Hampshire housing approach, and improved and extended regeneration focussed CPO powers to support accelerated renewal in city and town centres

There is clear evidence that housing markets across Pan-Hampshire are strongly linked. 9 out of 10 of the top destinations for people moving housing here are also in Pan-Hampshire. House prices have moved in tandem, with a clear hierarchy of prices between places. But as house prices have grown the difference in affordability has grown proportionately. In 1998, the ratio of median house prices to median earnings ranged between 3.2 in Portsmouth and 6.3 in Winchester. By 2020, it ranged between 6.6 in Gosport to 12.6 in East Hampshire.

These two asks are designed to support Pan-Hampshire in bringing forward the housing residents need, that is sustainable and supports local communities. This will allow us to achieve ambitious housing goals in a way that works best across Pan-Hampshire.

We have a track record of successfully delivering housing sites. Since 2010, there have been 58,778 successful completions in Pan-Hampshire. This is accelerating: in 2012-13 there were 3,758 net new dwellings in Pan-Hampshire, this figure has increased year-on-year, such that by 2019-20 this had more than doubled to 8,293. Pan-Hampshire has large areas of land with the potential to be developed. There is a sizeable Ministry of Defence presence, where some sites are being disposed of, with the potential to develop.

Ratio between median house prices and median annual earnings for local authorities in Pan-Hampshire



Source: ONS

However, the current nationally driven approach to housing numbers, planning and site and community infrastructure funding prevents us from working together effectively across the public and private sector. Our planning and funding proposals will address these challenges by enabling local partners to manage housing and land supply collaboratively, integrate housing growth and place making more effectively and de-risk site and community infrastructure investment. This will reduce pressure on district authorities, improve developer contribution negotiations and enable build out rates to be better aligned with the delivery of services and assets that communities need.

The funding element of this will be achieved through combining different sources of funding – e.g. business rates, first-time stamp duty on new properties, and a possible expansion of Council Tax to cover undeveloped sites – into an income stream,

which can be borrowed against to fund infrastructure needed to unlock sites. This will meet affordability challenges, and tackle housing shortages across Pan-Hampshire in a co-ordinated manner that reflects the interlinked nature of Pan-Hampshire’s housing market. All of this should be done in partnership with Homes England.

New powers for Pan-Hampshire will allow us to work together to manage pressures on local Districts, make better use of previously developed land and publicly owned land, and better tackle some of the challenges that hinder development in town and city centres, such as difficulties acquiring problematic sites due to complex land-ownership and obstructive landlords.

**This would also allow a review of land supply across Pan-Hampshire, with annual monitoring, to allow this to be assessed at a broader geography than district level.**

4

A new approach to public transport funding and delivery, including integrated multi modal metro area systems for our cities and Basingstoke through local road and rail management, and management of local road network (including the M27, M271 and M275)

Pan-Hampshire contains two major motorways, which are managed by National Highways – the M3 and the M27. The M3 is a major national artery, but the M27 (together with the M271 and M275) is entirely contained within Pan-Hampshire and acts as a major sub-regional distributor road for commuting, with 75% of journeys being local. Congestion on this road, particularly issues around junction 10, impedes movement within and access to, the major urban area on the south coast, with one study in 2016 finding that average vehicle speeds are 32% below national averages<sup>3</sup>. There are also connectivity issues in the north of Pan-Hampshire. Basingstoke’s road network is heavily congested with current and future growth making a clear case for a better public transit system linking the railway station and town centre with new suburbs and developments. Meanwhile, despite the proximity to Heathrow airport there is no direct rail connection – with routes typically requiring two changes. A bottleneck at Woking station also reduces the efficiency of the rail network, slowing journey times.

Pan-Hampshire’s bus network has seen increasing, then declining bus patronage over the last decade. 67.1m passenger journeys were made by bus in the year 2019/20. Pan-Hampshire is also unusual in that the ferry is a major mode of local

transportation, with multiple connection points linking the Isle of Wight to the rest of Pan-Hampshire. The number of trips between the two has been on a long-term downwards trend, with concerns that high prices are limiting trips.

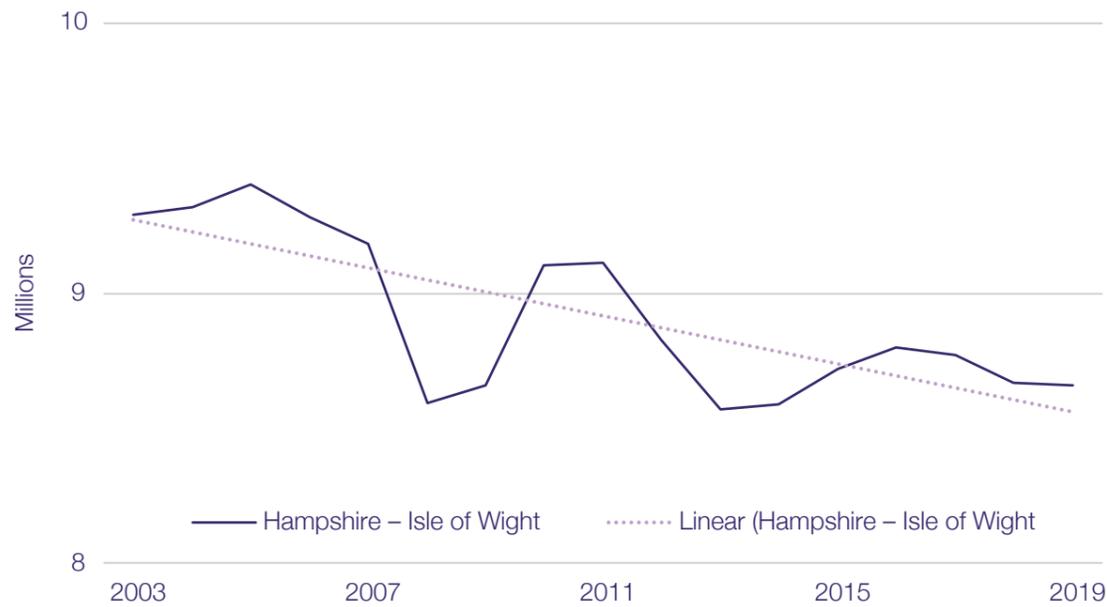
Across Pan-Hampshire, these connectivity and accessibility issues splinter the labour market, reducing access to employment and hampering competitiveness and productivity.

In addition, transport is one of the major contributors towards carbon dioxide emissions in Pan-Hampshire. A business park-led model and high levels of professional occupations have led to a car-focused commuter culture. To make a meaningful difference, Pan-Hampshire needs to have the ability to scale up its pedestrian and cycle networks, removing congestion from town centres and enabling rail to take more of a share of journeys. It should also mean exploring new options around mass-transit, such as very light rail.

To deliver what our economy needs, a County Deal should allow Pan-Hampshire to take an integrated and active approach to funding and delivery in public transport networks, to connect up different modes and ensure networks work for local people. It would achieve this by allowing Pan-Hampshire to take responsibility for planning and bringing forward key improvements to our transport network with a devolved funding and financing arrangement. This would provide accessibility to jobs and skills for residents particularly in our more deprived communities.

<sup>3</sup> solentlep.org.uk/media/1514/tip-final-web-version.pdf

## Annual journeys between the rest of Pan-Hampshire and the Isle of Wight



Source: DfT table SPAS0201

5

### Early infrastructure investment to optimise Freeport strategic site and growth corridors programme (backed up by single funding pot) in line with a spatial framework

The Solent freeport proposal is one of the biggest opportunities for port-based growth in the UK. The Freeport will help create c.52,500 jobs across the UK and generate £3.6bn in GVA, including over 26,000 jobs and £2bn GVA directly to the local economy<sup>4</sup>.

Already, Southampton is the sixth biggest port in the UK by tonnage of freight moved, and the third biggest for trade outside of the EU. It also handles 83% of all of international cruise passengers visiting the UK. Portsmouth has the third highest number of passengers for short sea

journeys in the UK, with connections to France, Spain, the Channel Islands, and the Isle of Wight. The ports lie just 20 nautical miles from the world's busiest shipping route from Shanghai to Rotterdam, putting it in the strongest position to support the Government's Global Britain ambitions.

However, there are many undeveloped/underdeveloped sites along the Solent where the high costs of remediation have prevented areas coming forward. These need initial investment to reduce the barrier to development. A broad spatial framework is needed to help guide investment in a range of strategic sites. This needs to complement existing activity, and may involve marketing of the opportunity, aligning R&D funds, and adding additional capacity. We also need to be able to integrate major transport priorities to improve accessibility, including the A326.

<sup>4</sup> Solent Freeport Bid Outline Business Case

By securing funding and integrating investment, a County Deal could maximise this opportunity by connecting up the ports, creating new industrial space, and improving logistics connections into the UK to allow Pan-Hampshire to fulfil its role as England's Gateway to Global Britain. This will also support the competitiveness of our mature clusters and supply chains in maritime and aerospace.

It will also support the creation of jobs close to some of the more deprived areas of Pan-Hampshire. The tax and customs sites that comprise the Solent Freeport are all located in, or close to, these deprived areas, creating an opportunity for levelling up.

## Delivering on opportunity

6

### An expanded and re-energised One Public Estate programme to secure maximum benefit from assets and improve services for residents

As one of the first areas to work with Government on a One Public Estate programme, Pan-Hampshire has a developed approach and local partnership. However, there are areas where more could be done with unused public land and assets.

More flexibility in this programme from Government would enable Pan-Hampshire to look at all local publicly owned buildings and land holdings in the area as one portfolio. This would mean a more strategic and less fragmented local approach around possibilities with sites and planning for delivering services across the area.

This would support Pan-Hampshire's joined up approach to decarbonisation and maximise the benefits of public land and assets for residents.

A priority area continues to be reviewing decommissioned MoD land with the Defence Infrastructure Organisation – particularly the military estate around Portsmouth and Southampton.

This may require a dedicated delivery vehicle to do this at scale and work proactively with landowners.

7

A new approach to skills and employment – local commissioning powers and devolved budgets, to support green recovery, and a new employment support programme aimed at bringing people into good entry level jobs

Whilst overall skill levels are high compared to other parts of the UK, we have many communities which are not benefiting from the same opportunities, and where low wages and low qualifications are entrenched. Participation in education and training at age 16 and 17 is lower than average in some pockets.

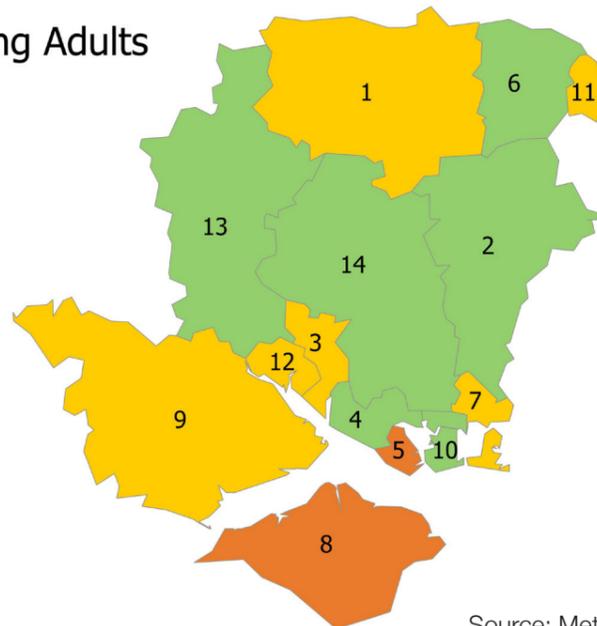
The map shows that on a range of outcomes for young people, we have wide variations across the area around training, work and health, many of whom face significant barriers. The area therefore has unmet needs in supporting young people to continue education and into training, impacting on employment.

We also face rapidly changing skill needs in our businesses, and an increasing focus on digital and employability skills across different sectors.

There are various strains being placed on skills provision, with the effects of the pandemic and our new relationship with the European Union meaning we need to provide more of the skills our sectors need.

Our proposal is for strategic local control of funding and post-19 education and skills commissioning, including the Adult Education Budget and strategic direction of Further Education funding - working with local businesses and our colleges and providers. Local control of the skills element of UKSPF will enable us to deliver a programme that works for our residents and employers. We will focus funding on supporting green recovery and targeting employment support in areas of high need, through place-based partnerships working in communities to bring people into entry level jobs and training.

Young Adults



Source: Metro Dynamics analysis

8

Health and Adult Social Care integration including pooled budgets, supporting technical innovation and resolving ICS geography

Integration of services and strategic local partnership between local authorities and NHS bodies through one ICS for Pan-Hampshire will be vital in order for us to have an impact in this arena.

Pan-Hampshire has an older and ageing population, with increasing demand placed on health and adult social care services. There are challenges around healthy ageing with lower healthy life expectancy in Gosport, Havant, Portsmouth and Southampton. Early years and child health is poorer in Gosport, Havant, the Isle of Wight, Portsmouth, Rushmoor and Southampton.

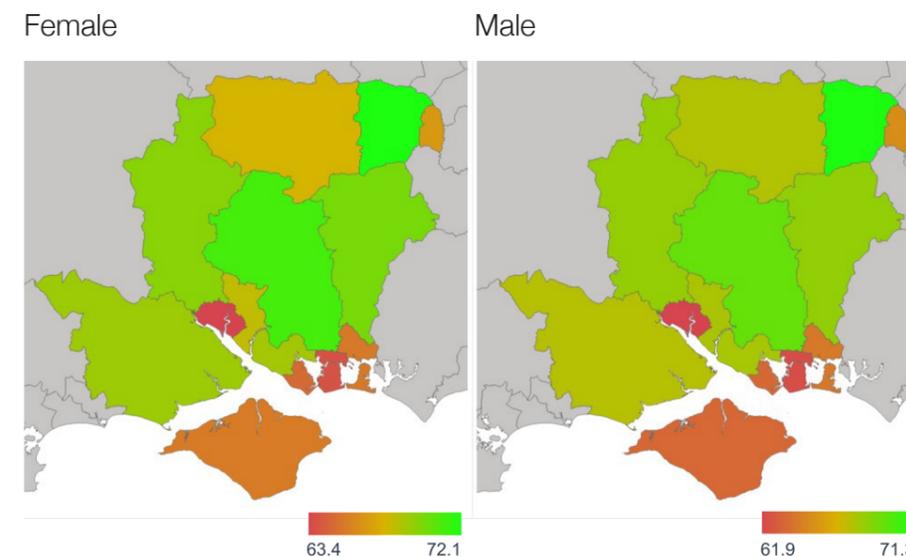
The delivery of services across Pan-Hampshire requires a tailored and integrated approach to health and care, due to the diverse economic geography and spatial inequalities with two cities,

coastal and rural areas, and the significant differences in population density.

A more integrated offer on health and care would support improving outcomes and join up for residents through:

- pooling and joint oversight of £800m NHS community care and adult social care services budget
- integration of public health initiatives across primary and secondary care
- piloting reforms to strengthen the adult social care workforce
- maximising the impact of health innovation with a Health and Care Innovation Hub in the area
- building on strong services across Pan-Hampshire to join up responses to child health and welfare in the community where need is higher

Healthy Life Expectancy in Hampshire



Source: ONS Healthy Life Expectancy at birth in England 2009 to 2013

## Delivering on sustainability



9

### New environmental net gain programme to make major contribution towards net zero and environmental enhancement

Climate change is the major challenge facing the world. As we approach the COP26 conference, Pan-Hampshire is looking to make its contribution – reducing carbon and supporting and developing our outstanding natural assets. This ask is tailored towards mitigating our impacts and moving to a net zero position – the next ask (10) is about adapting to these impacts.

Greenhouse gas emissions in Pan-Hampshire are falling, from 7.9 tonnes of CO2 equivalent per person in 2005 to 4.4 tonnes in 2018 – a fall of 43.8% (compared to 40.5% nationally). Pan-Hampshire has outpaced the UK in its reduction of greenhouse gases.

Pan-Hampshire is home to major environmental assets of national significance. The New Forest National Park sits almost entirely within the county, as well as a large section of the South

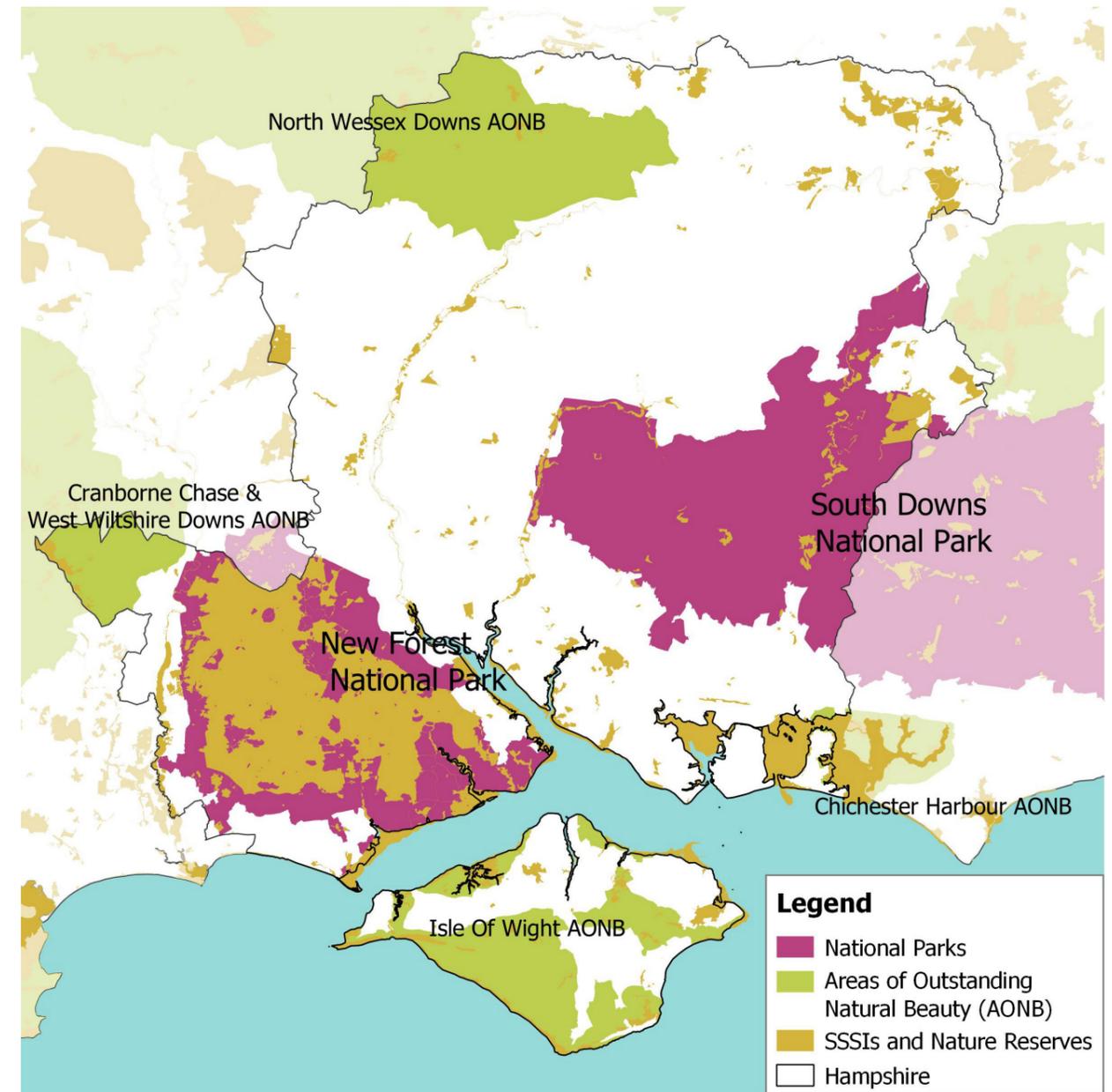
Downs National Park. This is in addition to three Areas of Outstanding Natural Beauty – the Isle of Wight, the North Wessex Downs, and Cranborne Chase and West Wiltshire Downs.

There is now an opportunity to harness Pan-Hampshire's natural assets and develop them. Pan-Hampshire already has significant woodland cover, with especially

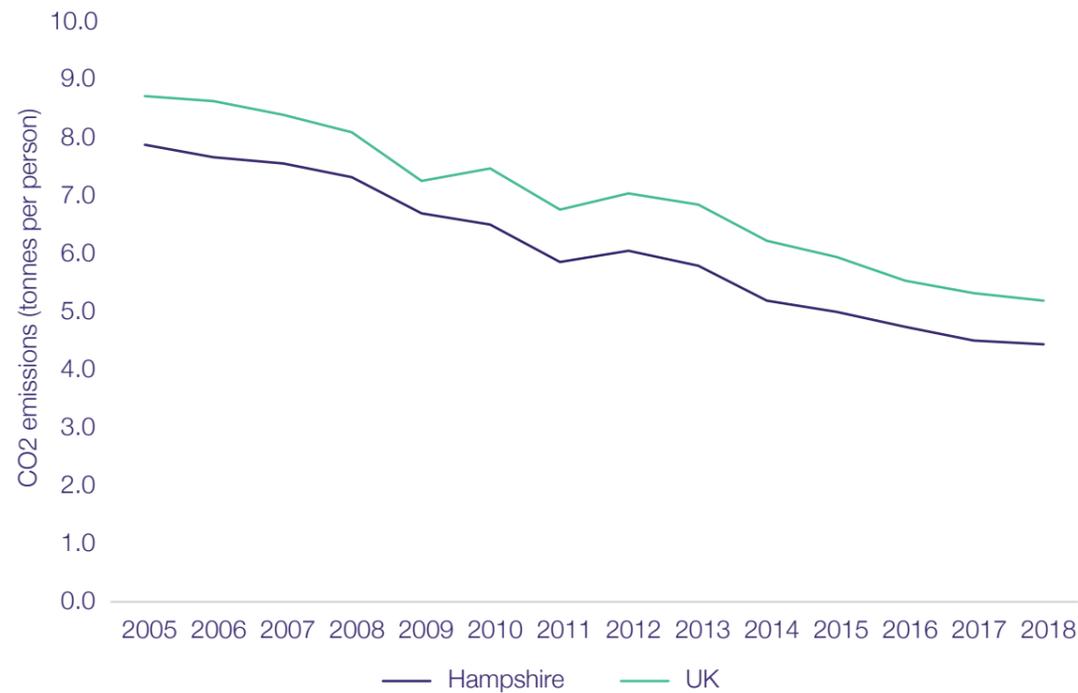
high concentrations in the New Forest, and north-east of Pan-Hampshire, while some areas such as Portsmouth and Havant have much lower woodland cover (see map). An environmental net gain programme would allow a deliberate strategic approach to increasing tree cover and biodiversity, increasing natural capital and helping to absorb more CO2, accelerating Pan-Hampshire's journey to net zero.



### Environmental assets in Pan-Hampshire



### Emissions per person per year, 2005-2018



Source: BEIS

Pan-Hampshire is asking for funding from Government to support a national flagship programme on net-zero.

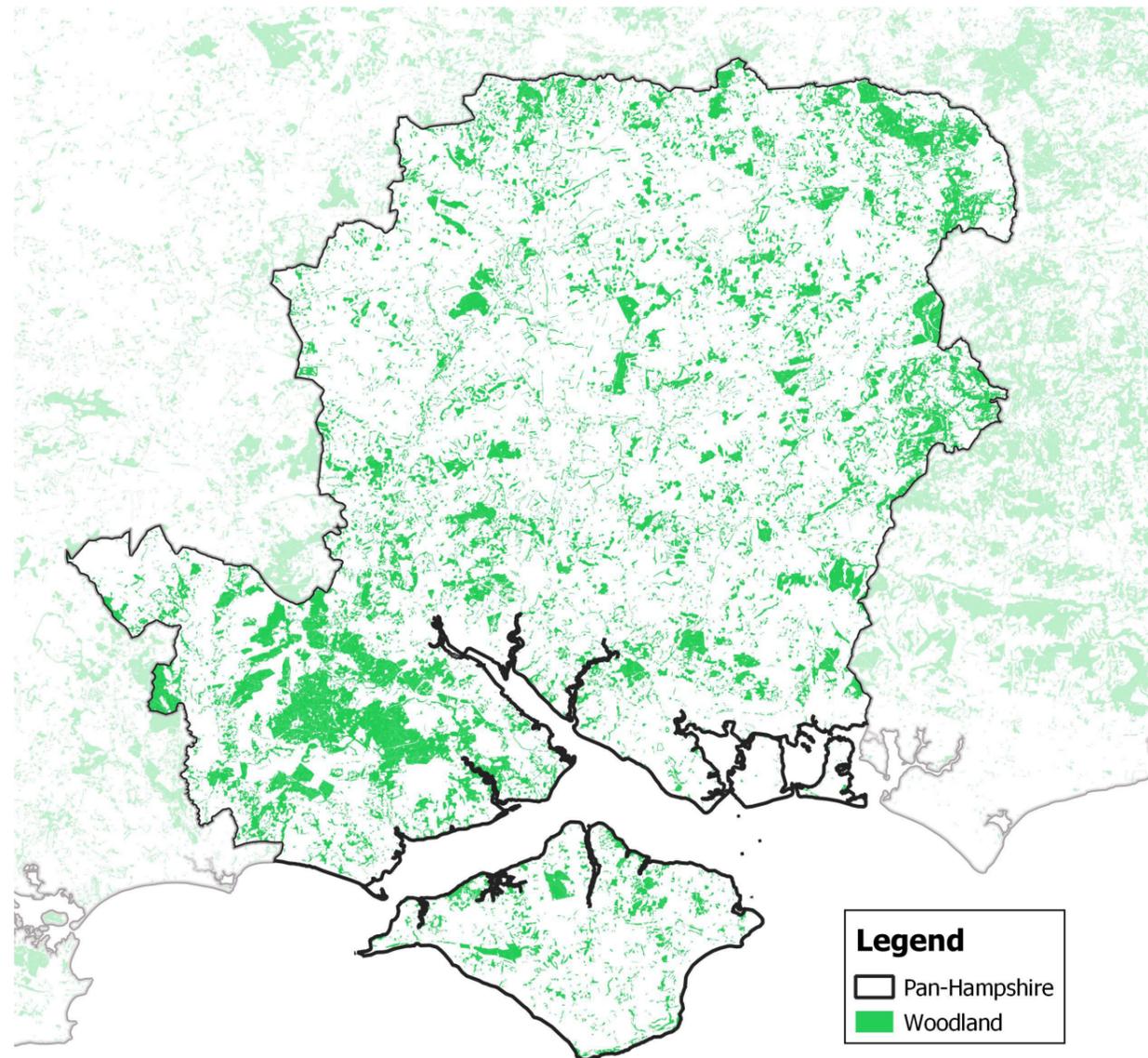
- Support the creation of good, secure jobs
- Reduce greenhouse gas emissions across Pan-Hampshire

This will be the foundation for a Green Economic Recovery in Hampshire that will:

- Improve living standards (rather than simply targeting GVA growth)

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### Woodland in Pan-Hampshire



## 10

### A new approach to coastal and river management and environmental resilience

Management of water is a particularly critical issue in Pan-Hampshire. The Solent defines the southern boundary and is the basis for the major maritime economy. The River Avon runs through the west of the county and the rivers Test, Itchen and Hamble flow through the county into the Solent, as well as other smaller rivers such as the Meon. These support biodiversity and sustain Pan-Hampshire’s population, but are also associated with flood risk, which makes development in some places challenging – much of the county is in Flood Zone 2 or 3. These risks will be intensified as climate change continues to take place, with higher sea levels and an increasing frequency of heavy rain events. Current Environment Agency areas are overly complex and do not reflect either our self-contained river system

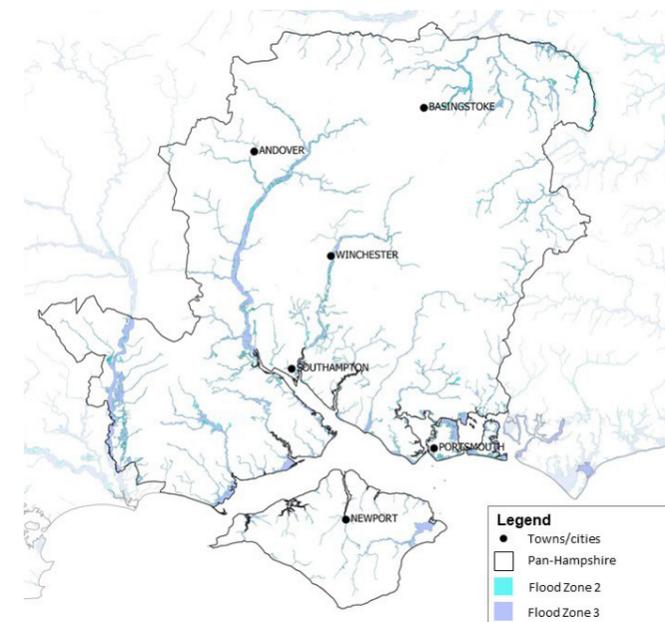
or the most optimum approach to resilience and flood management and preparedness.

We are therefore proposing that Pan-Hampshire partners take on current Environment Agency powers in relation to flooding and water management and establish one Pan-Hampshire area for flood management. This will complement the ask for strategic planning powers (ask 3) ensuring that development can be planned in tandem with the development of flood risk management infrastructure and ensure that development in Pan-Hampshire is resilient to the threats posed by future climate change.

With access to powers over river flooding management, Pan-Hampshire can tie together its development strategy with its environmental strategy for managing rivers and flood risk while supporting environmental aims.

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### Flood Zones in Pan-Hampshire



## Summary of asks

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### Delivering on prosperity

1. Single devolved investment fund for all growth funding and strategic sector support such as innovation funds to help regenerate our city and town centres
2. Local infrastructure investment fund, including a strategic partnership with Homes England, with prudential borrowing underpinned by local business rates retention, first-time stamp duty funding, and potential for expanding Council Tax to undeveloped housing sites
3. Strategic planning powers, land programme including public land and Government disposals, and housing investment partnership with Homes England. Improved and extended CPO powers to support accelerated regeneration in city and town centres
4. Stronger public transport co-ordination including rail and ferry, and single local management of road network including M27
5. Early infrastructure investment to optimise Freeport strategic site and growth corridors programme (backed up by single funding pot)

### Delivering on opportunity

6. Expanded One Public Estate proposals to secure maximum benefit from assets and improve services for residents
7. Skills and employment - local commissioning powers and devolved budgets, to support green recovery, and new employment support programme aimed at bringing people into entry level jobs
8. Health and Adult Social Care integration including pooling budgets and supporting technical innovation and resolve ICS geography

### Delivering on sustainability

9. New environmental net gain programme to make major contribution towards net zero and environmental enhancement
10. Environment Agency powers, including flood and river management

## Governance

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Such changes in functional responsibilities will require changes in governance arrangements – and the appetite for such change will inevitably impact on what new functions Government can be persuaded to agree as part of any County Deal.

Choices need to be made about whether change is considered necessary at all and, to the extent it is, how radical local authorities want to be.

Little or no change at all would tend to respect the existing local authority structures including the County Council and two LEPs. This is likely to result in a County Deal predominantly for Hampshire County Council.

The more radical approach would impact upon all the local authorities including the County Council which would involve the creation of stronger sub regional leadership arrangements for Pan-Hampshire as a whole, enabling all local authorities including Unitary Authorities to extend their place leadership responsibilities.

The more ambitious local authorities want to be for Pan-Hampshire the more these ambitions will underpin the legitimacy of the asks from Government for a County Deal.

Our collective aim should be for everyone to pull together and work even harder to support the growth of Pan-Hampshire as a whole; build back better and even stronger from the pandemic and deliver the maximum growth potential for the benefit of residents and businesses. This may also mean stronger collaboration with neighbouring areas, such as Surrey.

This is wholly consistent with the Hampshire 2050 vision – the outcome of an inclusive and open dialogue led by a Commission which produced a shared vision for businesses, public authorities, and communities to achieve continued prosperity for Pan-Hampshire in the face of new societal and global challenges.

**This prospectus looks to build on the existing strengths of all local authorities in the area, strengthen their place leadership capabilities, considering collective new governance arrangements which are compatible with ambitious asks for a County Deal with Government.**

## Governance in detail

Guidance from Government strongly suggests that in return for new functions and access to resources, governance arrangements should reflect the requirements for effective and decisive decision-making and leadership.

Joint Committees of local authorities working together to co-operate in the discharge of concurrent functions, while a step forward in supporting collaboration, are unlikely to deliver the decisive leadership capability which is required.

Joint Committees could however have an important role in operationalising any new governance arrangements by promoting co-ordination amongst groups of local authorities on an area basis or around particular areas of specialisms e.g., transport.

But new governance arrangements should not only relate to local authorities. The unique asset base of Pan-Hampshire, including a strong and diverse business base, should encourage everyone to explore how these assets and leadership qualities can be best embraced so that the widest range of skills and experience can be harnessed in an integrated way –

working hand in hand with democratically accountable local authority leaders in the pursuit of shared priorities and the delivery of agreed programmes. We can see examples elsewhere how LEPs can work effectively with democratically accountable sub-regional structures and how these structures actively promote business leadership in a range of functions such as international trade and investment, innovation and skills, marketing and promotion. An ambitious Pan-Hampshire should explore these opportunities too.

There is also an all-important question of public services reform. Effective place leadership requires increasing action at all levels to ensure that local authority functions are aligned with other public services so that the impacts on residents are positive and meaningful. This requirement will not change even if an ambitious County Deal is successfully concluded with Government. How any new structures are developed and how engagement with wider public services is taken forward will not only facilitate closer alignment about priorities to support residents but also will strengthen the case over time for further reform beyond a County Deal.

The County Council has no fixed view about which is the best Governance option. This would depend on the levels of ambition, the powers and funding agreed with Government and how Pan-Hampshire partners assessed different possibilities. For the scale of ambition and proposals set out in this paper there likely to be only 3 main governance options available:

- 1.** Maintenance of the present arrangements which will lead only to a possible County Deal for Hampshire County Council, with limited new powers and funding.
- 2.** Creation of a Pan-Hampshire Combined Authority involving the County Council, existing Unitary Authorities, Districts and Boroughs, to assume direct responsibility for new functions and to access new resources. This can be accompanied with collaborative structures around functions and areas through joint committees; direct business engagement and leadership on key economic priorities such as international trade & investment, innovation & skills; and wider engagement with public service providers.

- 3.** Collaboration with adjacent county areas, including Surrey. Even Pan-Hampshire with its discrete functional economic area and self-sustaining local supply chain has a number of synergies with other county areas to explore in order to maximise the impacts of common distinctive sectors and intra-regional investment. As the Technical Appendix shows, these should be the subject of further engagement and analysis to determine whether there is the opportunity to create a new regional Powerhouse with Pan-Hampshire at its heart, not only to counteract similar platforms in the north, the Midlands and west of the country but to ensure that the needs of Pan-Hampshire are properly articulated and that Government's desire to level up in all parts of the country can be actioned.

Options 3 can co-exist of course exist with either Option 1 or Option 2.

In identifying the option for a Pan-Hampshire combined authority, the emphasis should be on pooling staff resources wherever possible from local authorities and LEPs to maximise efficiency; and to underpin the requirement for this new structure (while a statutory body) to be a creature of existing authorities.

## Evaluation criteria

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Partners will have views on governance and functions which will require analysis and discussion alongside the options above.

The County proposes the following criteria against which any options are evaluated.

### Place Leadership

In every functional economic geography, there is a hierarchy of place leadership providing clarity of roles and functions, and links with residents and communities. A County Deal for Pan-Hampshire should extend the “toolkit” for practical place leadership – including resident engagement.

In these terms we need to evaluate how options respond to the requirements of the functional economic geography and strengthen place leadership at the functional economic level. At the local level, we need to evaluate how each option would provide optimal outcomes for Pan-Hampshire and the people who live and work in the area; how high-quality public services will be protected if not enhanced; and how options create the strongest platform for reform in the future.

### Economic Growth and Business Engagement

The active involvement of businesses and the alignment of investment decisions to the right geographic level within a democratically accountable framework are essential to the effectiveness of governance arrangements, as well as how Pan-Hampshire can continue to contribute to the UK’s wider growth and zero carbon objectives, alongside delivering growth for local communities and businesses.

Options need to be evaluated in terms of their impact they will have on business engagement and participation in the strategic alignment of Pan-Hampshire; how options cultivate creativity in the development of new investment models to support Pan-Hampshire’s growth; and how working with LEP’s we can strengthen even further alignment of programmes and the active engagement of business leaders in shared growth and competitiveness structures.

### High Quality Public Services

The quest for public service efficiencies, effective delivery and better outcomes for residents will remain. Successful places not only anticipate these changes but influence national policies to ensure they are relevant to their places. In some cases, through voluntary and collaborative action, places develop their own reform opportunities leading to faster and better outcomes for local people. This does not have to be at the expense of a loss of individual civic identity. Examples include new local commissioning arrangements for public services, pooled budgets with the NHS, local authority shared services where these are evidenced and practical.

Governance options need to be tested against the requirement about how high-quality public services are to be protected if not enhanced and the impact on residents; how they respond to the changing nature and priorities for public services generally; whether options foster greater collaboration, practical improvements and efficiencies; and how democratic oversight at all levels will be strengthened.

### Democratic Accountability

Accountability for public funding and effective and practical decision making will, rightly, always be at the heart of any assurance framework.

Pan-Hampshire’s accountability arrangements are presently fragmented.

Moving towards a single assurance framework for Pan-Hampshire will be a condition precedent to any ambitious County Deal.

There will always be questions about the “accountability deficit” that flows from one person doing two jobs as well as the pressures on political capacity.

Options need to be evaluated showing the impact on accountability for effective decision making and stewardship of public funding; and the impact of leadership models on political capacity to discharge this task effectively.

**All options should be evaluated openly and objectively against these criteria.**

# Public Engagement

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The County Council wishes to promote an open debate not only on what an ambitious Deal for Pan-Hampshire could look like but one which seriously engages on potential changes in governance arrangements for Pan-Hampshire as a whole to underpin this ambition.

It is in this context that the County Council's ambitions have been published – to facilitate that debate rather than to pre-empt it.

**No decisions have been taken by the County Council, and no decisions will be taken in the absence of wider consultation and discussions with local authorities and other stakeholders.**

Views are invited from our partners and stakeholders on this Prospectus for Change in Pan-Hampshire. In particular, we are keen to hear views on the following:

1. Analysis has identified Pan-Hampshire as a Functional Economic Geography on which the optimal, ambitious County Deal should be based. Do respondents recognise this footprint as the key geography for securing an ambitious Deal? If not, what alternative footprint is proposed, and what analysis supports this view?
2. Pan-Hampshire Challenges – do respondents recognise these as priority issues which should be addressed as part of a County Deal? What, if any, other priorities would they identify?
3. What would a successful County Deal look like? Are the proposals identified in this prospectus ambitious enough? What, if anything, should be added?
4. This Prospectus seeks to build on the existing strengths of all local authorities in the area, strengthening their place leadership capabilities – is this view supported or not?
5. What options for governance should be evaluated assuming an ambitious County Deal is to be negotiated? Are there other options which should be evaluated alongside the options identified by the County Council?
6. Do respondents have any comments on the proposed criteria for evaluating governance options? What, if anything, would respondents like to see included?
7. Do respondents think that more effective and practical ways to secure active business leadership in the strategic direction of Pan-Hampshire should be sought? If so, would respondents support a move to business leaders assuming more responsibility for leading (for example) trade & investment, marketing & promotion and other growth functions, within a democratically accountable framework working alongside LEPs?
8. Do respondents support the establishment of public service partnerships to drive an integrated Pan-Hampshire public services plan?