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NOTICE OF MEETING

Meeting	Cabinet
Date and Time	Tuesday, 18th October, 2022 at 10.30 am
Place	Ashburton Hall, Ell Court, The Castle, Winchester
Enquiries to	members.services@hants.gov.uk

Carolyn Williamson FCPFA
Chief Executive
The Castle, Winchester SO23 8UJ

FILMING AND BROADCAST NOTIFICATION

This meeting may be recorded and broadcast live on the County Council's website and available for repeat viewing, it may also be recorded and filmed by the press and public. Filming or recording is only permitted in the meeting room whilst the meeting is taking place so must stop when the meeting is either adjourned or closed. Filming is not permitted elsewhere in the building at any time. Please see the Filming Protocol available on the County Council's website.

AGENDA

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

All Members who believe they have a Disclosable Pecuniary Interest in any matter to be considered at the meeting must declare that interest and, having regard to Part 3 Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore all Members with a Personal Interest in a matter being considered at the meeting should consider, having regard to Part 5, Paragraph 4 of the Code, whether such interest should be declared, and having regard to Part 5, Paragraph 5 of the Code, consider whether it is appropriate to leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with the Code.

3. MINUTES OF PREVIOUS MEETING (Pages 5 - 26)

To confirm the minutes of the previous meeting

4. CHAIRMAN'S ANNOUNCEMENTS

To receive any announcements the Chairman may wish to make.

5. DEPUTATIONS

To receive any deputations notified under Standing Order 12.

6. DRIVING TOWARDS ECONOMIC STRENGTH (Pages 27 - 106)

To consider a report of the Chief Executive regarding working towards economic strength post COVID, whilst recognising the significant impact of the war in Ukraine and the cost-of-living crisis.

7. DRAFT HAMPSHIRE MINERALS & WASTE PLAN PARTIAL UPDATE (Pages 107 - 120)

To consider a report of the Director of Economy, Transport and Environment providing an overview of the Hampshire Minerals & Waste Plan: Partial Update - Draft Plan including what changes have been made, why these have occurred and what this means for Hampshire.

8. DEPUTATIONS TO THE PENSION FUND PANEL AND BOARD (Pages 121 - 136)

To consider a report of the Chief Executive regarding proposed amendments to the rules regarding deputations to the Pension Fund Panel and Board and its sub-committees.

9. CORPORATE RISK MANAGEMENT (Pages 137 - 150)

To consider a report of the Director of Culture, Communities and Business Services regarding risk management arrangements and the Risk Management Strategy 2022-2025.

Exclusion of the Press and Public

RECOMMENDATION:

To resolve that the public be excluded from the meeting during the following item of business, as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during this item there would be disclosure to them of exempt information within Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, and further that in all the circumstances of the cases, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons set out in the exempt report.

The intention to hold part of this Cabinet meeting in private was notified on the County Council's website on 13 September 2022 in accordance with Part 3, Chapter 4 of the Constitution and no representations regarding this intention have been received.

10. CORPORATE STRATEGIC RISK REGISTER ANNUAL REPORT (CONFIDENTIAL) (Pages 151 - 164)

To consider an exempt report of the Director of Culture, Communities and Business Services regarding the Corporate Strategic Risk Register.

ABOUT THIS AGENDA:

On request, this agenda can be provided in alternative versions (such as large print, Braille or audio) and in alternative languages.

ABOUT THIS MEETING:

The press and public are welcome to attend the public sessions of the meeting. If you have any particular requirements, for example if you require wheelchair access, please contact members.services@hants.gov.uk for assistance.

County Councillors attending as appointed members of this Committee or by virtue of Standing Order 18.5; or with the concurrence of the Chairman in connection with their duties as members of the Council or as a local County Councillor qualify for travelling expenses.

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Agenda Item 3

AT A MEETING of the Cabinet of HAMPSHIRE COUNTY COUNCIL held at the Castle, Winchester on Tuesday, 19th July, 2022

Chairman:

* Councillor Rob Humby

* Councillor Roz Chadd
Councillor Nick Adams-King
Councillor Liz Fairhurst
Councillor Steve Forster

* Councillor Edward Heron
* Councillor Kirsty North
* Councillor Russell Oppenheimer
* Councillor Jan Warwick

Also present with the agreement of the Chairman: Councillors Carpenter, Glen, Hayre and Withers

65. **APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Adams-King, Fairhurst and Forster.

66. **DECLARATIONS OF INTEREST**

Members were mindful that where they believed they had a Disclosable Pecuniary Interest in any matter considered at the meeting they must declare that interest at the time of the relevant debate and, having regard to the circumstances described in Part 3, Paragraph 1.5 of the County Council's Members' Code of Conduct, leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with Paragraph 1.6 of the Code. Furthermore Members were mindful that where they believed they had a Personal interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 5, Paragraph 5 of the Code, considered whether it was appropriate to leave the meeting whilst the matter was discussed, save for exercising any right to speak in accordance with the Code.

67. **MINUTES OF PREVIOUS MEETING**

The minutes of the meeting held on 21 June 2022 were reviewed and agreed.

68. **CHAIRMAN'S ANNOUNCEMENTS**

With reference to the national political uncertainty nationally following the resignation of the Prime Minister, the Chairman confirmed that the County Council was ready to engage with new Ministers when changes to Cabinet appointments had been confirmed.

The County Council's recent success in achieving a national parking award and being shortlisted for three LGC awards was recognised, as was the success of

Emily Roberts, who had secured £3.5m in grant funding and over £20m in investment. On behalf of the Cabinet, the Chairman offered thanks to everyone involved in each of these areas.

69. DEPUTATIONS

It was confirmed that no requests to make a deputation had been received.

70. WORKING TOWARDS ECONOMIC RECOVERY

Cabinet considered a report of the Chief Executive regarding the County Council's continuing recovery activities resulting from the COVID-19 pandemic.

The regular update report was introduced with particular reference to the position of proposals for a County Deal. It was confirmed that the completed prospectus would form a starting point for discussion with Government, however this dialogue would now not begin until the new Prime Minister had been appointed and confirmed their Cabinet. Other Authorities in a similar position to Hampshire were similarly pausing their programmes.

Cabinet welcomed the pragmatic approach to the County Deal and the detailed report. In the context of increasing inflationary pressures on residents, the importance of working with partners to improve economic productivity and output was recognised.

The recommendations in the report were considered and agreed. A decision record is attached to these minutes.

71. 2021/22 - END OF YEAR FINANCIAL REPORT

Cabinet considered a report of the Director of Corporate Operations regarding the 2021/22 End of Year Financial report.

With reference to the report, it was highlighted that the covid grants from government had been fully used and also supplemented with the County Council's own resources. Progress on achieving the SP23 targets was good and there was a significant overall underspend. Balances were strong, however these would be essential to tackle future financial pressure.

Cabinet welcomed the report, noting that the current return on investment was much lower than inflation, meaning that the County Council's spending power was being eroded and additional funding may be needed for capital programmes. Pressures on areas such as social care meant that these services were not sustainable under their current delivery model and further change would be required. It was confirmed that a large proportion of the reserves were set aside for the capital programme and the remainder would be needed to underpin the strategy to 2025/26.

The recommendations in the report were considered and agreed. A decision record is attached to these minutes.

72. DEVELOPING A MEDIUM TERM FINANCIAL STRATEGY

Cabinet considered a report of the Director of Corporate Operations regarding the medium term financial strategy.

In introduction it was noted that the County Council was facing a financial perfect storm consisting of inflation and wage pressures, flat government funding and unfunded social care reforms, which could combine to a £200million deficit. An inflation underwrite would be put in place to support the capital programme and consideration may need to be given to the use of reserves to meet the gap. It was confirmed that a meeting with MPs had been arranged in September to highlight the issues and to push for both a two year financial settlement and greater information on social care reforms.

Cabinet acknowledged the potential difficulty of the position, noting that early awareness and action would give greater flexibility. Cabinet also highlighted Hampshire's willingness to be more accountable for its own performance and to have greater autonomy in decision making as it was currently constrained by a funding model that gave little control over income and demand.

The recommendations in the report were considered and agreed. A decision record is attached to these minutes.

73. SOCIAL CARE FUNDING REFORMS INCLUDING FAIR COST OF CARE

Cabinet considered a report of the Director of Adults' Health and Care regarding social care funding reforms and the fair cost of care.

With reference to the report the three areas of reform were set out along with the timescales for introducing the changes. It was noted that detailed guidance was still awaited but a number of trailblazer Authorities had already implemented the reforms and particular attention was being paid to the impact on the two Authorities most similar to Hampshire. The high number of self-funders in Hampshire meant that there was concern about assessment pressures and costs, for which there was unlikely to be sufficient additional funding to support and it was unclear without the guidance as to the impact of staggering access.

The recommendations in the report were considered and agreed. A decision record is attached to these minutes.

74. SERVING HAMPSHIRE - 2021/22 YEAR-END PERFORMANCE REPORT

Cabinet considered a report of the Director of HR, OD, Communications and Engagement regarding the County Council's performance in the context of the Serving Hampshire Strategic Plan for 2021-2025.

The report was introduced and examples were highlighted of strong performance against key strategic objectives, including apprenticeships, recycling and the resettlement of refugees. Other areas were also drawn to Cabinet's attention, including areas of risk, climate change and complaints to the ombudsman.

Cabinet welcomed the ongoing high performance of the Authority particularly in the context of the economic situation and the impact covid.

The recommendations in the report were considered and agreed. A decision record is attached to these minutes.

75. ECONOMIC STRATEGY

Cabinet considered a report of the Director of Economy, Transport and Environment to outline the first draft of the Economic Strategy.

It was highlighted that the strategy took forward the economic objectives of the Hampshire 2050 commission and as such focussed on long-term direction of travel and vision. The input and agreement from partners was needed and therefore delegated authority was sought for final approval.

Cabinet welcomed the strategy, recognised the importance of joining with partners and praised the central focus on a place for people to live, work and play.

The recommendations in the report were considered and agreed. A decision record is attached to these minutes.

76. LOCAL ENTERPRISE PARTNERSHIPS (LEP) INTEGRATION

<With regard to this item, Councillors Chadd and Heron declared a personal interest by virtue of being members of the Enterprise M3 LEP and the Solent LEP respectively.>

Cabinet considered a report of the Director of Economy, Transport and Environment to update the Cabinet on the current Central Government guidance for Local Enterprise Partnership (LEP) integration into Upper Tier authorities as part of Devolution Deals and to present a number of options for the actions required.

With reference to the report, the current position was set out and it was confirmed that delivery plans for integration had been submitted but were subject to potential devolution via the County Deal. Proposals for business engagement were being worked on and discussions with neighbouring areas continued. Cabinet welcomed the report and recognised that integration would build on the foundations of the LEPs' achievements to date.

The recommendations in the report were considered and agreed. A decision record is attached to these minutes.

77. HAMPSHIRE COUNTY COUNCIL CLIMATE CHANGE INITIATIVES – PROGRESS REPORT

Cabinet considered a report of the Director of Culture, Communities and Business Services providing a progress update surrounding delivery of the

programme of climate change initiatives relating to the operational activities of the County Council.

The background and positive progress of the climate change pilot initiatives were detailed with reference to the report. A number of examples were highlighted included a project at the Hamble Country Park, the use of vegetable oil for the vehicle fleet and funding to facilitate others to deliver projects. Work in schools to engage with children and to promote plant based menus was also highlighted.

Members welcomed the update and acknowledged that these were small scale pilots but nonetheless represented a positive and dynamic approach that could assist with identifying where bigger wins might be available. In this context it was agreed that future updates would include an indication of carbon savings.

The recommendations in the report were considered and agreed. A decision record is attached to these minutes.

Chairman,

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HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	19 July 2022
Title:	Working Towards Economic Recovery
Report From:	Chief Executive

Contact name: Carolyn Williamson, Chief Executive

Tel: 01962 845252

Email: carolyn.williamson@hants.gov.uk

1. The decision:

Cabinet:

- 1.1 Notes the analysis of the economic impact and issues highlighted which emphasises that the County Council continues to use its scale and influence to contribute to economic recovery in Hampshire, including the consolidation of regeneration and growth partnerships, going forward.
- 1.2 Endorses the County Council's continued ambition and commitment for a Pan-Hampshire County Deal, recognising the significant opportunity for a Deal to enable the County Council's economic ambition, catalyse significant investment and benefit the lives of residents and communities.
- 1.3 Earmarks a sum of £100,000 from Corporate Services Cost of Change to support the future development of potential devolution arrangements and the full establishment of Regeneration and Growth Partnerships.
- 1.4 Notes the continued COVID recovery work across the Departments, commends the exceptional commitment of all staff in ensuring the County Council continues to perform at a high level for the benefit of residents of all Hampshire and wider partners.

2. Reasons for the decision:

- 2.1 To provide Cabinet with an update on the progress on economic recovery, now the Covid-19 pandemic is moving into a 'learning to live with Covid-19' phase, particularly with respect to the County Deal.

3 Other options considered and rejected:

- 3.1 None

4 Conflicts of interest:

- 4.1 Conflicts of interest declared by the decision-maker: None

4.2 Conflicts of interest declared by other Executive Members consulted: None

5 Dispensation granted by the Conduct Advisory Panel: None

6 Reason(s) for the matter being dealt with if urgent: Not applicable

7 Statement from the decision maker:

Approved by:

Date:

19 July 2022

Chairman of Cabinet
Councillor Rob Humby

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	19 July 2022
Title:	2021/22 – End of Year Financial Report
Report From:	Director of Corporate Operations

Contact name: Rob Carr, Director of Corporate Operations

Tel: 01962 847400

Email: rob.Carr@hants.gov.uk

1. The decision:

That Cabinet:

- 1.1 Notes the year end position in respect of Covid-19 costs and losses as outlined in Section D.
- 1.2 Notes the use of £25.0m of contingencies as part of the Covid Financial Response package as previously agreed by County Council.
- 1.3 Notes the progress towards delivering the outstanding Tt2019 and Tt2021 savings and delivery of SP2023 savings set out in Section E.
- 1.4 Notes the outturn position set out in Section F.
- 1.5 Approves the allocation of unspent central budgets of £13.8m for the specific purposes set out in section G.
- 1.6 Approves the increase of service capital programme cash limits for 2022/23 to reflect the carry forward of capital programme schemes totalling £116.638m and shares of capital receipts totalling £1.395m as set out in Appendix 3.
- 1.7 Approves the addition to the CCBS capital programme of £1.4m to fund a scheme to create new meetings rooms within the EII Court complex to be funded from Covid recovery funding (paragraph 112).
- 1.8 Endorses the urgent officer decision made by the Director of Corporate Operations in line with the County Council's financial regulations to allocate an additional £1.485m of SCA funding to the Warblington School project within the CCBS capital programme giving an updated scheme value of £3.489m (paragraph 111).

Recommends to the County Council that:

- 1.9 The report on the County Council's treasury management activities and prudential indicators set out in Appendix 2 be approved.

2. Reasons for the decision:

2.1 To provide Cabinet with a summary of the 2021/22 final accounts, setting out the variance against the revenue budget for service departments and non-service budgets and explaining the reasons for the variances. It agree recommendations for the use of budget underspends including transfers to earmarked reserves.

2.22. The report also covers capital expenditure and funding for 2021/22, revisions to the 2022/23 capital programme and reports on treasury management activity for the year ended 31 March 2022.

3 Other options considered and rejected:

3.1 None

4 Conflicts of interest:

4.1 Conflicts of interest declared by the decision-maker: None

4.2 Conflicts of interest declared by other Executive Members consulted: None

5 Dispensation granted by the Conduct Advisory Panel: None

6 Reason(s) for the matter being dealt with if urgent: Not applicable

7 Statement from the decision maker:

Approved by: ----- Chairman of Cabinet Councillor Rob Humby	Date: 19 July 2022
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HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	19 July 2022
Title:	Developing a Medium Term Financial Strategy
Report From:	Director of Corporate Operations

Contact name: Rob Carr, Director of Corporate Operations

Tel: 01962 847400

Email: rob.Carr@hants.gov.uk

1. The decision:

That Cabinet:

- 1.1 Notes the continued decline in the County Council's financial position to 2025/26.
- 1.2 Notes the current progress towards the development of a Medium Term Financial Strategy that will be further reported to Cabinet and County Council as part of the 2023/24 budget setting process.
- 1.3 Delegates authority to the Director of Corporate Operations in consultation with the Chief Executive and the Leader of the Council to allocate one off funding for inflationary pressures in the current year up to a value of £25m, to be funded from contingencies and the Budget Bridging Reserve as required.

Recommends to the County Council that:

- 1.4 An inflation underwrite of up to £15m be put in place for the current capital programme and that approval of allocations from this sum are delegated to the Director of Corporate Operations in consultation with the Chief Executive and the Leader of the Council.
- 1.5 The capital guidelines for 2023/24 and 2024/25 be increased by £6.75m and £6.8m respectively to meet the unavoidable capital priorities outlined in Section I, to be funded from prudential borrowing, the revenue consequences of which will be factored into the budget setting process for 2023/24.

2. Reasons for the decision:

- 2.1 To consider the current progress towards developing a Medium Term Financial Strategy (MTFS) to 2025/26 against a challenging backdrop of public finances.

3 Other options considered and rejected:

- 3.1 None

4 Conflicts of interest:

4.1 Conflicts of interest declared by the decision-maker: None

4.2 Conflicts of interest declared by other Executive Members consulted: None

5 Dispensation granted by the Conduct Advisory Panel: None

6 Reason(s) for the matter being dealt with if urgent: Not applicable

7 Statement from the decision maker:

Approved by:

Date:

19 July 2022

Chairman of Cabinet
Councillor Rob Humby

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	19 July 2022
Title:	Social Care Reform including Fair Cost of Care
Report From:	Director of Adults' Health and Care

Contact name: Graham Allen

Tel: 0370 779 5574

Email: graham.allen@hants.gov.uk

1. The decision:

1.1 Cabinet acknowledges the direction of travel and intention of the SCR. However, to achieve this in a sustainable and appropriate way Cabinet is asked to support and endorse the following as a priority for the consideration of Government:

- Adequate funding to match the scale of the challenge and fully fund the increase in costs to local authorities, as a new burden.
- Investment in national recruitment and workforce development campaign for local authorities and providers to address long term workforce challenges across the sector. Including support for local innovation to ease workforce pressures over the long term.
- A staggered reform implementation or consideration of deferring wider reforms to the health and care system.
- Publication, as soon as possible, of clear guidance on how those currently in receipt of services will transition into the new system, including how means testing and top-ups should be applied.
- A clear public facing communications campaign to manage expectations and help residents to understand the implications of reform, including how much cost they will be liable for
- Regional bodies to provide detailed information on infrastructure and technology solutions.
- Publication of details on how the local authority equivalent cost should be calculated for self-funder Independent Personal Budgets.

2. Reasons for the decision:

2.1 This report covers all aspects of the Social Care Reforms (SCR) and their financial impact on the County Council with a key focus on the 'Fair Cost of Care' (FCC) element of the SCR due to the urgency of this work over the summer period and the immediate financial impact.

2.2 The County Council is seeking for Cabinet to recognise the impact of the Social Care Reform. These impacts, that are estimated to be greater than SP23 and some of the previous whole-Council savings programmes, greater than the assumed benefits of Local Government Re-organisation in Hampshire and impacts that are not currently factored into the estimated budget gap of between £180m and £200m.

3 Other options considered and rejected:

3.1 None

4. Conflicts of interest:

4.1 Conflicts of interest declared by the decision-maker: None

4.2 Conflicts of interest declared by other Executive Members consulted: None

5 Dispensation granted by the Conduct Advisory Panel: None

6 Reason(s) for the matter being dealt with if urgent: Not applicable

7 Statement from the decision maker:

Approved by: ----- Chairman of Cabinet Councillor Rob Humby	Date: 19 July 2022
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HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	19 July 2022
Title:	<i>Serving Hampshire – 2021/22 year-end performance report</i>
Report From:	Director HR, OD, Communications and Engagement

Contact name: Stephanie Randall, Deputy Director HR, OD, Communications and Engagement

Tel: 0370 779 1776

Tel: 0370 779 1776

1. The decision:

1.1 That Cabinet:

- notes the County Council's performance for 2021/22;
- notes progress to advance inclusion and diversity;
- notes progress against the Council's Climate Change Strategy and Action Plan 2020-2025; and,
- notes the determinations of the Local Government and Social Care Ombudsman (LGSCO) in 2021-22, and the assessment decisions contained in the LGSCO 2020-21 report letter.

2. Reasons for the decision:

2.1. To maintain strategic oversight of the County Council's performance during 2021/22 against the Serving Hampshire Strategic Plan for 2021-2025, including;

- ongoing work and achievements to advance inclusion and diversity
- progress against the Council's Climate Change Strategy and Action Plan 2020-2025; and
- an overview of Local Government and Social Care Ombudsman (LGSCO) Determinations in 2021/22, and assessment decisions contained in the LGSCO 2020-21 annual report letter.

3. Other options considered and rejected:

3.1. None

4. Conflicts of interest:

4.1. Conflicts of interest declared by the decision-maker:

4.2. Conflicts of interest declared by other Executive Members consulted:

5. Dispensation granted by the Conduct Advisory Panel: none.

6. Reason(s) for the matter being dealt with if urgent: not applicable.

7. Statement from the Decision Maker:

Approved by:

Date:

19 July 2022

**Chairman of Cabinet
Councillor Rob Humby**

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	19 July 2022
Title:	Economic Strategy
Report From:	Director of Economy, Transport and Environment

Contact name: Richard Kenny

Tel: **Email:** Richard.Kenny@hants.gov.uk

1. The decision:

- 1.1. That Cabinet approves the Draft Economic Strategy as interim policy and as a basis for stakeholder and partner engagement.
- 1.2. That Cabinet agrees that a programme of focussed stakeholder and partner engagement and consultation is enacted to help finalise the strategy and to secure policy alignment, shared objectives and agreed actions and final approval.
- 1.3. That authority is delegated to the Leader to approve the Economic Strategy following any changes and updates arising from stakeholder and partner engagement.

2. Reasons for the decision:

- 2.1. The Economic Strategy, following on from the Hampshire 2050 work, sets out an overarching approach to economic development for Hampshire at a time of growing uncertainty, in which the County with its partners will need to assume greater responsibility for economic leadership.
- 2.2. It draws from detailed analysis of the major drivers of change in the local economy, and scenario testing for the coming years, and proposes a range of interventions that deploy levers that are either currently available to the County Council or which could be soon as a result of further devolution. It provides a framework for a range of important initiatives including a County Deal for Pan-Hampshire.
- 2.3. From this initial publication, a programme of engagement will then occur to build an agreed strategy and series of interventions. This will be led and supported by key stakeholders across Hampshire and beyond into wider economic geographies.

3. Other options considered and rejected:

- 3.1. Do minimum – to continue to identify and implement policy and programme interventions in isolation with no overarching economic integration and/or

combined outcome impact with stakeholders. This option would result in the County Council having to develop singular actions that would be more limited and less effective in addressing the required economic interventions.

4. Conflicts of interest:

4.1. Conflicts of interest declared by the decision-maker:

4.2. Conflicts of interest declared by other Executive Members consulted:

5. Dispensation granted by the Conduct Advisory Panel: none.

6. Reason(s) for the matter being dealt with if urgent: not applicable.

7. Statement from the Decision Maker:

Approved by:

Date:

19 July 2022

**Chairman of Cabinet
Councillor Rob Humby**

3. Other options considered and rejected:

3.1 Do Minimum – To be only reactive to the emergence of the LEP Business Plans in November 2022 without any engagement to shape LEP functions and programmes, and no proactive moves to prepare for future devolution and consequent integration of LEP functions. This option would then rely on the LEPs to reflect any emerging national or Hampshire policy and/or devolution models in their plans going forward. This option was rejected as being not as beneficial.

4. Conflicts of interest:

4.1. Conflicts of interest declared by the decision-maker:

Councillors Chadd and Heron declared a personal interest by virtue of being members of the Enterprise M3 LEP and the Solent LEP respectively.

4.2. Conflicts of interest declared by other Executive Members consulted:

5. Dispensation granted by the Conduct Advisory Panel: none.

6. Reason(s) for the matter being dealt with if urgent: not applicable.

7. Statement from the Decision Maker:

Approved by: ----- Chairman of Cabinet Councillor Rob Humby	Date: 19 July 2022
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HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Cabinet
Date:	19 July 2022
Title:	Hampshire County Council Climate Change Initiatives – Progress Report
Report From:	Director of Culture, Communities and Business Services

Contact name: Chris Dear

Tel: +44 370 779 2605

Email: Christopher.dear@hants.gov.uk

1. The decision:

- 1.1 That Cabinet notes the positive progress in the first year of delivering the internal climate change initiatives programme.

2. Reasons for the decision:

- 2.1 In July 2021, Cabinet approved £1.2m one-off funding for an internal Hampshire County Council (HCC) climate change programme. The programme was developed in order to build on recent successes in reducing carbon emissions and, simultaneously, serve as the catalyst for further sustainable change. The two-year delivery programme culminates at the end of 22/23.

2 Other options considered and rejected:

- 3.1 None

3 Conflicts of interest:

- 4.1. Conflicts of interest declared by the decision-maker: None
4.2. Conflicts of interest declared by other Executive Members consulted: None

4 Dispensation granted by the Conduct Advisory Panel: none.

5 Reason(s) for the matter being dealt with if urgent: not applicable.

6 Statement from the Decision Maker:

Approved by:

Date:

**Chairman of Cabinet
Councillor Rob Humby**

19 July 2022

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	18 October 2022
Title:	Driving Towards Economic Strength
Report From:	Chief Executive

Contact name: Carolyn Williamson, Chief Executive

Tel: 01962 845252

Email: carolyn.williamson@hants.gov.uk

Purpose of this Report

1. As indicated in the previous report, the economic cycle is now predicted to enter a new phase of economic slowdown or recession triggered by wider global issues, rather than the recovery from Covid economic phase, therefore it is appropriate to shift the nature and focus of this report.
2. This regular report to Cabinet previously summarised the County Council's continuing recovery activities resulting from the COVID-19 pandemic. As indicated in the previous report, the crisis continues to subside and learning to live with Covid-19 is now the norm. The focus for this and future reports is working towards economic strength post COVID whilst also recognising the significant impact resulting from the war in Ukraine and the cost-of-living crisis. Reports will now focus primarily on steps being taken to focus on striving for economic strength unless there is a matter of significance to report.

Recommendations

It is recommended that Cabinet:

3. Notes the analysis of the economic impact and issues highlighted which emphasises that the County Council continues to use its scale and influence to drive towards economic strength in Hampshire, including the consolidation of regeneration and growth partnerships, and integration of the LEP's going forward.
4. Endorses the County Council's continued ambition and commitment to engage with Government for a Pan-Hampshire County Deal, recognising the significant opportunity for a Deal to enable the County Council's economic ambition, catalyse significant investment and benefit the lives of residents and communities.

Executive Summary

5. This report provides an analysis of the economic impact and outlines those issues that the County Council continues to use its scale and influence to contribute to the county's and sub-region's economic recovery going forward. It will be particularly important to consolidate the emerging Regeneration and Growth Partnerships initiative which was approved by Cabinet in February 2022 and will streamline, and better co-ordinate initiatives aimed at supporting local economic growth and physical regeneration of town centres and other economically important areas.
6. The report outlines the position on economic recovery and action taken alongside the continued development of the opportunities that arise from the devolution of powers, resources and funding through a County Deal, and the potentially significant contribution a Deal could make to both economic recovery, but also the longer-term economic ambition for our area. A County Deal prospectus (Appendix 2) has been developed with contributions from a range of stakeholders over the past 12 months. Following the political uncertainty of the summer period and subsequent appointment of a new Prime Minister and Cabinet, the County Council now stands ready to negotiate a Deal with Government. As with all negotiations, any final proposal will be considered in line with the County Council's governance requirements.

The current economic challenge and our response

7. Hampshire's economy recovered strongly in 2021 from the worst recession in living memory that saw its economic output decrease faster than both the national and regional average. Estimated growth in the first and the second quarter of this year was faster than the national average but the tailwinds from the reopening of the economy have now faded, having been overtaken by headwinds of rising geopolitical tensions, sky rocketing energy prices and inflation, supply delays, labour shortages and increasingly gloomy outlook for the economy.
8. The cost-of-living crisis driven by the extraordinary increase in household and utility bills has pushed inflation to 10% with some forecasters suggesting that rising utility bills could result in inflation exceeding 20% by January. Inflation at this scale would lead to an unprecedented fall in real (inflation adjusted) household incomes in Hampshire and across the country, a sharp slowdown in business activity and growth with a significant number of Hampshire businesses failing this year and in 2023. The most recent Bank of England forecast from August suggests that the economy was going to enter a recession later this year with stagnating economic performance in 2023.
9. Falling domestic demand driven by the cost-of-living crisis alongside the expected fall in business investment and heightened uncertainty about the strength of external demand for Hampshire's exports imply that the economy was on course to be affected to a greater degree than expected in the latest Bank of England forecast.

10. Faced with an unprecedented cost of living crisis that has already pushed inflation into a double-digits that was going to lead to a sharp increase in absolute poverty thus possibly threatening civic unrest, the new government was prompted to act with a huge policy intervention – the ‘Energy Price Guarantee’ and the ‘Energy Bill Relief Scheme’, announced on 8 September that freezes household energy bills from 1 October for two years and business utility bills for six months.
11. Freezing utility bills to households and businesses will lead to a significant cost to the Exchequer – perhaps between £150 to £170bn or over two years or about 6% of GDP, significantly higher than some £100bn spent on the furlough and the self-employed (SEISS) job support scheme introduced during the Covid19 pandemic.
12. The policy intervention will result in significant benefits to both household and the economy. Inflation should peak at a rate that is slightly higher than the current inflation rate, real household incomes would fall but nowhere near as fast as predicted with the economy still contracting but the contraction is expected to be mild in comparison to the previous forecasts and past recessions.
13. Hampshire has one of the tightest labour markets in the country that continues to defy expectations of a slowdown. The unemployment rate is stable and a further increase in PAYE employment alongside a sharp increase in vacancies (online job postings) in June suggests that the labour market continued to tighten in early summer.
14. Sharp downturns in economic activity tend to be accompanied by increases in unemployment but it is possible that we may see a ‘soft landings’ in the labour market in Hampshire. The tight labour market implies that Hampshire businesses have struggled to fill their vacant positions and thus may be reluctant to lay off staff providing the downturn is relatively short.
15. Hampshire’s large care sector is a prime example of a sector that is experiencing a rising mismatch between demand for care-workers and its supply. For example, the County area had around 3,400 unique job postings in August 2022, up by 49% on the previous August and 122% higher compared to pre-pandemic (Feb 2020) level.
16. By 2030 around 1 in 8 residents in the County area could be aged 75 and over and this is projected to increase to 1 in 6 by 2043. Thus, the latest population projections point to a sharp rise in both the demand and the cost of provision of care for the elderly population in Hampshire.
17. The weakness in labour supply in Hampshire caused by slower population growth is not the only challenge facing the economy. Hampshire’s productivity is above the national average but there are significant disparities within Hampshire and Hampshire has lost ground relative to its major competitors outside the UK.

18. To increase its competitiveness, ensure sustainable rate of economic growth and increase wages and economic prosperity over the long-term Hampshire's aggregate productivity growth will need to increase and Hampshire will need to narrow the gap in labour productivity within Hampshire.
19. Nearshoring or producing items closer to home, has seen an uptick due to the recent supply chain delays and rising geopolitical tensions. Through the Solent Freeport and other locations Hampshire should benefit from this new trend but to remain competitive Hampshire will need investment and energy security at reasonable prices.
20. Hampshire has a long history of conventional oil and gas developments. Nationally, unconventional oil and gas (such as shale) has been considered as a potential form of energy supply. Lifting the moratorium on hydraulic fracturing ('fracking') for shale gas production is not likely to have an immediate impact on Hampshire with focus likely to be elsewhere in England initially.
21. As shown by the Six Capitals Framework that underpins the forthcoming Hampshire Economic Strategy, to boost its competitiveness Hampshire will need investment in physical capital, human (skills) capital and knowledge capital, the three capitals that are the main drivers of productivity.
22. To further boost economic growth over both the short and longer term the Chancellor of the Exchequer delivered his Growth Plan 2022 to Parliament on 23 September 2022. Throughout the Growth Plan 2022 there is a focus on accelerating vital infrastructure delivery, through reducing requirements on the planning system, streamlining consultation and approval requirements. New legislation (the planning and infrastructure bill) will be brought forward in the coming months to reduce barriers and speed up delivery.
23. In his 'mini-budget' that accompanied the Growth Plan 2022, which is anything but mini according to the IFS, the Chancellor has set the aim of achieving a 2.5% long-term annual growth in the economy. To achieve this goal the Government announced the biggest package of tax cuts in 50 years and a range of other policy measures. The new package of cuts will come on top of the huge support for households and businesses (the Energy Price Guarantee and the Energy Bill Relief Scheme) announced previously.
24. The mini budget was essentially £45bn worth of tax cuts and it in effect represents a return to a new economic orthodoxy based on a smaller deregulated state and perhaps a move away from a more interventionist 'levelling up' model. The Government's growth target implies that building on a strength-based approach and competitiveness could mean a move away from a focus on the north and the midlands and a more open approach to stimulating the south without which there is little chance of achieving its long-term growth target.
25. The new set of measures should boost economic growth but fiscal expansion on this scale could lead to higher inflation and higher interest rates. The Office

for Budget Responsibility (OBR) has not been asked to provide a forecast for this budget but according to the IFS public borrowing is expected to climb to £190bn this year compared to £99bn projected in March. At 7.5% of GDP this would be the third highest peak in borrowing since WWII after the Global Financial Crisis and the Covid-19 pandemic.

26. The announcement of the Growth Plan resulted in a sharp increase in the cost of government borrowing with the pound falling to a record low against the US dollar. This in effect means that the markets believe that tax cuts are likely to result in higher inflation and interest rates in the UK and that a deterioration in the public finances could undermine economic growth over the long-term.
27. According to the National Institute of Economic and Social Research (NIESR) macro forecasts based on a model that is similar to the OBR's, the measures announced in the 'mini budget' should shorten recession and result in economic growth of around 2% in 2023/24. However, fiscal expansion is expected to be inflationary which will see the Bank of England increase interest rates to a peak of 5% in late 2023.
28. The Levelling Up and Regeneration Bill was published on 11 May. It is in this context and the language of 'breathing new life' into failing places, their economies, towns, and high streets, that the County Council increasingly has to position itself to secure essential future resources. This comes on the back of the perception that the South East has to 'stand on its own two feet', and that it can look after itself.
29. It is in these difficult times that the County Council cannot afford any complacency and working with its partners will have to deal with its own diminishing resources to support its most vulnerable people and communities and continue to provide wider public services.
30. Regardless of the underlying realities of 'levelling up' and the scale and scope of poverty and deprivation that continues to prevail in some of Hampshire's towns, cities and estates, it will increasingly be down to fiscal freedoms and flexibilities to enable places like Hampshire to leverage its economy to both fund its future and reduce demand on highly complex and complicated public services, especially those targeted on vulnerable communities as well the day to day universal services everyone relies on whether it is to get to work, succeed at school, or care for children and the elderly.
31. Businesses will only invest here if they have confidence in the investment framework, that infrastructure will be built, that the skilled workforce will be accessible, flexible and in place, that their homes will be affordable and their schools, colleges and universities and places of leisure, culture, and sport, will thrive.
32. The wider pan-Hampshire area is a major net contributor to the exchequer, and it is essential that it continues to make substantial regional and national contribution to economic growth and public finances. However, to optimise it Hampshire needs a full recognition by Government. This is why, as set out in this report, the County Council is continuing to push for a bold and ambitious

County Deal. It is only by altering the relationship and strength of the collaboration with Central Government that a new transformational Deal for Hampshire residents, communities and businesses can be secured. This is why the County Council is so actively supporting the pan-Hampshire area in putting a credible offer to Government for such a Deal.

Economic update and the challenges facing Hampshire's economy

33. Hampshire's economy recovered strongly in 2021 and estimated growth in the first and the second quarter of this year was faster than the national average but the tailwinds from the reopening of the economy have now faded, having been overtaken by headwinds of rising geopolitical tensions, sky rocketing energy prices and inflation, supply delays, labour shortages and increasingly gloomy outlook for the economy.
34. The official estimate from the Office for National Statistics suggests that the UK economy contracted by 0.1% in the second quarter compared to the previous quarter. Our preliminary estimate suggests that Hampshire's (Hampshire & the Isle of Wight) growth in the second quarter was flat and slightly better than the UK average.
35. Business activity across some consumer-facing service sectors such as Hampshire's accommodation & food and arts & entertainment held up well over the quarter, but growth was held back by contractions in several large sectors such as health & social work, wholesale & retail, and education.
36. The expenditure breakdown suggests that there was a small fall in consumer spending in the second quarter and a large fall in government consumption. The negative effects of consumer spending and government spending were offset by the external sector (trade) and investment. Business investment increased by 3.8% and exports increased by 6% in the second quarter. The fall in consumer spending has resulted in the fall in imports.
37. Hampshire's economy returned to growth in July, but estimated growth (0.2%) was modest and comparable to the national average. Much of economic growth in July was due to the unwinding of the extra bank holiday effects. Industrial output and construction fell for the second month in a row.
38. The cost-of-living crisis and the latest survey evidence suggest that it is unlikely that economic growth will be sustained in near term. For example, timely survey evidence from purchasing managers (PMI) suggests that business activity in the region fell slightly in August thereby ending 17 consecutive months of growth. Since PMI survey excludes the retail and public sectors the fall in business activity was most likely greater than indicated by the latest data. A slowdown in the growth of new orders in the region points to a further slowdown in business activity to come.
39. July saw the first monthly growth in retail sales since April, but retail sales volumes fell back in August by 1.6% on the previous month, largest monthly fall in sales since July 2021. Consumer confidence held steady in July but following Ofgem's announcement that the energy price cap for households will

increase from £1,971 to £3,549 on 1st October which represents an 80% increase in average prices for households, consumer sentiment fell to a new record low in August and exceeding expectations as UK households continue to struggle with the soaring cost of living.

40. The rise in the energy price cap for households alongside rising food prices and interest rates will further squeeze household disposable incomes across Hampshire that stand at just 5% above the national average. There are significant variations in gross disposable incomes within Hampshire with household incomes in Central and North Hampshire at 24% and 20% above the national average whilst South Hampshire comparable to the national average.
41. Portsmouth and Southampton have the lowest gross household incomes per head of all 64 local authority districts/UAs in the South East (21% and 18% below the national average respectively), with Gosport and the Isle of Wight ranked the 4th and the 6th lowest in the region. Even some of the most competitive and productive local authorities in Hampshire such as Rushmoor have disposable household incomes at just 3.5% above the UK average.
42. In its latest Economic Outlook that underpinned the Spring Statement the Office for Budget Responsibility (OBR) projected that the average real household disposable incomes would fall by 2.2% in the 2022/23 financial year but much faster increases in utility bills and inflation than projected by the OBR imply that the fall will be larger this year and in 2023. The Resolution Foundation argued that thanks to a sharp increase in utility bills and inflation, real (inflation adjusted) household disposable incomes were on course to fall by 10% over this year and next.
43. The Energy Price Guarantee that was announced on 8 September will lead to a much lower inflation than previously thought which means that real household income will not fall as much as predicted by the Resolution Foundation. Real incomes in Hampshire could still fall by as much as 5% over the next two years. A fall of this magnitude would be around £1,600 for a typical Hampshire household and around £1,900 for households in Central Hampshire. This would represent the deepest living standards squeeze in over 50 years leading to a significant increase in the number of people in absolute poverty in Hampshire and across the country.
44. Household spending adjusted for inflation should not fall as far as household incomes since some household will reduce their savings to boost spending. The stock of excess savings built up during then pandemic stood at over £160bn or about 6.8% of GDP in the first quarter of this year. In Hampshire's case this is equivalent to about £4.6bn but there are significant differences in household savings rates within Hampshire.
45. Rising interest rates represent another headwind to consumer spending and growth in Hampshire but over the short-term household might be in a better positioned to withstand higher rates than in the past. Household debt relative to income is much lower than during the 2008/9 global financial crisis and the share of households with fixed mortgages stands at around 74%. This is much

higher than a decade ago, but most fixed mortgage rates are of a relatively short-term.

46. Rising interest rates and the cost-of-living crisis are expected to place house prices in Hampshire under strain this year and in 2023. According to Land Registry average price of all property in the Hampshire County Council area stood at £378,238 in June or about a quarter above the England average.
47. Monthly house price inflation in the County area stood at 1.3% in June, above the England average (0.9%) and on an annual basis house price inflation in Hampshire was running much higher than nationally, 11.3% in the County area compared to 7.2% in England.
48. Thus, there was no evidence of a slowdown in house price inflation but there was evidence of a slowdown in transactions in Hampshire. The most recent data suggests that the number of housing transactions in Hampshire had decreased by about 15% in May and the number of transactions is expected to decrease further over the coming months. Fewer housing market transactions in Hampshire has already weakened consumer spending on a range of goods and on household goods in particular.
49. Thus, the property market boom may soon be over as experts predict that the cost-of-living crisis and rising interest rates could cause a house price correction across the country. The consensus of independent forecasts is for a modest correction in house prices in the UK – Capital Economics expects a fall of around 5% while HSBC expects average UK house prices to fall by 7.5% outside London.
50. To support the housing market from 23 September the threshold above which stamp duty tax is paid on the purchase of residential properties has increased from £125,000 to £250,000. This will potentially lower costs boost transactions and make house prices in Hampshire less affordable. The stamp duty threshold for first-time buyers has increased from 300,000 to £425,000 for properties valued no more than £625,000
51. Total demand for commercial floorspace (commercial take-up) in Hampshire & Isle of Wight rebounded in the second quarter of this year with take-up increasing by about 65% over the quarter to 978,452 sq. ft. There was growth in the three main markets with the strong demand for industry space in the second quarter.
52. Anecdotal intelligence from Hampshire points to the low supply of new office stock and strong demand for sub 5,000 sq. ft offices. Recent trends in industrial & logistics also point to strong demand fuelled by ecommerce. Recent significant occupier transactions in Hampshire include Tech Data (51,764 sq. ft) in Basingstoke, Lloyds Register EMEA (20,000 sq. ft) and Greentech Plastics (46,556 sq. ft) in Eastleigh and ParcelJet Technology Limited (71,797 sq. ft) in Gosport.
53. Retail, leisure & hotels accounted for about 11% of the overall take up in Hampshire but in relative terms this sector registered the fastest increase in

demand in the second quarter. The cost-of-living crisis and the sharp slowdown in business activity will affect demand for all commercial property sectors in Hampshire, but consumer-facing sectors such as hotels & leisure are particularly exposed. Structural change is likely to weigh on the office markets over the short-to-medium term.

54. As business costs spiral a range of businesses and especially micro businesses (businesses with between 0 and 9 employees) across Hampshire could be on the brink over the next 12 months. The most exposed businesses are likely to be businesses that depend on discretionary spending - independent pubs, chains that charge low prices, independent coffee shops and small retail outlets. In 2021 Hampshire had 10,655 micro enterprises (6,330 of which were in the County area), in retail and food & beverages sector which represents about 1 in 8 of all enterprises in Hampshire. The effect of soaring cost pressures and in particular energy bills could mean many Hampshire businesses become uneconomical to operate and would be felt across Hampshire and especially in rural villages and small towns.
55. Anecdotal evidence suggests that trading conditions remain difficult for tourism and hospitality operators in Hampshire with reports of reduced opening hours and increased risk of permanent closures. Visitor attractions, particularly in rural locations, may decide to completely close over the winter if they are unable to remain profitable given this is their quietest period. There are estimated to be around 41,700 'direct' hospitality and tourism jobs in Hampshire, potentially rising to 96,900 jobs when industries associated with tourism are taken as a whole.
56. On 3 September 2022 Rural England Prosperity Fund (REPF) was launched. Rural businesses such as farms, wedding venues and pubs will benefit from up to £110 million of funding available through the fund. The funding is aimed at projects that will boost productivity and create rural job opportunities. The fund is integrated into the UK Shared Prosperity Fund (UKSPF), it succeeded EU funding from the LEADER and Growth Programme that were part of the Rural Development Programme for England.
57. The fund allocations are for the financial years 2023-2024 and 2024-2025 with indicative allocations for eligible local authorities suggesting that Hampshire & Isle of Wight could receive just about £3.26 million, of which £2.7 million would be allocated to the five eligible Hampshire County area districts (Basingstoke and Deane, East Hampshire, New Forest, Test Valley and Winchester).
58. Business intelligence from Hampshire's Economic Development team suggests that Hampshire continues to receive a steady flow of inward investment enquiries from DIT, however this is unlikely to last. Survey evidence suggests that the rebound in business investment seen in the second quarter is likely to be short-lived. The latest data suggests that business sentiment in the region over the year-ahead moderated to the weakest in 27 months amid concerns over the economy, political uncertainty, rising prices and weak consumer demand.

59. Business investment is expected to fall sharply over the next 12 months as higher costs and interest rates reduce corporate profits, but changes to business taxes announced in the 'mini-budget' on 23 September should offset some of these effects.
60. The proposed rise in corporation tax in April 2023 from 19% to 25% will no longer take place. The Government announced the cancellation of the scheduled cut to the Annual Investment Allowance (the amount of spending on plant and machinery that businesses can deduct from their taxable profits). The AIA has been set at £1m and made permanent. This should reduce disincentive to invest in capital stock.
61. The government will be setting up new Investment Zones across the country which will benefit from special treatment for tax, regulation and local governance. The full details have not yet been confirmed - business tax reliefs will be similar to those available in Freeports but even more generous and for ten years rather than five.
62. The government announced that it is in early discussions with 38 Combined Authorities and Upper Tier Local Authorities, including Southampton to introduce Investment Zones across the country. Southampton and Kent are the only local authorities in the South East that are involved in discussions. The government has subsequently clarified that all Upper Tier Local Authority areas, Combined Authorities and existing Freeports will be invited to apply and expression of interest. The County Council has welcomed this announcement and is firmly committed to working in partnership to explore these opportunities to boost business and investment in our economic area.
63. Combined Authority areas will now receive local growth plan settlements as single guaranteed pots, like departmental settlements. This allows for much greater flexibility and scope to plan and plan multi-year and implies that devolution is still alive.
64. The is government committed to accelerating some infrastructure projects. Some accelerated Hampshire-specific projects include M27 junction 8, A2047 Portsmouth Safer Road Scheme and A3025 Southampton Safer Road Scheme.
65. Hampshire's large tourism sector should be boosted by the introduction of digital VAT-free shopping schemes for tourists. Overseas visitors will no longer need to pay VAT on shopping. It will enable them to obtain a VAT refund on goods bought in the high streets, airports and other departure points and exported from the UK in their personal baggage.
66. The risks for residential investment are equally skewed on the downside with residential investment possibly falling faster than business investment under the weight of reduced demand for housing and higher interest rates. The fall in residential investment would further constrain the supply of housing in Hampshire and affect housing affordability over the medium-to-long term.

67. Productivity levels in Hampshire relative to the national average have increased from 5% above the average in 2004 to 10% above the average by 2020 but Hampshire is far less productive than Berkshire and Hampshire has also lost ground relative to its major competitors outside the UK.
68. There are substantial differences in productivity levels within Hampshire. For example, with labour productivity (output per hour worked) of around 54% above the national average North Hampshire is the most productive sub-area outside London and the third most productive area in the country after Tower Hamlets and Campden & City of London. On the other hand, labour productivity on the Isle of Wight is about 15% below the national average with even relatively prosperous Central Hampshire having productivity levels below the national average. Portsmouth also stands below the average while Southampton has been losing ground relative to the national average.
69. As stated by Paul Krugman, Nobel laureate in economic sciences, “productivity isn’t everything, but in the long run, it’s almost everything”. Productivity is the main driver of competitiveness, growth, and the living standards over the long-term. Given that Hampshire’s workforce is expected to shrink over the medium-term its productivity will have to increase to maintain and raise the living standards of its residents.
70. Business response to the pandemic and the rise in geopolitical tensions has been a steady rise in ‘nearshoring’. Nearshoring or producing items closer to home, has seen an uptick due to the supply chain delays caused by the pandemic, Brexit and the rise in geopolitical tensions. Through the Solent Freeport and other locations Hampshire should benefit from this new trend but to remain competitive Hampshire need investment in transport, commercial property, and the skills of its population as well as energy security.
71. As shown by the Six Capitals Framework that underpins the forthcoming Hampshire Economic Strategy, Hampshire will need investment in physical capital, human (skills) capital and knowledge capital, the three capitals that are the main drivers of productivity. Hampshire will also need to grow its institutional, social and natural capitals.
72. Higher energy, material, transportation, and wage costs for businesses imply that businesses are increasingly forced to pass on rising costs to consumers. Survey evidence from purchasing managers suggests that average prices charged by private sector companies in the region rose sharply in August. The pace of the increase was the softest in six months.
73. Inflation reached a double-digit figure in July, earlier than expected before easing to 9.9% in August. Survey evidence suggests that business costs remain elevated, but the rate of input price inflation faced by region’s businesses eased in August to eight-month low.
74. The initial surge in inflation was driven by global factors but domestic drivers of inflation have started to replace the global factors. We have seen a drop in global oil prices which implies that fuel prices are going to exert a downward

pressure on inflation. Price pressures in the supply chain have eased, in part driven by the slowdown in demand but another outbreak of Covid19 or the further increase in geopolitical tensions between China and Taiwan could put global supply chains under strain. Domestic drivers of inflation are reflected in the strong growth in total service inflation that reached a 30-year high in July.

75. Preliminary HMRC data showed that median PAYE pay in Hampshire increased from 6.1% in July to 6.5% in August. The tightness of the labour market in Hampshire means that wages will remain a source of inflationary pressure. The 'second-round effects' from businesses passing their energy costs onto consumers will feed into higher price and wage expectations this year and in 2023 which may increase inflation and keep it higher for longer periods of time. For example, timely data from the Bank of England (Decision Maker Survey) showed that average wage growth was expected to be 5.5% over the next 12 months.
76. Inflation was expected to peak at around 13% in the final three months of this year according to the Bank of England, the highest rate in 42 years. However, the outcome was likely to be higher given the planned increase in Ofgem's price cap. According to analysis from Cornwall Insight, a consultancy, who accurately forecast the scale of the last two cap increases, by the end of June 2023 the price cap was expected to reach £6,616. Goldman Sachs argued that if energy costs continued to soar inflation in the UK could reach 22% in January 2023 and remain elevated next year.
77. The increase in utility bills and the emergence of domestic drivers of inflation imply that inflation is unlikely to fall back to the Bank of England target of 2% anytime soon. The Bank will continue to increase interest rates which following fiscal loosening announced in the two Energy Price Guarantees and the mini budget are expected to peak at 5% in late 2023 according to the National Institute of Economic and Social Research (NIESR).
78. The massive fall in real household incomes imply that it is still likely that we may see an outright fall in consumer spending this year, the main driver of economic growth in Hampshire and the UK which would mean that a UK wide recession seems highly likely.
79. The Bank of England and a range of independent forecasters have forecasted recession later this year. Back in August, the Bank forecasted the 2.1% fall in GDP from peak-to-trough. A higher-than-expected rise in in the price of utilities and other necessities such as food meant that the downturn was expected to be deeper than forecasted in August but a huge policy intervention by the government implies that the downturn is going to be considerably milder than previously thought and milder than during the 2008/9 financial crisis.
80. The impact of the 2008/9 recession on Hampshire was milder than the UK average but the impact of the pandemic in 2020 was greater than the UK average. Since households are expected to rein in on discretionary expenditure Hampshire's accommodation & food and arts & entertainment, the sectors that have not fully recovered from the pandemic, are likely to be

affected the most. The same is true of local authorities that are heavily dependent on discretionary consumer-facing service activities.

81. The external (trade) sector should provide support to economic growth over the next 12 months since exports are expected to perform better than imports (the fall in consumer spending should lead to a large fall in imports which should improve trade balance).
82. Hampshire is the most export intensive county in England according to Oxford Economics, a consultancy and Hampshire's net trade should benefit from the weakening in domestic demand (imports) and recovery in external demand from some of its largest trading partners such as the United States. Thus, net trade should to some degree limit the extent of the downturn in Hampshire.
83. The main downside risks to exports are found in the possible collapse of external demand from Hampshire's main European trading partners (Germany and France) or in deterioration in post-Brexit trading arrangements, like scrapping the Northern Ireland Protocol, a key part of the post-Brexit withdrawal agreement between the UK and the EU, a move likely to prompt retaliation from the block. Anecdotal intelligence from Hampshire suggests that some SMEs have chosen to no longer export to or import from the EU due to trade complications such as the costs associated with preparing trade documentation. This has led to either contraction in exports and/or pursuit of new / expanding domestic markets.
84. The collapse in demand from the EU would have a significant impact on Hampshire since in terms of exports of goods and services the EU accounts for about 51% of the total. Central Hampshire and the Isle of Wight would be affected to a greater extent by the collapse of the EU demand since export to the EU account for about 63% and 54% of their total (goods and service) exports, respectively. North Hampshire and South Hampshire are less exposed with about 45% of their total exports going to the EU markets. The least exposed area to EU trade is Southampton but total exports from Southampton are modest, several times smaller than in Portsmouth and below the Isle of Wight. As such the external (trade) sector is likely to provide limited support to Southampton's economy.
85. The pound has fallen to close to \$1.03 a record low against the dollar. So far this year it has depreciated about 23% against the dollar. Currency depreciation would make Hampshire's exports relatively less expensive which can boost sales and improve net trade. The downside of this is the increase in the cost of imported goods that would further fuel inflation.
86. However, weak sterling against the dollar is leading to an increase in visits to the UK from the United States, but whilst this is Hampshire's most important overseas market by value annually (£50m) it is still dwarfed by domestic overnight tourism (£500m).
87. The weaker economy has not led to a less tight labour market in Hampshire. Growth in PAYE employment has eased slightly but the monthly payroll still increased by 2,300 employees in August to a new record high of 901,300.

Monthly growth was up by 0.3% with annual growth slowing slightly to 2.6% in August from 2.8% in the previous month.

88. We are unlikely to see a sharp fall in employment, but some groups are more exposed than others. People employed in discretionary consumer facing services, such as accommodation & food or non-food retail are more exposed. These are primarily the young people and to a lesser degree the elderly. Self-employment has not recovered from the impact of the pandemic and due to its dependency on discretionary spending self-employed are more exposed to the impact of the downturn than employees.
89. Unemployment on the broader headline (survey-based) measure in Hampshire stands at around 3.7%, similar to the South East average and well below the England average (4.3%). In the County area unemployment stands at just 2.8%. On the narrower, administrative measure unemployment remained unchanged but it edged higher among Hampshire's young people in August.
90. In a typical recession unemployment rate starts to increase before the economy enters recession. For example, during the Great Financial Crisis of 2008/9 unemployment in Hampshire increased from 4.1% in 2007 peaking at 6.5% in 2010. Thus, it started to increase before the start of the recession but there is no evidence in the latest data that would suggest that unemployment is rising.
91. Furthermore, job vacancies typically start falling several months before the onset of recession. The latest data suggests that the number of online job postings in Hampshire not adjusted for seasonal factors increased by just 0.3% in August, but this was on the back of a 28% growth in July. However, nationally vacancies saw a small decrease in the second quarter. This was the first quarterly decrease since the three months to August 2020.
92. Sharp downturns in economic activity in Hampshire and elsewhere in the UK tend to be accompanied by increases in unemployment. Thus, it is tempting to conclude that history is about to repeat itself, but it is possible that we may see a 'soft landing' in the labour market i.e., unemployment not increasing by that much. The tight labour market in Hampshire implies that businesses have struggled to fill their vacant positions and thus may be reluctant to lay off staff providing the downturn is relatively short.
93. Hampshire has seen a slow recovery in the size of its labour force since the pandemic and over the longer-term labour supply could constrain economic growth in Hampshire. In the year to March 2022 the economically active population in Hampshire was slightly larger than in the year to March 2019 with the County area having a smaller workforce than three years ago.
94. The fall in real incomes driven by the cost-of-living crisis implies that some people in Hampshire will be forced back into the labour market but we are unlikely to see a strong rebound since the pool of available labour is smaller in Hampshire than elsewhere (economic inactivity in Hampshire is below both the

regional and national average) and since just one in five economically inactive residents (56,700 residents) wants a job.

95. Changes to Universal Credit announced in 'mini-budget' are aimed at encouraging more people into work with people having to prove that they are taking steps to move into a higher paying job. This policy may have a small effect on incomes, but it will do little to increase labour supply in Hampshire. Additional support to over 50s to get them back into work could have a small impact on some sectors.
96. The weakness in labour supply in Hampshire has been caused by slower population growth driven by ageing and lower migration (Brexit and the pandemic). Between 2011 and 2021 Hampshire's (Hampshire & the Isle of Wight) population increased by 5.3%, slower than the England average (6.6%). The composition of Hampshire's population has changed with strong growth in the older population and sluggish growth in the working age population.
97. The latest population projections suggest that in the County area the working age population could peak in 2024 and begin to decline from 2025 onwards. By 2030 there could be 6,100 fewer working age residents and 18,100 fewer by 2043 (-2.2%). The increase in state pension age might soften the impact by increasing working age, but it will not offset the long-term trend.
98. The older population in the County area is forecast to grow over the long term, with those aged 65 or over increasing by 60,100 by 2030, and by 111,200 by 2043. Around 1 in 10 residents were aged 75 or over in 2021 (152,700) but potentially rising by 26% to 1 in 8 by 2030 (192,800), and by 62% to 1 in 6 by 2043 (247,400). The strong growth in older population will lead to a sharp increase in demand for care that is already heavily constrained.
99. Hampshire businesses have struggled to fill their vacant positions in several sectors such as accommodation & food and health & social care. A mismatch between demand for care-workers and its supply in Hampshire is on the increase. For example, the County area had around 3,400 unique job postings in August 2022, up by 49% on the previous August and 122% higher compared to pre-pandemic (Feb 2020) level.
100. The most recent regional data suggests that there was a decrease in the number of filled posts in adult social care sector in recent months with the decrease being higher in care homes than in domiciliary care. The high vacancy rates in the sector suggest that there are recruitment and retention difficulties for the sector with employers not being able to find and recruit the staff they need.
101. The sector used to be heavily reliant on the EU workers (1 in 8 of all workers in the sector held an EU nationality as at 2020/21 up from 7.3% in 2012/13. However, the supply has been constrained by the pandemic and Brexit. The new immigration rules that came into place on 1 January 2021 effectively mean that it is not straightforward for people to come into the UK to take up care

worker roles (people can still arrive to take up some regulated professional roles).

102. With this route of labour supply no longer available for front line workers, employers are increasingly dependent on constrained supply from the domestic labour market. The Adult Social Care White Paper sets announced in December 2021 out a 10-year vision for social care based on three principles: choice, control, and support to lead independent lives; access to outstanding and tailored care and support; and fair and accessible care.
103. A social care sector is thus struggling under multiple pressures, including the challenges of ageing population and staff recruitment and retention issues. One of the policies that could help with staff retention will be the introduction of a brand-new Care Certificate qualification, ending the need for care workers to repeat this training when they move roles. The government will fund more than 100,000 training places for new care workers to complete this new qualification. Apprenticeship training will receive up to £3,000 per head, the maximum amount government will fund.
104. The previous administrations' policy was to allocate £1.7bn to improve social care in England from 2022-25, in addition to £3.6bn to reform funding system announced in September 202. This included £500m to improve the training, qualifications, and recognition of the social care workforce announced in April. At least £70m will go on helping councils improve services.
105. On the leadership campaign trail the new PM pledged to put £13bn of funds earmarked for dealing with backlogs in the NHS into social care as a way of freeing of hospital beds. As part of 'Our Plan for Patients' the new Health and Social Care Secretary Therese Coffey announced a new £500 million Adult Social Care Discharge Fund on 22 September to support the discharge of hospital patients into their own homes or community settings with the care and support they need. The government has not decided on how to distribute the fund - whether the fund would go to local authorities or to integrated care systems.
106. The new fund is clearly insufficient to address the multiple challenges faced by the sector that will get worse in the future. The health secretary described the new fund as a "down payment in the rebalancing of funding across health and social care as we develop our longer-term plans".
107. The long-term funding issue of the health & social care was not addressed in the 'mini budget' announced on 23 September. In fact, the new administration made a 'U-turn' on the health and social care levy, a 1.25% tax on earnings for employees, self-employed, employers and the earnings of those over state pension age that was going to fund social care. The levy that was going to be implemented from next April will be dropped.
108. The health and social care levy was effectively introduced via a 1.25 percentage point rise in National Insurance Contributions (NICs) that took effect from April that will be abolished from 6 November at a cost of £14.6bn in 2023/24. The Government announced that there will be no change to health

and social care funding and there are now calls for the prime minister to honour the £13bn pledge.

109. A lack of government investment when combined with falling business investment and the weakness in labour supply would affect the productive capacity of Hampshire's economy. The cost-of-living crisis and the contraction of public and private investment have prompted the new UK government to announce an 'Energy Price Guarantee' for households and an 'Energy Bill Relief Scheme' for businesses on 8 September.
110. The cost of energy for a household with typical consumption will be capped at an annual level of £2,500 over the two years from October. Households across Hampshire will still face energy bills that are about double what they were last winter, but they will be little more than half of what they would have been without the guarantee.
111. There is no additional support for low-income households which will gain slightly less than richer households in cash terms but since energy spending accounts for a much larger fraction of the poorest households budgets the Energy Price Guarantee will save a household with typical energy use in the lowest-income tenth an amount equivalent to 14% of their household spending, compared to 5% for the highest income tenth according to the IFS.
112. Some 841,000 Hampshire households (588,000 of which are in the County Area) stand to benefit from the freeze of domestic gas and electricity prices for two years. The consumer saving will be based on usage, but a typical household will save at least £1,000 a year (based on current prices from October). £150 of this £1,000 a year saving will be delivered by temporarily suspending green levies.
113. Under the 'Energy Bill Relief Scheme' wholesale prices are to be fixed for all non-domestic energy customers for six months which could cut expected energy bills in half. Some 81,900 Hampshire businesses (62,000 of which are in the County area) will benefit from the energy freeze for at least six months. The package will benefit large energy users the most but in terms of cost per worker or cost per £ of revenue the scheme should have greater impact on smaller businesses in Hampshire. Support for specific sectors, like Hampshire's large hospitality sector, beyond next March is to be announced in the coming three months.
114. The cost of the 'Energy Price Guarantee' this financial year is expected to be about £31bn with £29bn set aside to cover the cost of the 'Energy Bill Relief Scheme'. Total cost to the Exchequer will depend on what happens to wholesale energy prices, but should energy prices stay elevated next year the total cost could be between £150bn and £170bn over two years or up to 6% of GDP. This would be more than the almost £100 billion spent in total on the Coronavirus Job Retention Scheme for furloughed employees and associated support for the self-employed (SEISS) over 18 months during the pandemic.

115. Some of the cost would be offset through lower payments for inflation linked government bonds. This could be as high as £20bn this year providing that RPI inflation stays 4 to 5 percentage points lower than anticipated. The latest forecast suggest that inflation should stay at least 7 percentage points lower than previously thought but fiscal expansion at this scale implies that inflation next year will be higher than previously thought.
116. The main benefits are associated with lower inflation, higher real household incomes and better economic growth than expected. Freezing domestic gas and electricity prices implies that inflation this year will peak at a much lower rate than currently expected. The Bank of England expects inflation to peak at less than 11% this year. Inflation next year will also be much lower than previously thought but fiscal expansion announced in the 'mini-budget' should result in higher inflation than anticipated in early September.
117. A freeze on domestic gas and electricity prices will boost real household incomes. The current year would still see a sharp fall in household incomes, but real disposable household incomes would not fall as much in 2023 as previously thought. It is highly likely the economy would still contract but the peak-to-trough fall in economic output would be much smaller than expected. Higher household incomes would boost consumer spending and GDP growth in 2023 which was expected to be broadly flat for the calendar year according to the Bank of England's August forecast.
118. As stated in 'A Green Economic Recovery for Hampshire', a key element of Hampshire's strategy is the retrofit of privately owned housing. This would improve energy efficiency of our housing stock and lower household bills, but this requires significant resources and time to implement. In near term it was necessary for government to intervene.
119. It is unusual for any government in market-orientated economies to intervene in market pricing mechanism at this scale, but the current circumstances are extraordinary, and they have forced not just the UK government but other European governments to act. The energy price freeze is a temporary solution to the problem that affects domestic and business energy pricing in the UK.
120. Since there is a substantial risk that the current policy may have to be extended beyond the initial two years, entailing even greater costs the government has set up a new Energy Supply Taskforce – led by Madelaine McTernan to begin negotiations with domestic and international suppliers to agree long-term contracts that reduce the price they charge for energy and increase the security of its supply. To maintain the economic prosperity of Hampshire residents and competitiveness of its business environment Hampshire needs energy security at reasonable prices.
121. Among a series of measures aimed at accelerating domestic energy supply government will launch a new oil and gas licensing round and lift the moratorium on fracking for shale gas - enabling developers to seek planning permission where there is local support. Government will also launch a review

to ensure the UK is meeting its Net Zero 2050 target in 'an economically-efficient way', given the altered economic landscape.

122. Hampshire already has a number of oil and gas licence areas where typically oil or gas sites would be located. The County also has a long history of conventional oil and gas development with three active oilfields (located at Stockbridge, Horndean and Humbly Grove) as well as associated satellite sites and infrastructure within the licence areas. These oilfields extract conventional oil and are all in the production stage.
123. Hampshire's geology means that there could be some potential for shale gas or oil which would be considered an unconventional resource. There are no existing shale gas or oil sites in Hampshire. The exact potential for any viable shale deposits has only been assessed by the BGS, to date, in the Weald basin in the east of Hampshire. The Weald basin has potential for shale oil. Any further potential for shale gas or oil in other parts of Hampshire is unknown at this stage as no formal assessment of the potential has been undertaken to date.
124. It is not thought that by lifting the moratorium on UK shale gas production that there will be an immediate impact on Hampshire. It is likely that the industry's focus will be on the potential in the north of England such as Lancashire, Lincolnshire and Derbyshire where there is known potential for shale gas.
125. In the event that any further proposals for conventional or unconventional oil and gas development were received in Hampshire, planning permission would be required as well as other associated consents before development could commence. The adopted Hampshire Minerals and Waste Plan (2013) would guide planners on the acceptability of any proposals that could be received in the future.
126. The Chancellor of the Exchequer delivered his Growth Plan 2022 to Parliament on 23 September 2022. In his 'mini budget' the Chancellor announced several additional measures aimed at boosting household incomes, investment, and economic growth.
127. From 6 November the Chancellor will reverse 1.25 percentage points increase in the rates of employer, employee and self-employed National Insurance Contributions (NICs) introduced in April. People that earn over £12,570 stand to benefit from the NICs cut. In Hampshire's case hundreds of thousands of people stand to benefit. April's 1.25 percentage point increase in the rates of income tax on dividends will also be reversed from 6 November.
128. A one percentage point cut to the basic rate of income tax will be brought forward by one year from April 2023. Hampshire's basic tax-rate taxpayers will gain on average about £130 per year with higher-rate taxpayers gaining about on average £250 a year, as it only applies within a particular earnings band.

129. The 45% additional rate of income tax that applies to incomes above £150,000 per year will be abolished. The 1.1% of adults that pay this additional rate will pay the standard marginal tax rate of 40%.
130. A series of fiscal measures will boost household incomes but the freeze in the personal allowance and the marginal tax thresholds announced in April have not been reversed. High inflation implies that those freezes represent income tax rises.
131. The market reaction to the Growth Plan was a sharp fall in UK bonds (gilts) and increase in gilt yields – 2-year yields increased by 40bps to 3.95, the highest level since 2008 with 10-year yields rising by almost 30bps to 3.8%. Sterling tumbled to \$1.08, and it fell sharply against other major currencies.
132. The tax cuts are similar in style to the Thatcher government in the 1980's but supply-side reforms are much smaller than in the 1980's which could constrain economic growth over the long-term. This explains why the initial market reaction was to conclude that both inflation and interest rates could be higher than anticipated over both short and longer terms.
133. The short-term economic recovery action planning continues to be undertaken by the County Council. The County Council understands that the recovery from Covid has been uneven at local level and that the sharp slowdown in economic activity that is currently underway is equally going to be unevenly distributed across Hampshire. This places greater emphasis on place-based strategies and major regeneration initiatives, including breathing new life into our towns, city centres and high streets. The Council seeks to work on a collaborative basis with individual local authorities to develop bespoke place-based strategies and initiatives for faster recovery from Covid and stronger development and growth of Hampshire.
134. It is proposed that the foundation for this collaborative approach would be a stronger focus on co-production and co-delivery and a governance model that would involve senior politicians and senior officers representing the County Council on strategic governance on delivery arrangements.
135. Replicating this model across all Local Authorities that share our aspirations for a collaborative approach to place-based initiatives through the development of local regeneration and growth partnerships and that are able to demonstrate how to accelerate economic recovery, is an emergent opportunity. This approach will bring consistency and coherence and allow for deeper insight into prioritisation as well as secure good practice and recovery from Covid. More detail is provided in the forthcoming March Cabinet Report.
136. *Economic Intelligence Dashboard* (Annex 1) produced in mid-September contains additional information on the current economic trends and business intelligence (the most up to date at the time of writing).

LEP Integration

137. On 31 March 2022, a joint letter was issued by the Parliamentary Under Secretaries of State for the Departments of Levelling Up, Housing and Communities and for Business, Energy and Industrial Strategy outlining guidance to Local Enterprise Partnerships (LEP) integration. The letter was addressed to LEP Chairs, Combined Authority Mayors and the Mayor of London. Along with the Levelling Up White Paper this letter concluded the LEP review undertaken by Government.
138. It was acknowledged by Government that LEPs have played and continue to play a valuable role in supporting local economic growth from their inception in 2011. LEPs have brought businesses, education, and local government together, delivered large capital investment schemes, provided vital support to businesses during COVID-19, hosted impactful programmes on behalf of government departments and developed economic strategies for their areas. Government has reinforced that it values the contribution LEPs have made and continue to make to their local economies.
139. Central Government has indicated that it will support the integration of LEP functions and roles into the institutions that sit at Levels 2 and 3 of the devolution framework as set out in the Levelling Up White Paper 2021. These Levels 2 and 3 bodies are single institutions such as a (Mayoral) Combined Authority ((M)CA), a county council and a unitary authority or another County Council across a functional economic area with (Level 3) a directly elected mayor or without a directly elected mayor (Level 2). The guidance is now determining that LEP functions and roles will be integrated into institutions with devolved powers for the purpose of hosting a County Deal.
140. The letter and guidance outlines that where devolution deals are set to be negotiated, the integration of LEP functions, roles and boundaries will be considered as part of those negotiations. LEPs are asked to support local leaders, where requested, in embedding a private sector perspective into that conversation. Once a future devolution deal is agreed and implemented, or where an institution progresses to at least Level 2 of the devolution framework, LEP functions and roles will then be integrated.
141. Where no devolution deal is in place, LEPs will be maintained until a devolution deal is agreed, subject to future funding decisions via the annual business case route. In these circumstances it will be important to maintain current engagement arrangements. Where a devolution deal geography cuts across a current LEP geography (as could potentially happen with Enterprise M3 LEP) Government has indicated that they will engage with local partners and consider the best outcome for local businesses on a case-by-case basis guided by local preferences. It is also very clear that democratically accountable local leaders will lead the integration of LEP functions and roles into their respective institutions, working jointly with LEPs and, where necessary, other local stakeholders.

142. The future role of individual LEPs will differ depending on local circumstances and the status of devolution locally. With regard to the two LEPs in the Hampshire area namely Enterprise M3 and Solent, this is extremely evident. With Enterprise M3, its boundaries including Hampshire and Surrey will mean that its integration will need to reflect the devolution timescales within both counties. For Solent, a pan-Hampshire devolution geography is simpler, but the emergence of the Solent Freeport and its Government backed governance may have a distinct impact.

With this context of national government guidance, the County Council took the decision to:

- continue to engage with neighbouring areas concerning their devolution ambitions and programmes in the context of LEP integration;
- progress the ongoing discussions with the two LEPs in the Hampshire area, regarding their short-term business case submissions to Government and their proposals in light of the revised Government guidance for LEP integration;
- prepare the ground for a pan-Hampshire LEP Integration Plan for January 2023, subject to progressing devolution negotiations with Central Government and
- explore the opportunities for the development of a Member-led Hampshire Business Engagement Forum; a revision of the Place Leadership Group to integrate into the Forum; and
- promote greater collaboration on Economic Development activities across the economic geographies covered by the existing LEPs.

County Deal

143. As has been previously reported, a County Deal has the potential to both strengthen economic recovery across Hampshire and deliver major strategic economic initiatives enabling the future economic potential of the region. This would be achieved through securing substantial new functions, powers, and resources to enhance place-based leadership at regional, sub-regional and local levels for the benefit of local residents, including leveraging significant investment funding from Government and the private sector.
144. In November 2021, a Statement of Common Ground, was agreed by all Leaders, setting out the ambition to explore opportunities for a potential County Deal. It was agreed by:

Hampshire County Council – Cllr Keith Mans
Basingstoke and Deane Borough Council – Cllr Ken Rhatigan
Bournemouth Christchurch and Poole Council – Cllr Drew Mellor
East Hampshire District Council – Cllr Richard Millard
Eastleigh Borough Council – Cllr Keith House
Fareham Borough Council – Cllr Seán Woodward
Gosport Borough Council – Cllr Graham Burgess

Hart District Council – Cllr David Neighbour
Havant Borough Council – Cllr Alex Rennie
Isle of Wight Council – Cllr Lora Peacey-Wilcox
New Forest District Council – Cllr Edward Heron
Portsmouth City Council – Cllr Gerald Vernon-Jackson
Rushmoor Borough Council – Cllr David Clifford
Southampton City Council – Cllr Dan Fitzhenry
Test Valley Borough Council – Cllr Phil North
Winchester City Council – Cllr Lucille Thompson

145. In December 2021, a draft County Deal prospectus was endorsed by Cabinet. Using an independent Functional Economic Market Assessment (FEMA), this evidenced a clear functional socio-economic geography of the Pan-Hampshire region and its strong economic foundation as a net contributor to the UK economy. The draft prospectus outlined a range of opportunities and associated strategic proposals that would have a measurable positive impact on the lives of residents and would form the basis for further discussions with stakeholders and Government.
146. In February 2022, the much-awaited government White Paper, Levelling Up the United Kingdom, was published. This set out an ambition to extend, deepen and simplify devolution across the country, and commits to establishing a new model of Combined Authority that would enable devolution deals to be agreed by County Councils and/or Unitary Councils, encouraging collaboration where relevant with District Councils.
147. Within the White Paper the Government announced 9 Wave 1 areas which are being negotiated first. These are:
- Cornwall;
 - Derby and Derbyshire;
 - Devon, Plymouth and Torbay;
 - Durham;
 - Hull and East Yorkshire;
 - Leicestershire;
 - Norfolk;
 - Nottinghamshire and Nottingham; and
 - Suffolk.
148. The White Paper also set out the governance framework for devolution against a range of potential functions, with Level 3 being the most powerful and Level 1 being the least powerful but noting that there will be scope to negotiate further powers, on a case-by-case basis, and an opportunity to adopt innovative local proposals to address specific challenges and opportunities.
- **Level 3:** A single institution or County Council with a directly elected Mayor (DEM), across a Functional Economic Area (FEA) or whole county area.

- **Level 2:** A single institution or county council without a DEM, across a FEA or whole county area.
- **Level 1:** Local authorities working together across a FEA or whole county area e.g., through a joint committee.

149. Although no potential Deals in the South East were immediately progressed in the Wave 1 pilots, there has continued to be an active dialogue and engagement with officials and Ministers. These meetings strongly encouraged the continued work and development of the proposals outlined in the draft prospectus shared with Cabinet in December. This was mirrored by Cabinet endorsing the continuation of the work and direction of travel for a Hampshire County Deal at its meetings in February and March 2022, including the development of aligned Regeneration and Growth Partnerships at a District Council level.

150. In March 2022, a final round of collaborative workshops was completed with Partners, building on the initial collaborative work performed in November and December 2021 and importantly finalising the scope of opportunities to explore and form the basis of starting any negotiation with Government in the context of the now published White Paper. The draft December prospectus for change has therefore now been updated to reflect this and the final prospectus is included as Appendix 2.

151. In April 2022, the 5 County / Unitary Leaders met with the Parliamentary Under Secretary of State as a continuation of the collective engagement with Government. This meeting was extremely constructive, and the Minister was complementary of the emerging ambition of the proposals and the professionalism of the work that has been performed so far. The Minister clarified that County Deals are expected to include whole County areas and was not aware of any Deal that would split a County between two or more separate Deals. As expected, and in accordance with the White Paper, the Minister was clear that with the level of ambition in the Pan-Hampshire proposal, there would be new governance requirements including a requirement for some form of Directly Elected Leader.

152. In May 2022, the Levelling Up and Regeneration Bill was published, setting out further clarity on the expected governance of a County Deal through a Combined County Authority (CCA). Key points of clarity in the Bill are:

- a. There cannot be 2 or more CCA's across a single County Area.
- b. The previous language of a "Mayor" will not be prescribed.
- c. Public Consultation would be required as part of finalising proposals for a CCA.
- d. The Secretary of State may make regulations establishing a CCA for an area only if:
 - The Secretary of State considers that to do so is likely to improve the economic, social, and environmental well-being of some or all of the people who live or work in the area.

- The Secretary of State considers that to do so is appropriate having regard to the need:
- To secure effective and convenient local government, and
- To reflect the identities and interests of local communities
- The Secretary of State is satisfied that the proposal will achieve the stated purpose of establishing a CCA.
- The constituent councils' consent, and
- Any public consultation required has been carried out.

153. During the summer period, two Wave 1 Deals have now been successfully negotiated, demonstrating the continuing pace, commitment and focus of the devolution agenda in Government:

- York and North Yorkshire;
- East Midlands (Derby, Derbyshire, Nottingham and Nottinghamshire).

These Deals, operating at significant economic regional scale, include substantial devolved powers and funding under the future Governance of newly formed Combined Authorities. Both Deals include:

- Significant new investment funding (proportionally commensurate with Pan Hampshire's proposed £1.14bn ask of Government);
- Devolution of Adult Education functions and the core Adult Education Budget;
- Powers to establish Development Corporations and strategic partnerships with Homes England;
- New transport powers including bus franchising and new integrated transport settlements;
- New net zero capital investment.

154. Following a period of political uncertainty over the summer, including the appointment of a new Prime Minister and Cabinet, during which engagement with Government was paused, the County Council now stands ready to formally engage with Government to negotiate a devolution Deal.

155. Engagement will therefore commence underpinned by the County Deal prospectus finalised in June (Appendix 2), which sets out a bold and ambitious Deal across a wider Pan-Hampshire geography within an already a well-established Functional Economic Area. Geographically it aims to incorporate:

- Hampshire County Council including:
 - Basingstoke and Deane Borough Council
 - East Hampshire District Council
 - Eastleigh Borough Council
 - Fareham Borough Council
 - Gosport Borough Council
 - Hart District Council
 - Havant Borough Council
 - New Forest District Council
 - Rushmoor Borough Council

- Test Valley Borough Council
 - Winchester City Council
- Southampton City Council;
 - Portsmouth City Council;
 - Bournemouth, Christchurch and Poole Council;
 - Isle of Wight Council.
156. The prospectus sets out four areas of priority aligned to the Levelling Up missions under the Governance of a newly created Combined Authority.
- Supporting Sector Growth and Skills
 - Place Strategy
 - Net Zero and Net Environmental Gain
 - Integrated and Sustainable Transport.
157. These ambitions would be unlocked through devolution of specific new powers, alongside a commitment to develop a multi-billion-pound revolving investment fund with Government, leveraging significant investment from business and importantly securing the retention of Business Rates to catalyse, incentivise and re-invest in further economic development.
158. The prospectus highlights that decisions on the detail of governance arrangements will be taken in due course during a negotiation itself, but importantly references a series of important governance principles that have been developed collaboratively and in accordance with Statement of Common Ground. Any governance would therefore need to build on existing place-based partnerships and will ensure important sub-regional geographies across the region are included in the structure of the Deal. The County Council is also committed to working constructively with District Councils, maintaining a principle that devolution is not Local Government reorganisation and therefore each organisation's current sovereign statutory powers across the 2-tier system is respected and those organisations who choose to engage are appropriately represented at the table.

Conclusion

159. As the economic cycle is now predicted to enter a new phase of economic slowdown or recession triggered by wider global issues, rather than the recovery from Covid economic phase, therefore the nature and focus of this report has shifted to driving towards economic strength.
160. The post Covid focus for the County Council is clearly and significantly focussed upon driving towards economic strength, this includes the development of an ambitious County Deal prospectus as a negotiating position with Government. Engagement will now commence with Government following a period of political uncertainty over the summer. This also includes the consolidation of regeneration and growth partnerships, and integration of the LEP's going forward.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	yes/no
People in Hampshire live safe, healthy, and independent lives:	yes/no
People in Hampshire enjoy a rich and diverse environment:	yes/no
People in Hampshire enjoy being part of strong, inclusive communities:	yes/no

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation).
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation) and those who do not share it.
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

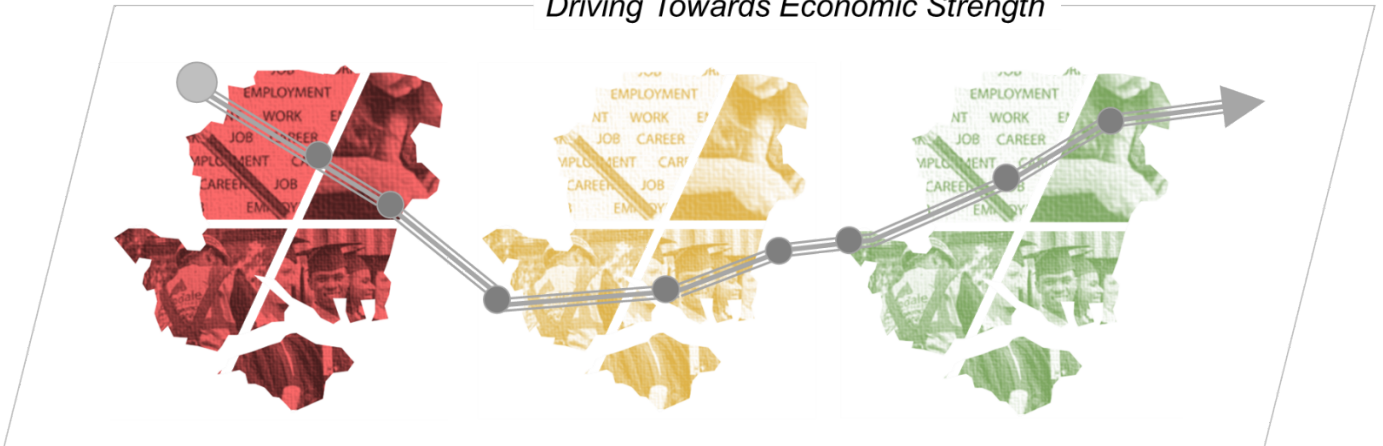
Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic.
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it.
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

(a) No equality impacts have been identified arising from this Report

Driving Towards Economic Strength



Hampshire Monthly Intelligence Dashboard

September 2022

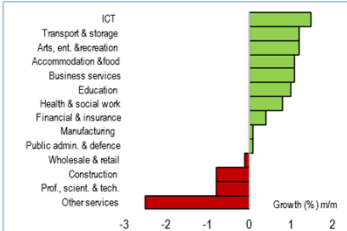
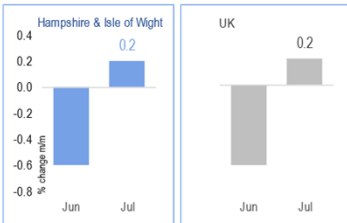
Hampshire County Council
Economy, Transport and Environment



Contents

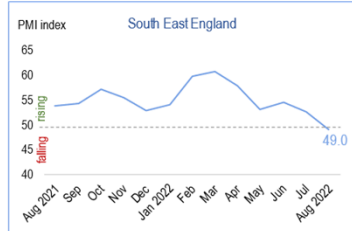
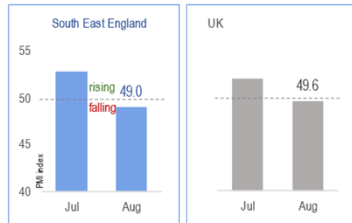
Theme	Indicators	
Business Activity	<ul style="list-style-type: none"> Economic Growth Business Activity Business Prices Inflation 	Page 1
Jobs and Earnings	<ul style="list-style-type: none"> PAYE Employees PAYE Earnings Labour Demand Demand by Occupation 	Page 2
Unemployment	<ul style="list-style-type: none"> Claimant Unemployment Local Claimants Youth Unemployment Local Young Claimants 	Page 3
Sentiment and Investment	<ul style="list-style-type: none"> Business Investment Retail Sales Consumer Confidence House Sales 	Page 4

Economic Growth ↑



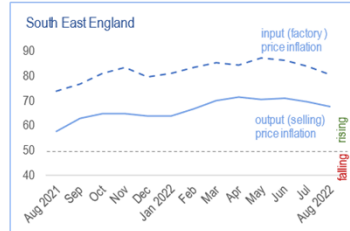
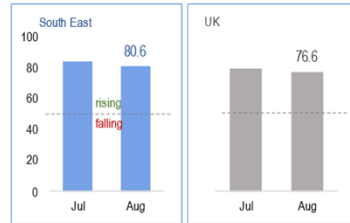
- Hampshire & Isle of Wight economy returned to growth in July, but estimated growth (0.2%) was modest and comparable to the national average.*
- July's GDP growth was driven by services. Industrial output and construction fell for the second month in a row last month.

Business Activity ↓



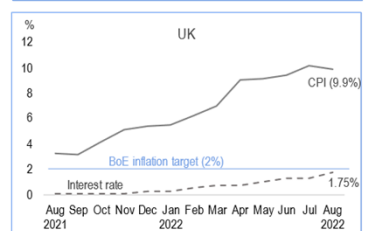
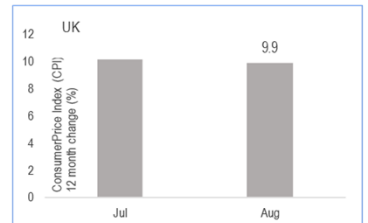
- Survey evidence suggests that business activity in the region saw a marginal contraction in August thereby ending 17 consecutive months of growth. However, the region declined at a slower pace than the national average.
- Weak demand and cautious sentiment is weighing on new orders.

Business Prices ↓



- Business prices continue to be elevated, but the rate of input price inflation faced by region's businesses eased in August to eight month low. Higher commodity, energy, transport and metal costs behind the increase.
- Despite some easing, businesses in the region faced higher cost inflation than UK average.

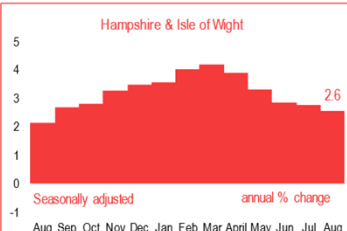
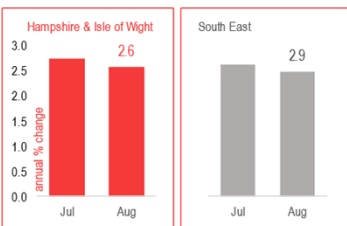
Inflation ↓



- Inflation eased to 9.9% in August, down from 10.1% in July, largely attributable to a fall in petrol prices. Strong growth in food and service inflation last month.
- Headline inflation most likely to peak at around 13% later this year following the introduction of the 'Energy Price Guarantee'.

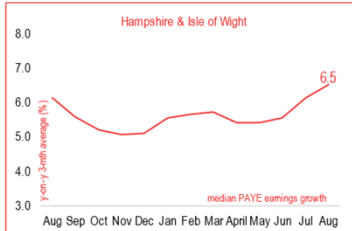
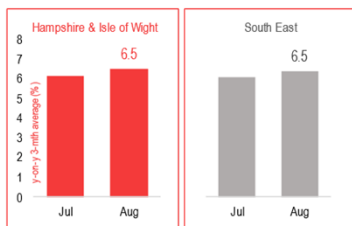
Jobs and Earnings

PAYE Employees ↓



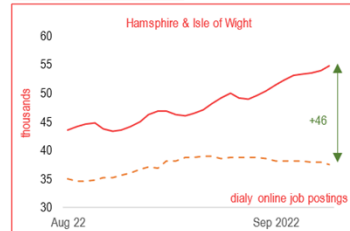
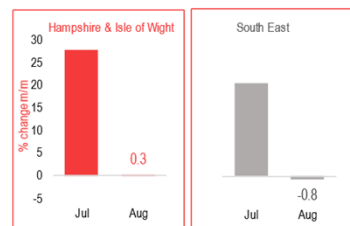
- PAYE employment in Hampshire and the Isle of Wight continues to rise, hitting a new record high of 901,300 payrolled employees in August.
- Growth in monthly payrolled employment was 0.3% (+2,300 employees), while annual growth slowed marginally to 2.6% in July from 2.8% in the previous month.

PAYE Earnings ↑



- Early payroll estimates for Hampshire & Isle of Wight indicates an increase in median monthly PAYE earnings of 6.5% in the quarter to August against the same period a year ago. Growth in median nominal pay was faster than July's 6.1%.
- Real earnings (adjusted for inflation) decreased sharply in August.

Labour Demand ↔



- Hiring intentions (the number of online job postings) in Hampshire & Isle of Wight saw (seasonal) demand fall away in August with growth of 0.3%, much slower than July's 28% growth rate, but above South East.
- Despite vacancies slowing the data continues to point to a tight labour market in Hampshire in August.

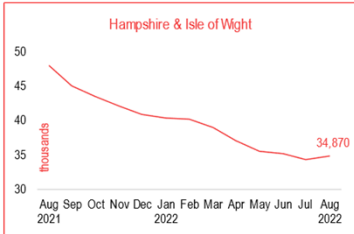
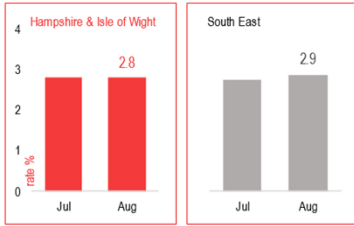
Demand by Occupation

Unique jobs postings by Occupation (SOC)	Aug	% of total
Care Workers and Home Carers	3,240	7.2
Other Administrative Occupations n.e.c.	2,547	5.7
Nurses	2,388	5.3
Customer Service Occupations n.e.c.	2,317	5.2
Sales Related Occupations n.e.c.	2,202	4.9
Kitchen and Catering Assistants	1,944	4.3
Programmers & Software Development Professionals	1,859	4.1
Cleaners and Domestic	1,439	3.2
Elementary Storage Occupations	1,264	2.8
Human Resources and Industrial Relations Officers	1,142	2.5

Unique jobs postings by Occupation	Jun	% of total
Care Workers and Home Carers	2,544	7.3
Nurses	2,341	6.7
Other Administrative Occupations n.e.c.	1,771	5.1
Sales Related Occupations n.e.c.	1,686	4.8
Programmers & Software Development Professionals	1,676	4.8
Customer Service Occupations n.e.c.	1,586	4.6
Kitchen and Catering Assistants	1,324	3.8
Chefs	1,106	3.2
Human Resources and Industrial Relations Officers	892	2.6
Managers and Proprietors in Other Services n.e.c.	848	2.4

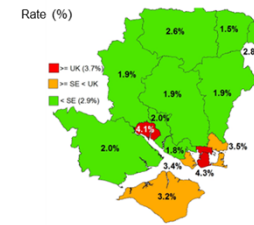
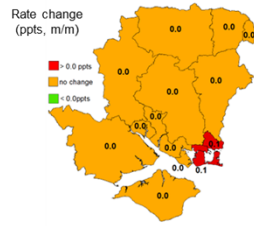
- Top in-demand jobs in Hampshire & Isle of Wight remain in care although nursing eased off in August.
- There was growth in administration and customer service occupations.
- The top five in-demand specialized skills were in business (finance, auditing, marketing); health (nursing, mental health); and in warehousing.

Claimant Unemployment



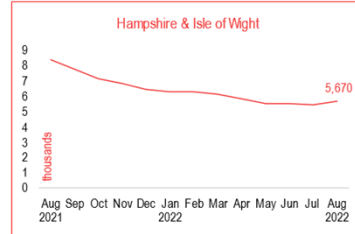
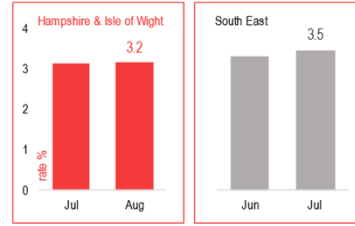
- Working age unemployed claimant counts in Hampshire & Isle of Wight (not adjusted for seasonal factors) increased by 480 to 34,870, with increases in the under 50 age groups.
- The unemployed claimant count rate was unchanged at 2.8% (Aug). The claimant count remains 36% higher than pre-pandemic levels.

Local Claimants



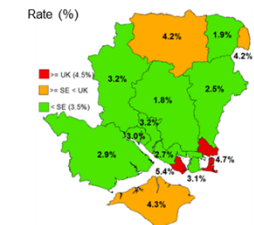
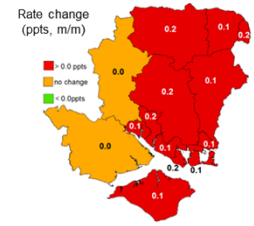
- Almost all local authorities in Hampshire & Isle of Wight saw no monthly change in their claimant count rates; Havant and Portsmouth the exceptions with increase in rates.
- Around on quarter of the total increase in claimants was in Portsmouth (+115). Only the two cities have rates above UK average.

Youth Unemployment



- The number of unemployed claimants aged 18–24-year-olds in Hampshire & Isle of Wight increased by 190 to 5,670 in August.
- The youth unemployed claimant rate increased by 0.1 percentage points to 3.2% in August. Despite the increase the rate is below both the South East (3.5%) and UK (4.5%) averages.

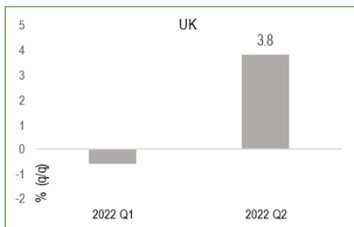
Local Young Claimants



- Almost all local authorities in Hampshire & Isle of Wight saw a monthly rise in youth unemployed claimant rates; New Forest and Test Valley were the exceptions.
- Almost all Hampshire & Isle of Wight districts were below the South East and UK rates, while the Havant and Portsmouth were above the UK rate.

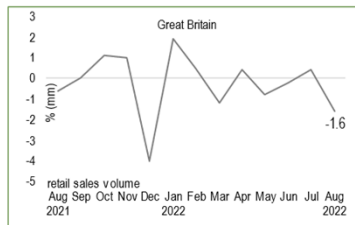
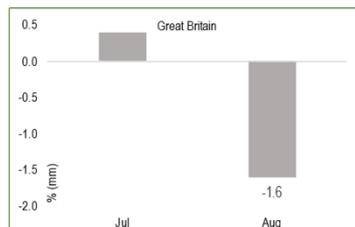
Sentiment and Investment

Business Investment



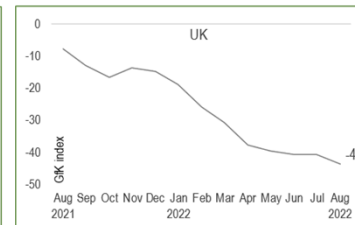
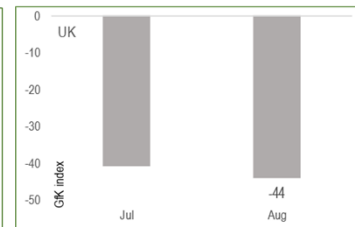
- Business investment increased in the second quarter but business sentiment remains historically weak.
- Business investment is expected to fall sharply over the next 12 months as higher costs and interest rates reduce corporate profits, though the potential review of business taxes may offset some of these effects.

Retail Sales



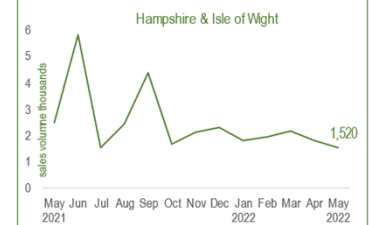
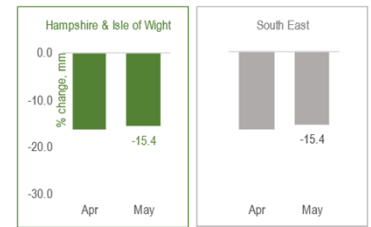
- Retail sales volumes fell back in August by 1.6% on the previous month (+0.4%). Largest monthly fall in sales since July 2021 and across all main retail sectors (food, non-food, online and fuel).
- The Energy Price Guarantee should support consumer spending and retail sales later this year.

Consumer Confidence



- Consumer confidence fell to -44 in August 2022, down from -41 in July, hitting a new record low and exceeding expectations as UK households continue to struggle with the soaring cost of living.
- Sentiment is at a record low for four successive months as the outlook for the economy remains gloomy.

House Sales



- House sales in Hampshire & Isle of Wight decreased by 15% in May, registering around 1,520 sales, 31% below pre-pandemic levels.
- According to timelier national house price index data, annual house price growth continued to slow in August. Further cooling is expected as cost-of-living dampens buyer demand.

How to read 'traffic lights':



Refers to decline or growth relative to the previous period (GVA, PMI business activity and business prices indicators, job postings, business investment, retail and house sales).

In the case of inflation, PAYE employment & earnings and consumer sentiment it refers to the direction of travel relative to the previous period.

For claimant count unemployment indicators the change refers to the rate not the level. For example, a decrease in youth unemployment would see a downward green arrow.



Little or no change on previous period.

* The local estimate is preliminary and it needs to be treated with a high degree of caution since it is based on the sectoral mix of Hampshire and the Isle of Wight and the national sectoral impacts.

Sources:

The primary data sources are the Office for National Statistics (ONS) and HMRC, while additional data comes from several commercial sources such as S&P Global, Lightcast, CBI, BCC, HM Land Registry and the Bank of England.

Monthly/Quarterly data for Business Activity, Jobs & Earnings, Unemployment and Sentiment & Investment.

In the case of several monthly indicators, the South East is used as a proxy geography for Hampshire.

Estimates of payrolled employees and their pay from HMRC Pay As You Earn (PAYE) Real Time Information are preliminary but seasonally adjusted. Employment figures differ from the ONS Labour Force Survey (LFS) data. Median pay figures differ from the ONS estimates, and are based on gross PAYE earnings which do not cover other sources of income, such as self-employment.

For further information on Hampshire's labour market see Quarterly Labour Market Updates and Monthly Ward Claimant Count Reports available at:

<https://www.hants.gov.uk/business/ebis/reports>

This publication is produced by the Economic and Business Intelligence Service (EBIS), Hampshire County Council



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A prospectus for change: Deal Proposals

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June 2022

Contents

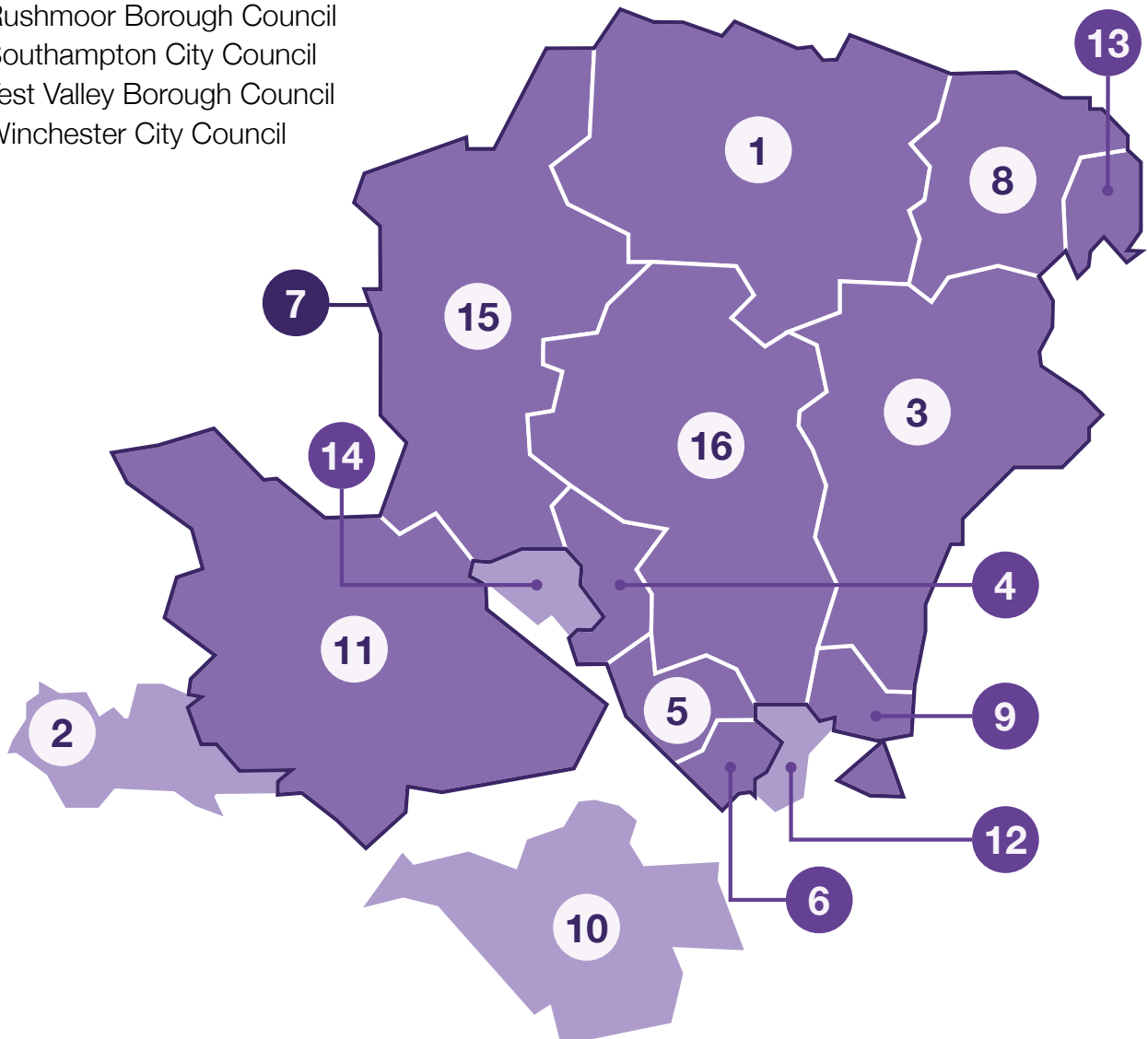


1 The Pan-Hampshire area	4
2 Executive summary	5
3 Building on our Prospectus for Change	11
4 Pan-Hampshire: Gateway to Global Britain	12
5 An ambitious Level 3+ Deal	19
6 Investment Fund and business rates retention	22
7 Priority focus areas for growth	25
8 Governance.....	42
9 Summary of proposals and conclusion	44

The Pan-Hampshire area

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

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





Executive summary

Pan-Hampshire set out our original expression of interest for a County Deal in our Prospectus for Change in late 2021. Operating at a whole County level, with four significant unitary authority areas, gives us the scale to achieve the most ambitious outcome from a County Devolution Deal, leveraging a business rates base that can help deliver a transformative investment fund.

Since late 2021, the Government has published its Levelling Up White Paper Levelling Up and Regeneration Bill, with a devolution framework, and ambition for every place in England that wants it, to have a devolution deal.

The Government has also now published the Levelling Up and Regeneration Bill, which sets out the statutory framework for County Deal Combined Authorities. We have worked together across Pan-Hampshire to develop ambitious and specific proposals for a County Deal that reflect the maximum ambition related to the Government's framework, and the corresponding governance structures and investment that will empower local leadership and delivery.

We are now publishing the second part of our Prospectus: setting out worked up Deal Proposals outlining the ambition we have in pursuing a Level 3+ Deal with Government.

The case for a Level 3+ Pan-Hampshire County Deal

Government has set out a clear policy focusing on devolution that supports economic growth and levelling up delivered through County Deals. Legislation aims to establish Combined Authorities that bring together whole county areas and neighbouring unitary authorities, with new arrangements that work for governance in these areas, not simply transplanting arrangements from metropolitan city regions.

We now have an opportunity to respond to Government policy with an ambitious proposal for a County Deal that brings together economic collaboration at a scale that meets the ambitions we have for our communities and devolves powers to an economic powerhouse. Our proposals set out devolution for a series of strategic functions that would mean local leaders working in our communities to determine and act on our priorities for economic growth and improving residents' lives. We have worked together over the past months on the outcomes we want to see, growing our economy and sectors, supporting businesses, achieving net zero and net environmental gain, and increasing opportunities for people to live healthy, prosperous lives.

Pan-Hampshire is a southern powerhouse, the gateway to the UK, with a population of 2.4m combining towns, cities, people and businesses that are part of a Functional Economic Area which is a net revenue contributor to the UK economy.

Our scale, and the complementary nature of a whole county and its districts, allied with 4 unitary authorities, gives us a business rate base that can deliver an ambitious financial deal for Pan-Hampshire. The business rates receipts for the area already total £464m per year. A deal with Government to significantly increase business rates receipt retention, in addition to an Investment Fund allocation, will help leverage further business investment, alongside council and pension fund investment, to drive our growth ambitions.

Despite a strong economy, productivity growth has slowed here since 2008. Our County Deal, with an ambitious Investment Fund, is designed to reverse that trend and increase Pan-Hampshire's contribution to the Exchequer. Returning our productivity growth to pre-2008 trends would unlock economic growth increasing output by £5bn more by 2030 and £25bn more by 2050.

Pan Hampshire also has its distinct areas of levelling up challenge, where there are pockets of persisting disparities and economic disadvantage. One of the reasons that we want to secure the most ambitious County Deal, is to ensure that these areas are supported with the investment and regeneration that they need to Level Up.

Pan-Hampshire is made up of Hampshire County Council, Southampton, Portsmouth, the Isle of Wight, Bournemouth, Christchurch and Poole (BCP) Unitary Authorities, and 11 Districts, and consisting of three distinct sub-geographies: South, Central and North. All have worked together to develop this Prospectus.

Operating at a whole County level with four significant unitary authority areas gives us the right scale for leveraging investment, driving business rates growth, and delivering better outcomes for our residents. Pan-Hampshire has significant growth opportunities across its diverse and innovative business base in each of its sub-geographies allied to a County Council area that generates two-thirds of our business rates revenue. Collaborative place leadership, in partnership with the private sector, across our Functional Economic Area will be transformative.

That's why we want the most ambitious possible County Deal, that gives us the tools, powers and resources to deliver these outcomes. What has been tabled so far by Government doesn't yet match our ambitions.

The Government has set out in the Levelling Up White Paper and associated legislation a new framework for devolution at three levels. The highest level – Level 3 – would not alone support Pan-Hampshire's ambitions, and we are seeking a Deal at Level 3+. We are seeking a Level 3+ Deal that gives us the powers and resources set out in the White Paper framework, and in addition gives us a £1.14bn gainshare allocation from Government for our Investment Fund, and flexibilities about business rate retention so that we can accelerate investment in transformational economic projects and larger investment in transport to generate ROI for our place and the UK as a whole.

We recognise that devolution on this scale would create new accountability requirements associated with the discharge of these new strategic functions and so we must be prepared to consider a Directly Elected Leader model for a Pan-Hampshire Combined Authority if the scale of devolution warrants this.

The additional Level 3+ elements

Our offer is to create an Investment Fund with co-investment from Pan-Hampshire Councils, Hampshire Pension Fund and the private sector.

Our ask is for Government to also contribute to this Investment Fund, via a single investment gainshare allocation of £1.14bn over 30 years.

And we want to leverage our strong business rates base, with a business rates

deal with Government, so that we can retain a significant proportion of growth receipts and increase transport investment.

The Investment Fund will be aligned to our three overall priorities, investing in: our key growth sectors, infrastructure, and net zero transition, including ensuring growth from the Freeport is dispersed across Pan-Hampshire. This will be a revolving fund, generating commercial returns.

Four areas of focus

We have developed four areas of focus for our proposals, these in turn are strongly interconnected with our collective commitment to improving health outcomes. We will continue to work together through our existing partnership arrangements to advance our health and wellbeing agenda. Once we have established our initial devolution arrangements, developing further ambitions for improved health and care outcome will be an area for future focus.

Supporting strong sectors and skilled residents

We want to build on our sector and innovation strengths to drive up productivity – growing advanced manufacturing, gaming and digital, engineering, net zero transition and greentech, marine and aerospace, defence, financial services, medtech, as well as foundational sectors. We will create a Pan-Hampshire Trade and Investment Agency in partnership with business leaders to support these priority sectors.

We will create a Pan-Hampshire Skills Plan that will deliver on employers' priorities, drawing on strengths and experience of our universities, colleges, providers and LEP skills advisory panels. We will develop a skills system with devolved funding that supports our wider economic and levelling up priorities, and key growth sectors.

This will create better alignment of skills with local employment opportunities and reduce NEETs and youth unemployment.

Our asks include multiyear UKSPF allocation, a devolved post-19 skills budget, devolved apprenticeship funding, devolved careers advice, and an employment support framework agreement with DWP.

Place strategy

We will establish an Independent Land Commission to develop the evidence base about our key economic corridors, sector clusters and natural assets, and to make recommendations about how these can be maximised.

Our approach will give confidence to private sector investors by prioritising town/city centre development projects and areas for housing development.

Our asks include developing over the long term fiscal powers on Stamp Duty retention and Council Tax on undeveloped sites, and in the short term, a strategic partnership with Homes England, the power to establish a development corporation, and the ability to raise a tourism tax. These will enable long term forward planning, de-risking development.

Net zero and net environmental gain

Net zero and net environmental gain is the thread that runs through our Deal.

Our approach will combine a focus on energy security through increasing renewable development with an innovative retrofit scheme, nature recovery approaches to biodiversity, and nitrate reduction in the Solent, Poole Harbour, and our river systems.

Our asks include CPO powers to acquire sites for renewable energy generation, pilot funding for 'able to pay' retrofit programme, ability to retain revenue from fines on water companies for pollution of watercourses, and flexibilities to develop biodiversity offsetting schemes.

Integrated and sustainable transport

We will develop a more integrated approach to linking transport infrastructure to housing and economic development. Key opportunities that need to be unlocked by better integrated transport include housing developments in the north, centre and south, urban regeneration schemes in the larger urban centres, and economic opportunities linked to the Solent Freeport and to BCP.

Major projects that should be at the heart of a deal include:

- a rapid mass transit systems in Basingstoke and South Hampshire between Southampton and Portsmouth, to reflect increased housing numbers and the Freeport, and in BCP
- enhanced transport and ferry links for the Isle of Wight
- economic corridor study for unlocking further growth opportunities along the main line running into BCP.

Our asks include powers and funding for a Passenger Transport Executive and metro style system development to better integrate public transport and boost its modal share, reserve powers to establish bus franchising, and financial flexibility for a revolving infrastructure fund.

Governance

We are ambitious for a Level 3+ Deal, but exact governance arrangements are to be further discussed and determined. The powers of a Combined Authority should be additional linked to devolved functions from Government, and we are prepared to consider a Directly Elected Leader (DEL), in accordance with the governance requirements outlined in the White Paper and legislation for a Level 3 Deal.

Participation in a Combined Authority (CA) would be voluntary, every Council would have a seat at the table and in the context of Government legislation, we believe the more inclusive approach is to include and develop proposals together with District Councils, Unitary Authorities and the County Council.

Existing statutory functions would also be protected, and Pan-Hampshire's sub-geography would be reflected through the structure of a Deal.

Sovereignty and scrutiny would lie with the CA made up of all Councils, with any DEL being a 'first amongst equals' in a Cabinet structure.

Pan-Hampshire will work jointly with Surrey and Dorset on integration plans for the LEPs across the wider area, so that there is consistency and alignment on business voice, and sector support. This will add to what Pan-Hampshire can achieve through a Level 3+ Deal.



Building on our Prospectus for Change

Pan-Hampshire set out our original expression of interest for a County Deal in our Prospectus for Change in October 2021. This document outlined a detailed assessment of Pan-Hampshire as a Functional Economic Area drawing on a separate Functional Economic Market Assessment (FEMA) and strategic assets review, showcasing the area's contribution to the UK economy and to the Exchequer. We set out how, with devolved powers and flexibilities, we could grow our economic strengths, and support residents and businesses where they face challenges.

Since then, the Government has published its Levelling Up White Paper and Levelling Up and Regeneration Bill, with a framework for devolution, and ambition for every place in England that wants it to have a devolution deal.

We have worked together across Pan-Hampshire to co-design ambitious and specific proposals for a County Deal that reflect the maximum ambition related to Government's framework, and the corresponding governance structures and investment that will empower local leadership and delivery.

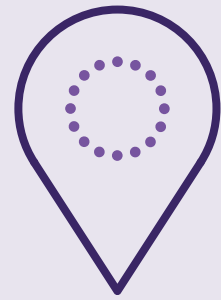
We are now publishing the second part of our Prospectus: setting out further detail of Deal Proposals outlining the ambition we have in pursuing a Level 3+ Deal with Government.

Following the publication of our Prospectus for Change, we have undertaken a series of collaborative workshops with a range of stakeholders to develop the substance of our proposals. We held the first set of workshops late last year, and the second set after the publication of the White Paper. The workshops involved officers from the Councils across Pan-Hampshire, as well as key partners from the LEPs, Universities, FE Colleges, skills providers, Clinical Commissioning Groups (CCG), NHS Hospital Trusts and Community Healthcare Providers, the National Parks, business representatives, and national agencies such as the Environment Agency. Officer workshops were supplemented by substantial individual engagement with Council Leaders and Chief Executives across the area. Through our engagement, we developed a shared position on a Deal to include Bournemouth, Christchurch and Poole, and we have therefore also updated the original FEMA and strategic assets review to include BCP.

This second part to our Prospectus outlining the specific Deal Proposals has also been developed drawing from a number of foundational materials, including our original Prospectus document, FEMA, and strategic assets review; a Statement of Common Ground agreed among Pan-Hampshire Council Leaders; proposal papers developed and agreed between Councils on an Investment Fund, our four areas of focus, and governance.

Pan-Hampshire:
Gateway to
Global Britain

Functional Economic Market Area
and Strategic Assets Review



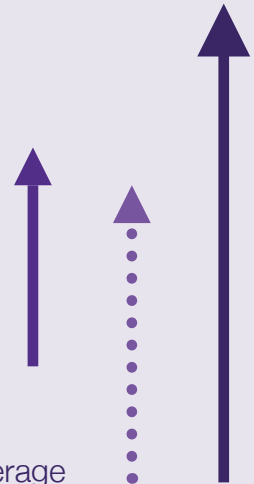
Almost
40%

of inputs sourced from
local supply chain



Gross Domestic Product (GDP) of
£79.1bn
(4% of the UK economy)

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



Over
one million
jobs in Pan-Hampshire

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





Population of
2.4 million



Strong
transport links

by, road, rail and water

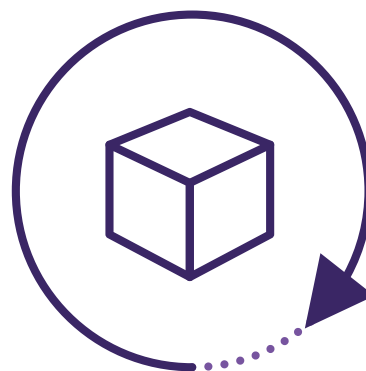


84%
of working residents work
within Pan-Hampshire



**A distinct
sector mix**

with shared specialisms across the
county including maritime, IT and
professional services



Total exports value of
£27bn

with ports supporting
UK supply chains

Pan-Hampshire is a well-connected economy, with strong internal links and many of the strengths of a Functional Economic Market Area. With a population of 2.4 million, GDP of £79.1bn (£67.2bn in GVA) and over 1.1 million jobs, Pan-Hampshire boasts a well-connected transport network, an interlinked labour market and robust local supply chains.

The labour market within Pan-Hampshire is broadly localised with 84% of working residents holding jobs within Pan-Hampshire. For all but two Authorities, two out of the top three destinations commuted to for work are within Pan-Hampshire itself, suggesting that primary employment flows are from one part of the area to another. Winchester attracts a significant number of commuters from the two cities (around 8,000 inward commuters) as well as the northern part of Hampshire. This movement is supported by strong road and rail links between urban areas, particularly those concentrated in the south of the area. In the north of the county, commuting patterns bend away from the county, towards London, Berkshire and Surrey. Developing the infrastructure across the Pan-Hampshire economic corridor from Bournemouth through Basingstoke is key to future growth, as is securing modal shift to manage road links which are already at or approaching capacity.

Local authorities within Pan-Hampshire have a similar economic composition, with the industrial structure of all but one District being more aligned to the Pan-Hampshire average than England as a whole. There are fourteen broad sectors where over half of the authorities within Pan-Hampshire have a specialisation, with notable shared specialisms across Pan-Hampshire including the manufacture of electrical

and digital products, construction and computer programming.

Pan-Hampshire has well developed economic clusters with strong local supply chains. Pan-Hampshire sources more of its inputs locally than the national average and ranks 5th out of 33 local economies for doing so, with over half of inputs in many key sectors being sourced locally.

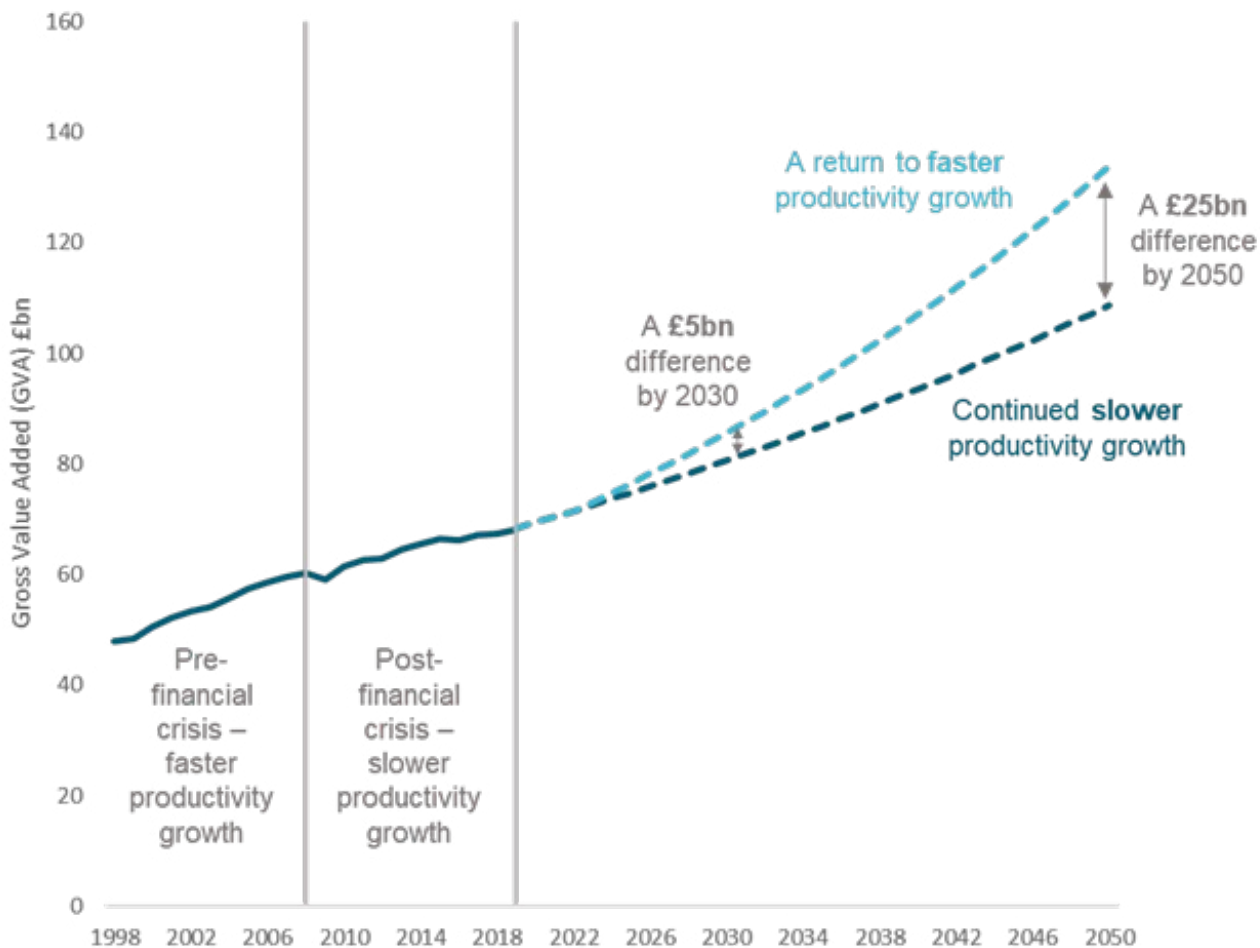
Commercial property markets show strong correlations in values over time in Pan-Hampshire, with twelve of the fifteen local authority areas moving largely in tandem. Three of the more northerly areas, however, have higher movement patterns that more closely align to London and South East averages.

Pan-Hampshire also has an interlinked housing market. House prices have moved in tandem within the county over the past 25 years and each district has shown a similar pattern of movement, with all local authorities showing a rate of house price growth within 10% of the Pan-Hampshire average. Commercial property and rental rates have shown a similar pattern, with high correlation observed between the price trends in each District. Analysis of house moves data reveals that nine of the top ten destinations for those moving out of a house in Pan-Hampshire are also in Pan-Hampshire.

The Pan-Hampshire economy is robust, integrated and interlinked, with clear economic specialisms and good employment opportunities backed by transport infrastructure that facilitates the movement between places in the region and the economic and societal links within it.

Despite a strong economy, productivity growth has slowed here since 2008. Our County Deal, with an ambitious Investment Fund, is designed to reverse that trend and increase Pan-Hampshire's contribution to

the Exchequer. Returning our productivity growth to pre-2008 trends would unlock economic growth increasing output by £5bn more by 2030 and £25bn more by 2050.



Source: ONS Regional Accounts, Metro Dynamics analysis

Pan-Hampshire makes a major contribution to the UK economy already, producing 4% of national output. The area's contribution to the exchequer has also grown steadily, from being a net recipient of £0.2bn in 2010 to a net contributor of £3.6bn in 2019. If this continues to grow, it will be £9.5bn in 2030, and £18.9bn in 2050.

There also remain disparities within the area in economic performance and prosperity, and a County Deal programme at this strategic level will support the benefits of growth throughout Pan-Hampshire.

Pan-Hampshire's core strategic assets

.....



£79bn

economy with specialisms including maritime, aviation and aerospace

A prime International gateway

centred on the three major ports, Europe's premier business airport (Farnborough) and Southampton International Airport



The heart of the UK Defence sector

across armed, naval and air forces



Housing development opportunities with **46,000** outstanding permissions

A world class higher education offer

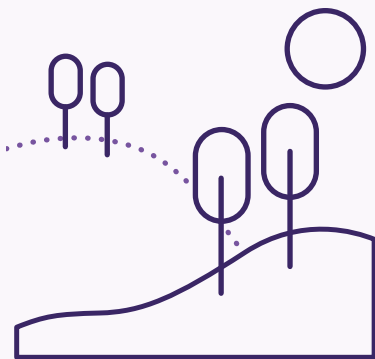
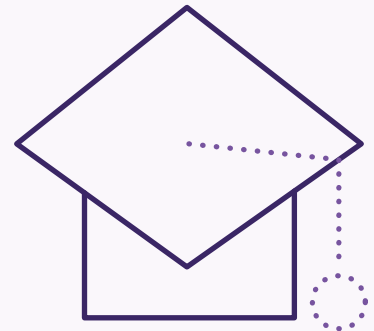
with seven universities and research assets including the National Oceanography Centre



785,530 visitors in 2019
(up 21% from previous year)

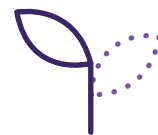
Comprehensive transport infrastructure

by road, rail and water



Unique environmental assets

with two national parks, three AONB's, and 290 miles of coastline



CO₂ emissions lower than average

and falling faster

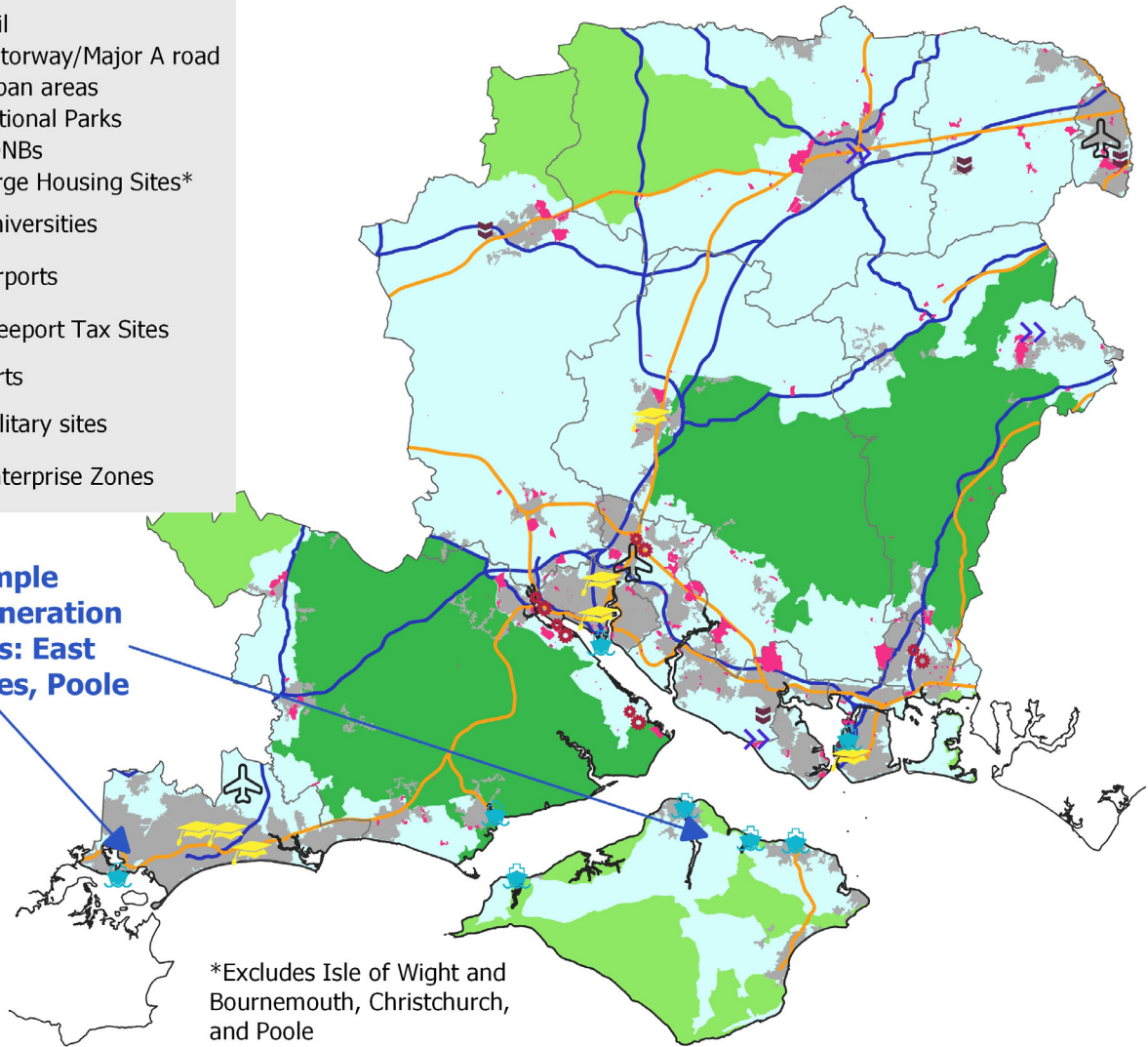
Our ambition for Pan-Hampshire



Legend

- Rail
- Motorway/Major A road
- Urban areas
- National Parks
- AONBs
- Large Housing Sites*
- Universities
- Airports
- Freeport Tax Sites
- Ports
- Military sites
- Enterprise Zones

Example regeneration areas: East Cowes, Poole



Pan-Hampshire will be...

the gateway to Global Britain

- The heart of the UK's post-Brexit trade, with the largest freeport in the country, trading with Europe, America, and beyond
- The core of the UK's strategic defence, home to both the British Army and Navy
- A major international visitor economy, concentrated on global cities, major natural assets, and heritage

a leading knowledge economy

- With four vibrant university cities: Bournemouth, Portsmouth, Southampton, and Winchester developing strong links between academia and industry, and more than 20 sites delivering high quality FE education and training spanning Pan-Hampshire delivering targeted education and skills for the future labour market
- Nurturing key sectoral clusters, such as digital, pharmaceuticals, gaming, and marine
- Enterprise Zones home to leading companies

a healthy environment, where people and nature thrive

- With protected landscapes and environments meaning biodiversity increases, from the New Forest in the West, to the South Downs in the East
- With sufficient, high quality, and affordable housing for people of all ages
- Linked by sustainable transport, including a new mass transit system in the South of Pan-Hampshire and in BCP

an economic powerhouse, contributing to levelling up

- Growing our economy to help support and fund levelling up across the UK
- Building on our sector and innovation strengths and working in partnership with skills and training providers to drive up productivity
- Connecting our more deprived communities to job opportunities through transport interventions

An ambitious Level 3+ Deal

Context: Levelling Up White Paper and legislation

The Government's Levelling Up White Paper sets out a framework for further devolution in England, and a set of missions for places to achieve levelling up. Legislation to implement this has now been introduced to Parliament as the Levelling Up and Regeneration Bill.

We will use the missions metrics that Government has set out as measurement against the missions as well as our own measures of progress against our ambitions. In Pan-Hampshire, achieving the levelling up missions means reducing inequalities between places such as Portsmouth, Gosport and the Isle of Wight and our more affluent communities.

The Bill provides for new Combined County Authorities as governance structures for County Deals, in order to simplify devolution arrangements, especially in areas with two tier local government and Unitary Authorities.

While the White Paper stated that higher levels of devolution would require a Directly Elected Mayor, the legislation allows for this role to be taken up as a Directly Elected Leader, Governor, Commissioner, or other title agreed locally. Other provisions in the Bill support Pan-Hampshire's ambitions, for example, new locally-led development corporations, and flexibilities in Council Tax revenue raising on second homes.

The legislation is intended to enable implementation of the Government's devolution framework set out in the White Paper in non-metropolitan areas and parts of the country not covered by current Mayoral Combined Authorities.

The framework for devolution is structured across three levels with associated powers, funding and flexibilities:

- **Level 1:** Local authorities working together across a FEA or whole county area e.g. through a joint committee
- **Level 2:** A single institution or County Council without a Directly Elected Mayor/Leader, across a Functional Economic Area or whole county area

- **Level 3:** A single institution or County Council with a Directly Elected Mayor/Leader, across a Functional Economic Area or whole county area

Pan-Hampshire has developed a proposal for the highest ambition Deal at Level 3+.

Levelling up missions to 2030

1. Rising pay, employment and productivity
2. Increasing investment in R&D
3. Local public transport connectivity closer to the standards of London
4. Nationwide gigabit-capable broadband and 4G coverage, increasing 5G coverage
5. Rising primary school children achieving expected standards
6. Increased attainment in high-quality skills training
7. Improved Healthy Life Expectancy (HLE)
8. Improved wellbeing
9. Increased pride in place
10. Home ownership pathways for renters and better conditions
11. Reduced homicide, serious violence, and neighbourhood crime
12. A devolution deal in every part of England

A Level 3+ County Deal

.....

Pan-Hampshire wants to portray the highest level of ambition and respond to the national policy agenda constructively. At the core of this is an ability to accelerate growth, increase revenue for the Exchequer, rebalance the economy, and lead on net zero transition and net environmental gain.

We are pursuing what we describe as Level 3+ Deal – that goes well beyond what has been tabled by Government. There are three major elements to additional asks in a Level 3+ Deal:

- Firstly, we will create an Investment Fund with significant capital funding and investment across Pan-Hampshire Councils and the Hampshire Pension Fund, leveraging private sector co-funding
- Secondly, we also want to ask Government to contribute to the Investment Fund. If they are consistent with what they have done elsewhere, this would imply £38m a year over 30 years (totalling just over £1.14bn).

- And thirdly, we want a business rates deal with Government, that would give us the ability to retain a significant proportion of growth. This should benefit all local authorities to either enhance their local spending power or support the delivery of transformational projects and increased investment in transport.

Based on the requirements of the White Paper and our Level 3+ ambition, we are therefore considering a governance model that would include a Directly Elected Leader and where every local authority participating in forming a Combined Authority has a seat at the table.

Investment Fund and business rates retention

The County Deal is about making a difference to the long-term future of Pan-Hampshire. That will not be possible without the resources to bring forward important projects that are beyond the scope of existing funding. Therefore, an Investment Fund is important to the Deal – enabling activity beyond the scope

of mainstream Council programmes and resources. So too is the ability to retain Business Rates on a secure on-going basis. Together, an investment fund, underpinned by retention of Business Rates give Pan-Hampshire a sound basis on which it can build a new approach through a County Deal.

Investment Fund

The creation of an Investment Fund is a sign of the seriousness of Pan-Hampshire's intent. It provides an extension of the toolkit available, making Councils positive agents of economic change. Pan-Hampshire has investable projects – creating the capability to bring them forward makes sense.

The ambition via a deal should be a £multi-billion fund. But we will not get there in one bound. Pan-Hampshire will start the process itself with willing partners.

Pan-Hampshire Councils will work together to co-invest and build the Fund over a phased period. We aim to match this through private sector and pension fund leverage and borrowing, including through opportunities such as the UK Infrastructure Bank's focus on net zero investment. This would create an investment capacity of some £400m in the near term.

The creation of a fund on this scale will provide a meaningful investment capacity.

We see this as a cornerstone investment with the Government playing a key role. Our ask is for a gainshare investment fund allocation of £1.14bn over 30 years.

Investment on this scale involving a partnership of Councils, the Government and the private sector is something we are determined to get right as we embark on our new direction as Pan Hampshire. We have learned from other places that have taken a similar approach. We will ensure that we have arrangements for the effective governance and management of the fund as well as capacity to deliver and manage deal flow.

We will develop the Fund based on a set of principles – the Fund should:

- have strategic goals, driving the long-term growth and sustainability
- remain locally owned and driven
- be a revolving fund, run on a quasi-investment basis

The fund should have clear investment criteria – with evidence on rate of return and economic impacts e.g. employment creation, business rates growth.

As with the rest of this proposal, the focus will be on investing in our key growth sectors, infrastructure and net zero transition. The Fund will be linked to measurable outcomes in relation to our ambitious aims across our four priority focus areas:

The Fund will be governed by fit for purpose political decision making. In practice this means assessment of ‘prudent’ investment.

Investment decisions will be made on the basis of robust independent advice. The Fund should be administered by Hampshire County Council’s s.151 Officer, linking with, but accepting the independence of, any Pension Fund investments. Investment decisions should only be made by the Combined Authority on the basis of a business case supported by independent expert advice.

The investment fund, including the commitment of the Councils and the Government will play a key role in crowding in other funding.

Innovative funding mechanisms

This is new for Pan-Hampshire. Experience from elsewhere highlights how we can overcome two key obstacles.

Creating New Collaborations

The North West Evergreen Fund was a first: it brought together Councils from Cheshire, Lancashire and Greater Manchester working jointly on an EU-backed joint investment fund. By having clear governance and funding criteria these very different Councils were able to work together pooling their own funds at a project level only, but producing a scale of deal flow for commercial projects which both recycled the funding and crowded in external funding.

Equalising Gains

Greater Manchester decided to put its Enterprise Zone in the South, at distance from the mill town Boroughs to the North. The reason was because the site in the South, adjacent to Manchester Airport had the best business case – it generated more revenue. The agreement between the GM Authorities was achieved when they agreed that 50% of the additional business rates income generated by the Enterprise Zone would be shared across the ten GM Districts thereby enabling each Council to participate in the economic benefit brought about by the Enterprise Zone. The Fund provided the platform for the business rates deals with the Government. Under these arrangements, GM Councils were allowed to retain all growth that was attributable to investments made by the Fund an arrangement worth some £30m a year.

Business rates retention

The Government has sought progressively over a number of years to increase Councils' reliance on Business Rates to incentivise Councils to grow their economies. Yet progress towards full retention has been slower than anticipated. The Manchester and Cambridge City Deals in 2015 allowed the retention of growth in Business Rates. The 2018 Greater Manchester Devolution Deal extended this to full retention ahead of the anticipated (though not yet delivered) roll out nationwide. We believe there is the case to extend these arrangements to Pan-Hampshire. Our ask of the Government is that the Government allows Hampshire to retain 100% of its Business Rates.

Retained Business Rates provide an ideal complement to an investment fund. Pan-Hampshire will work together to invest retained rates in our priorities over the long term, and under the terms of a long term devolved arrangement, they will provide a platform against which Councils can borrow to support infrastructure investment such as in transport projects whose income streams are either low or non-existent. This can complement the revolving investment fund to support more commercial projects. Together, an investment fund and business rates retention provide the basis on which this proposal is based.

Asks	Offers	Measuring progress
<p>A gainshare investment fund of £1.14bn over 30 years</p>	<p>Pan-Hampshire partners act as co-investors to create the Strategic Investment Fund for Pan-Hampshire, with other investors as agreed</p>	<p>Our Investment Fund will enable achieving our ambitious Deal aims and underpin outcomes across our four priority areas of focus – especially delivering on:</p> <ul style="list-style-type: none"> • sector growth and innovation • employment retention and creation • expansion and diversification of the business base • place creation • accelerating housing delivery • resident engagement and wellbeing • environmental gain and net zero transition
<p>To enter discussions with Government on the retention of the benefits of growth through business rates</p>		
<p>Government to support Pan-Hampshire in crowding in private investment</p>	<p>The Fund prioritises strategic schemes</p> <p>The Fund is commercially oriented too – an emphasis on revolving investment through loans rather than grants</p>	

Priority focus areas for growth

In our proposals for a Level 3+ Deal, the Investment Fund is the key enabler, and the governance arrangements are the means through which economic collaboration will drive accelerated and sustainable growth.

We also have four priority areas of thematic focus that are interlinked and together will boost growth and innovation, increase revenue for HM Treasury, generate net environmental gain, and improve the lives of our residents recognising the significant interdependency between these outcomes as wider determinants of health, wellbeing and life satisfaction. We have developed specific proposals – asks, offers, and progress measures – that relate to devolution of specific powers, flexibilities and funding to facilitate decision making at a strategic level in Pan-Hampshire. Our four areas of focus are: sectors and skills, place strategy, net environmental gain and net zero transition, and integrated transport. These areas of focus are strongly connected with our collective commitment to improving health outcomes, indeed they are key determinants of those outcomes.

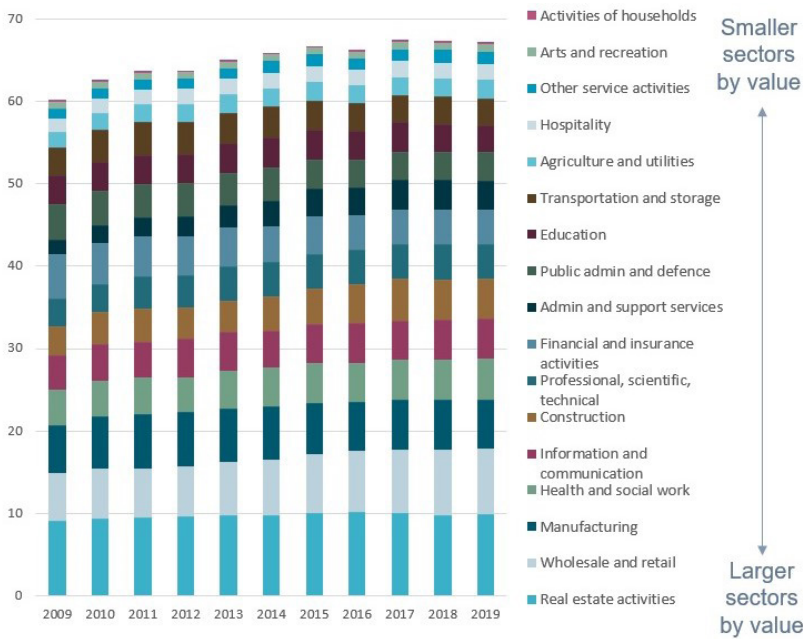
We will continue to work together through our existing partnership arrangements to advance our health and wellbeing agenda. Once we have established our initial devolution arrangements, developing further ambitions for improved health and care outcome will be an area for future focus.

Supporting strong sectors and skilled residents

Many of our priority growth sectors in Pan-Hampshire have growing and changing needs. We want to build business support, foreign direct investment partnerships, and sector engagement at a strategic Pan-Hampshire level, drawing on the expertise of LEPs across the area.

Priority growth sectors in the area are especially in advanced manufacturing, gaming and digital, engineering, net zero transition and greentech, marine and aerospace, financial services, medtech, and growth opportunities including the Freeport, Southampton science park and health tech. We will also support good job development in the visitor and foundational economy.

Figure 1. GVA by sector (£bn, 2018 prices) in Pan-Hampshire, 2009-2019



Source: ONS Regional Accounts

The Government’s Levelling Up White Paper and Innovation Strategy emphasise the role of private sector investment and foreign direct investment for places across the UK to meet growth, innovation and productivity ambitions. To support sector growth in Pan-Hampshire we will work with business leaders across the area to identify priorities for investment, infrastructure, access to finance and business support for SMEs, and innovation – including boosting R&D spend and commercialisation activity.

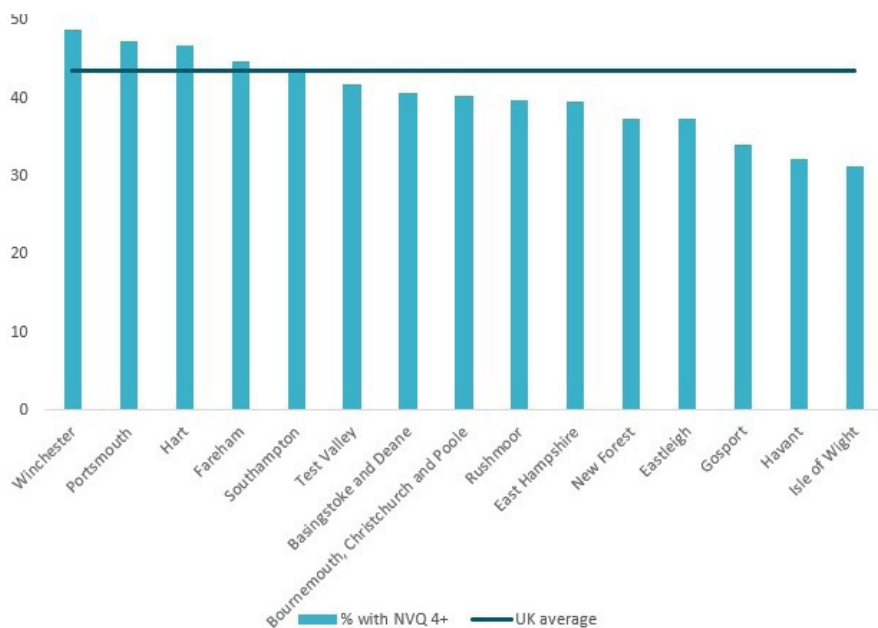
We will create a Pan-Hampshire Trade and Investment Agency accountable to the Combined Authority to deepen partnership working between business leaders, local institutions and Government. This will leverage investment to support growth in our sector strengths. We will ensure that business support, access to finance for SMEs, R&D support, connections with our universities, and inward investment and Foreign Direct Investment (FDI) advice

engages with and supports our priority growth sectors and their supply chains and talent pipelines.

We have rapidly changing skills needs in our businesses, and we will develop an increased focus on digital and employability skills across different sectors.

While overall skill levels are high compared with other parts of the UK, in Pan-Hampshire we have many communities which are not benefiting from the same opportunities, and where low wages and low qualifications are entrenched. This is reflected in some communities experiencing severe deprivation and spatial inequality – particularly in the more urban areas of Southampton, Portsmouth, Gosport and Havant – including significant variations in healthy life expectancy.

Figure 2. Proportion of working age residents with NVQ Level 4+ qualifications



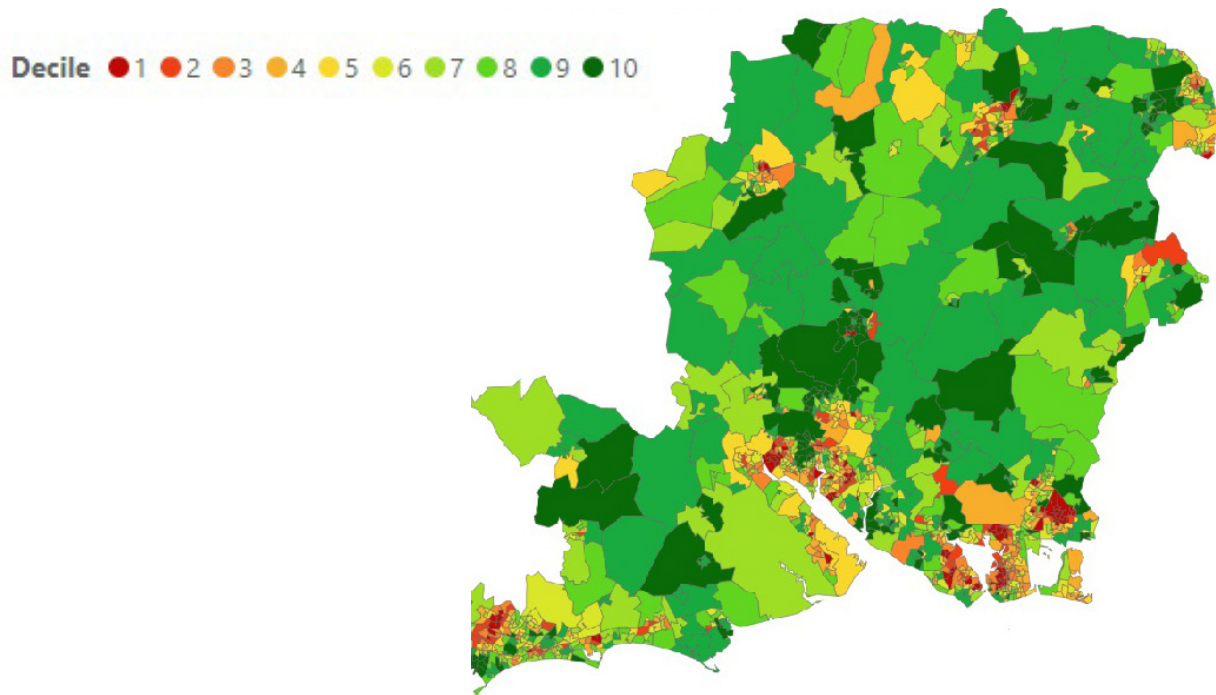
Source: Annual Population Survey

Educational attainment and participation at 16 and 17 is lower than average in Portsmouth, Southampton, Gosport, and Havant. Highest NEET levels in Portsmouth and Southampton. High participation in apprenticeships at 16 and 17 in Havant, Fareham and Eastleigh, slightly lower than average in Southampton and Portsmouth. 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.

Recovering from Covid, employment rates have been rising and economic inactivity falling in north and eastern parts of Pan-Hampshire, with the inverse trend to the south and west. Claimant counts have been falling, but they remain above average in Southampton and Portsmouth.

We will develop a Local Skills Strategy with employers, universities, colleges and skills providers, to create a place-based approach to matching skills to our changing and dynamic labour market. We will specifically aim to support the needs of our priority growth sectors foundational and specialist skills – for example, digital and game design and creation; engineering and greentech development including in marine and aerospace. We will actively support our growth sectors with their recruitment and skills needs with skills providers, which will support graduate retention in Pan-Hampshire, and attract new talent into the area to meet our growing and changing labour market needs. This will boost Pan-Hampshire delivery of our strategic priorities and support a new Trade and Investment Agency.

Figure 3. Index of Multiple Deprivation education, training, and skills domain across Pan-Hampshire



A priority for the area is developing skills assets that include a high quality Further Education offer and the DfE Strategic Development Fund pilot, graduate retention from universities, the Solent Institute of Technology (IoT), education improvement areas, and an apprenticeship academy for health and social care.

We will work with partners to support people to live and work in the area through

a shared strategic understanding of sector skills needs and talent pipelines, future growth opportunities, and commuting patterns.

In all of this, we want to draw on the wealth of experience of our universities, colleges, providers, LEPs and their Skills Advisory Panels, and develop our strategic work with employers.

Asks	Offers	Measuring progress
<p>Multiyear devolved UK Shared Prosperity Fund (UKSPF) for skills, business, and innovation support</p>	<p>Create a Trade and Investment Agency deepening the partnership between business leaders and local institutions.</p> <p>Deliver a Pan-Hampshire Local Skills Plan on employers' and providers' priorities.</p>	<ul style="list-style-type: none"> Increasing GVA growth and productivity growth in key sectors Employment retention and growth in high productivity sectors Increasing R&D spend

Asks	Offers	Measuring progress
<p>Devolved post-19 education and skills budget, including Adult Education Budget</p>	<p>In accordance with the principles of the White Paper and subsequent guidance, partners will develop UKSPF investment plans that support businesses, grow priority sectors, and deliver supporting skills interventions at a strategic level that also meets local needs to support all parts of Pan-Hampshire.</p>	<p>Aiming – especially in places of higher need including Gosport, Havant, Southampton, the Isle of Wight and Portsmouth, and pockets, for example Andover, and in Basingstoke and Deane, and Rushmoor – to:</p>
<p>Devolved apprenticeship incentive programme funding, and the flexibilities to retain and utilise uncommitted levy funds to boost Apprenticeship starts</p>	<p>We will put employers at the heart of delivering the skills employers need now and in future. Building on our DfE pilot, we will create a Pan-Hampshire Skills Assembly and developing Local Skills Improvement Plans with employers, local colleges, and providers, and deliver Adult Education Budget (AEB) in a way that works for our providers and priorities.</p>	<ul style="list-style-type: none"> • increase higher level qualification attainment, and participation aged 16-18 in education • reduce youth and long-term unemployment, NEETs and digital exclusion • increase the number of adults in quality skills training and education
<p>Devolved control of careers advice and guidance (CIAG) through National Careers Service and CEC contract</p>	<p>We would create a Pan-Hampshire Strategic Skills Fund that would:</p> <ul style="list-style-type: none"> • maximise the benefit of revenue funding for skills and employability programmes to replace those currently funded by European Social Fund – including employability 	<ul style="list-style-type: none"> • create 1,000 additional employment opportunities per year through public sector social value and social care workforce development <p>Achieve Levelling Up missions:</p> <ul style="list-style-type: none"> • rising pay, employment and productivity • increasing investment in R&D • increased attainment in high-quality skills training
<p>Framework agreement with DWP on employment support programmes</p>	<ul style="list-style-type: none"> • invest in skills infrastructure to develop assets • build into an all-age Pan-Hampshire Careers and Apprenticeship Skills and Knowledge (ASK) programme 	

Place making and the development of place strategy

Our deal needs to work for residents. That means a focus on the places people live, work, and relax. Many of Pan-Hampshire's town and city centres have a real need for regeneration and repurposing – away from an over-dependence on retail, towards a greater mix of uses. This in turn needs to be supported by better local transport infrastructure, that can connect people better to town centres and encourage modal switch away from excessive car use.

As we emerge from the Covid pandemic we are seeing a new economic geography taking shape, in which the economic relationship between towns and cities in Pan Hampshire and London could change substantially. The rise of hybrid working – accelerated by the pandemic – opens the opportunity to develop our town centres, including shared workspaces on, or close to, high streets, and to repurpose some edge of town sites.

To make the most of this new opportunity will require a more focused and strategic approach to identifying our key growth corridors, and the infrastructure investment, sustainable housing provision and place making that will deliver this. This approach will support and complement the statutory planning functions of individual Pan Hampshire Councils. It will be developed with the local regeneration and growth partnerships that have been established by Hampshire County Council with individual Districts and Unitaries, and the Sub Regional District Area Groups.

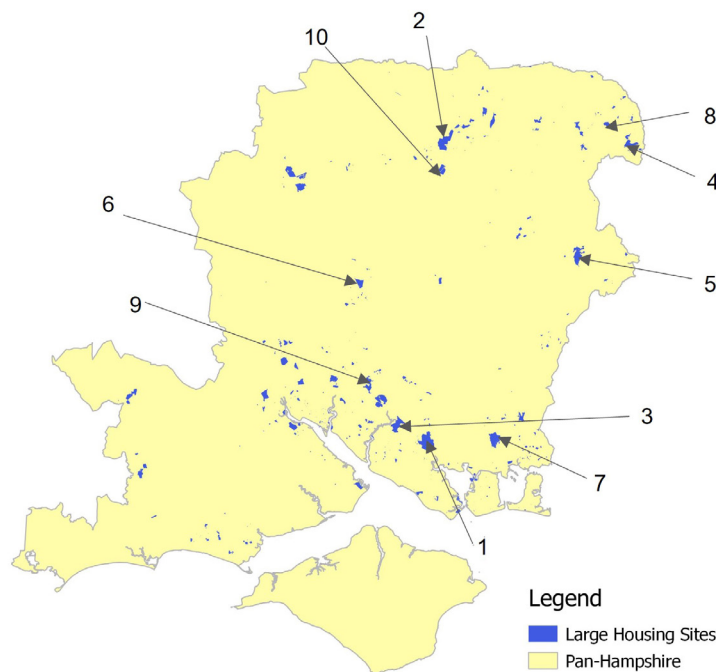
To inform the development of this approach, we will establish as part of our Deal an **Independent Land Commission**. There is substantial housing pressure across Pan-Hampshire, and (as Fig 5 shows) there are also major housing developments currently taking place, but understanding this need and where it can be met is complex. The Land Commission, supported by leading experts, will help us identify the availability of land and where new uses should be developed. This will become an evidence base for developing a spatial strategy for housing development and local infrastructure in Pan-Hampshire, moving us away from algorithm-generated targets, putting the right homes where they are needed.

Independent Land Commissions have been important vehicles for understanding opportunities and constraints across key growth areas. The commitment to establish one for the West Midlands was a key feature of their Devolution Deal. The Pan Hampshire Commission will have net zero and net environmental gain objectives built into its terms of reference. In addition to establishing the evidence base, and identifying opportunities it will also facilitate engagement with Homes England, investors and developers about how the market can deliver more sustainable and affordable housing, working with local Councils.

We will task the Land Commission with also looking at how new powers can allow us to accelerate delivery of housing – such as being able to levy Council Tax on undeveloped sites to incentivise developers to bring them forward. We will also set up a revolving fund through our deal to recycle proceeds from development into

local infrastructure, creating sustainable communities. This would accelerate development of major housing delivery with infrastructure, connectivity and placemaking as we are developing, for example, at Manydown in Basingstoke and Deane, Welborne in Fareham and the Aldershot urban extension in Rushmoor.

Figure 4. Largest housing development sites in Hampshire



Source: Hampshire County Council. Note that figures do not include the Isle of Wight, or Bournemouth, Christchurch, and Poole.

No	Site	Net Outstanding Permissions (as of April 2022)
1	Welborne	6,000
2	Manydown	3,520
3	North Whiteley Urban Extension Botley Rd	2,963
4	Aldershot Urban Extension	2,778
5	Whitehill and Bordon	2,074
6	Barton Farm Andover Road	1,615
7	West of Waterlooville	1,509
8	Hartland Park Bramshot Lane	1400
9	One Horton Heath	1400
10	Basingstoke Golf Club	1000

We will also work to ensure visitors enhance, not damage, the character of our places. A tourist tax would be optionally applied by

districts that wanted to use the mechanism. This would then be reinvested into Pan-Hampshire’s places.

Asks	Offers	Measuring progress
<p>Long term fiscal flexibilities:</p> <p>Ability to level Council Tax on undeveloped sites</p> <p>Ability to retain Stamp Duty on new development</p>	<p>Development of an agreed place strategy to give confidence to the private sector to invest, by prioritising town/city centre development projects and noting areas for housing development</p> <p>Setting up a revolving fund to use receipts to accelerate development</p>	
<p>Freedom from the standard methodology process for assessing housing target numbers for districts</p>	<p>Establishment of an Independent Land Commission with partners to understand land supply and how to increase the supply of developable land</p>	
<p>A new strategic partnership with Homes England, as well as partnering together on bids from other relevant funding organisations (e.g. heritage funds, etc.) and compulsory purchase powers</p>	<p>A commitment to deliver a quantum of affordable housing</p> <p>A joined up approach to investing successful bids, across Pan-Hampshire</p>	<p>Achieving Levelling Up missions:</p> <ul style="list-style-type: none"> • Increased pride in place • Home ownership pathways for renters and better conditions
<p>Power to establish a development corporation</p>	<p>Identify through place strategy areas (if any) where a development corporation approach could allow quality placemaking and accelerated development</p>	
<p>Ability to levy a tourist tax in areas which opt to use it</p>	<p>Develop a tourism economy strategy to plan how this funding can be recycled back into supporting the visitor economy across Pan-Hampshire</p>	

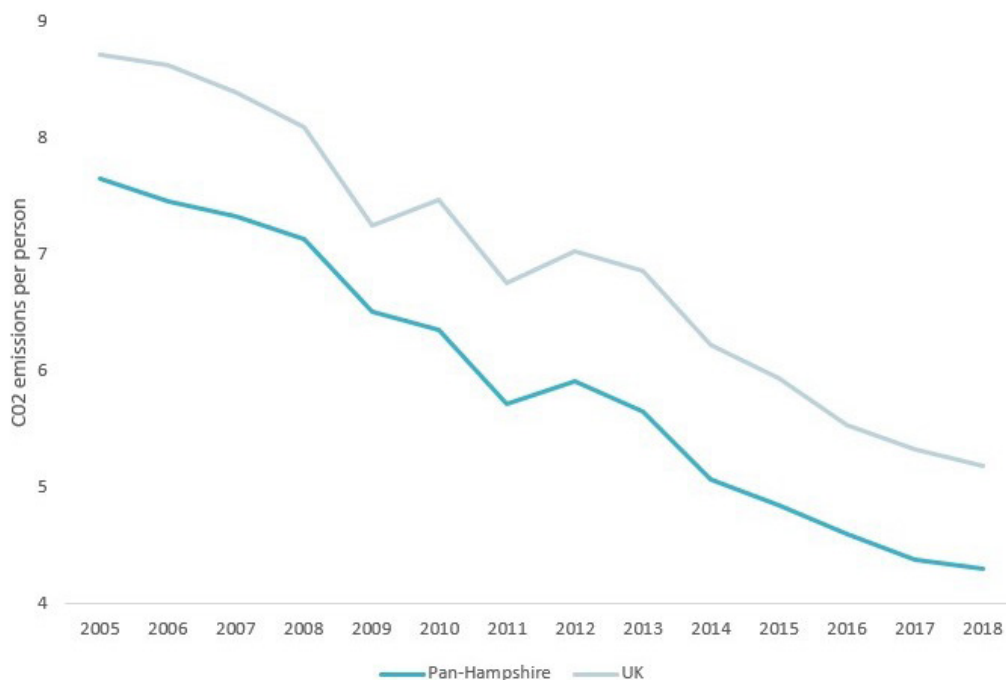
Net zero and net environmental gain

Pan-Hampshire’s environment is at the heart of our offer to Government. We have two national parks, three Areas of Outstanding Natural Beauty, over three hundred miles of coastline, and over 500 nature reserves and Sites of Special Scientific Interest (SSSIs). The Solent and Poole Harbour are extremely important areas for marine life with several marine protection areas off the Pan-Hampshire coast, and our universities have world-leading research capabilities in this field.

Pan-Hampshire is already ahead of the UK on the race to net zero emissions per capita have fallen by 0.3 tonnes per year, with Pan-Hampshire having lower emissions throughout. We are determined, through our deal, to bring this to zero and invest in energy security.

Pan-Hampshire currently generates 769,848 MWh of renewable energy a year¹, of which 80% comes from photovoltaic generation. This works out as 0.95MWh per household, which lags a long way behind the national average of 4.99MWh per household. Most notably there is very little wind energy generated – only constituting 0.4% of the renewable energy mix. As part of our deal, we commit to scaling up renewable generation. We will develop a renewables strategy which will identify the best places to install renewable energy capability, with sympathy to protected landscapes, current and future development, and other relevant considerations. We are already developing a detailed energy review for the area in partnership with the University of Southampton to understand current and future demand, and the opportunities for generation across Pan-Hampshire.

Figure 5. CO2 equivalent emissions per person

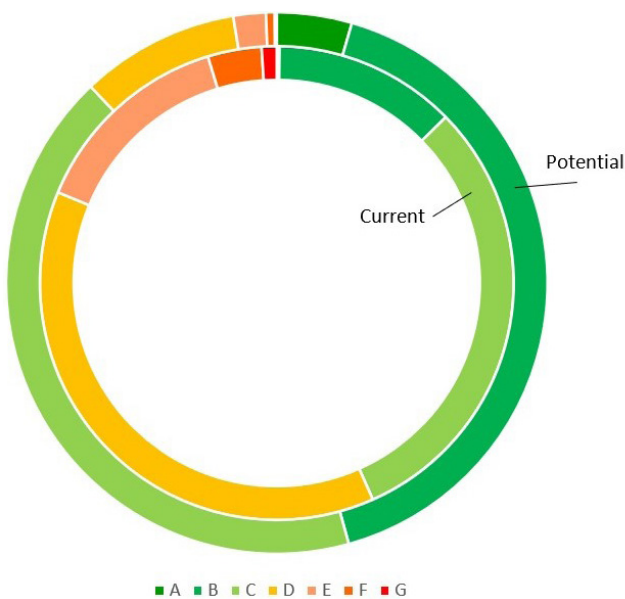


Source: BEIS estimates

¹ 2020 data. BEIS Regional Renewable Statistics

One of the largest contributors to overall emissions in Pan-Hampshire is domestic properties. 56.6% of properties are below EPC level C, and only 0.2% are at EPC A level. However, data from DLUHC reveals that 87.9% of domestic properties have the potential to be EPC level C or above. As part of our pathfinder deal, we offer to ramp up our 'able to pay' retrofit programme using an innovative financing approach underpinned by gainshare funding.

Figure 6. EPC ratings – current and potential



Source: ONS: Energy Performance Certificate statistics for new and existing flats and houses

We are also exploring ways to align market prices for housing with the energy efficiency of the property.

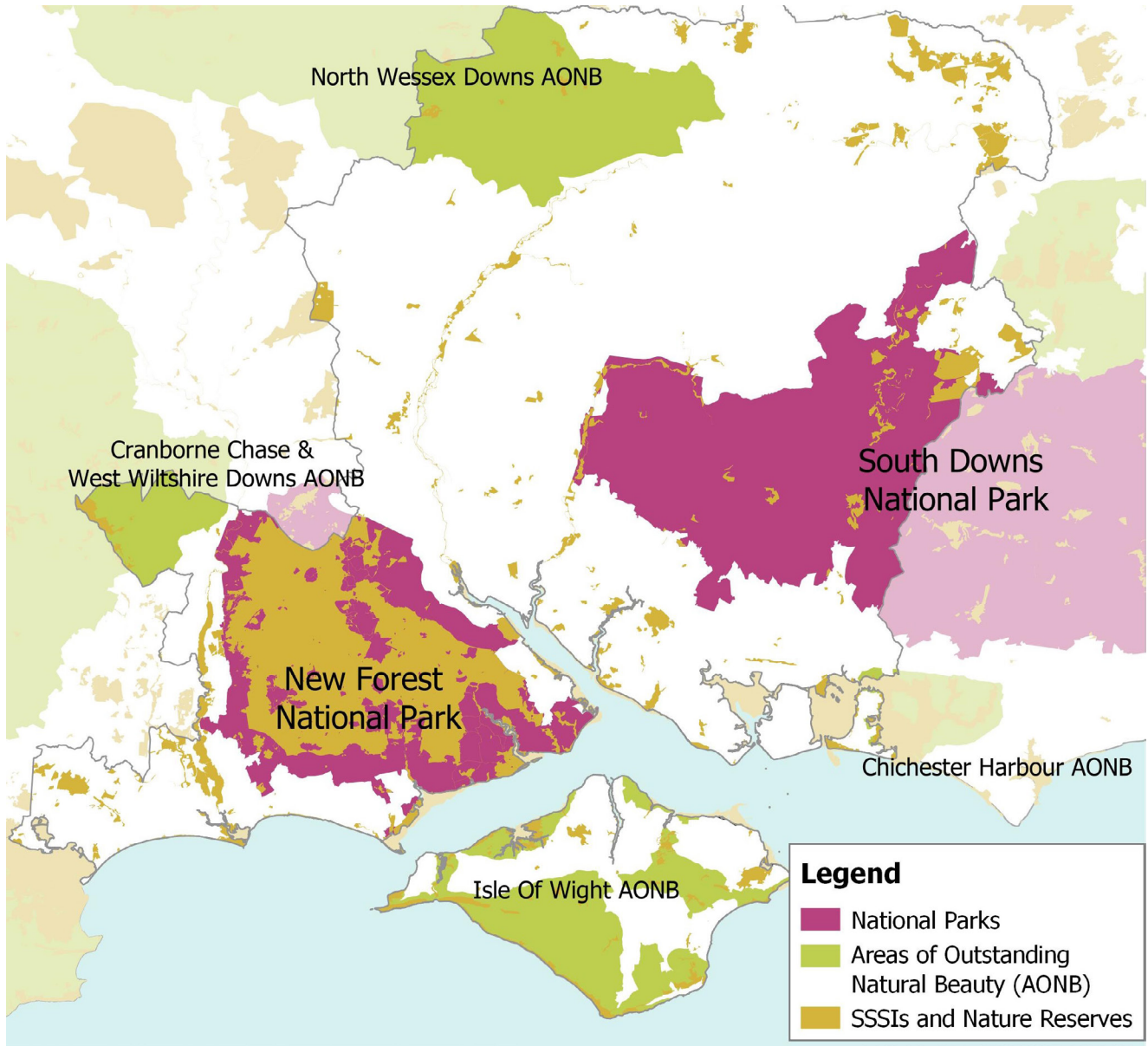
This could include in the long term the use of variable council tax which depends more

on a property's EPC performance than its size or market value. Alongside this, we also commit to developing the market for skills and supply chain in property retrofit. This market has not yet matured, due to an absence of a long-term pipeline of retrofit work. Our commitments to accelerating 'able to pay' retrofit, backed by our Investment Fund, will give a credible signal to the market that there is work to go at. In addition, we will work with the further education sector to prioritise these skills, through increased influence over adult education in the County Deal.

At the heart of our proposal is a plan to enshrine environmental net gain into all of our decisions. We will support thriving ecosystem networks, with rich biodiversity and pure water and air, to improve our environment and absorb more carbon. We have a successful history of protecting and developing the biodiversity of our coastline, through innovative multi-partner schemes such as Bird Aware Solent.

In the Environment Act, the Government sets out a minimum standard of 10% Biodiversity Net Gain (BNG) for all developments. We aim to go beyond this to adopt 20% as standard, setting Pan-Hampshire out as an area proactively looking to use development funding to boost nature.

Figure 7. Unique environmental assets across coast and country



At the same time, we will look to develop innovative funding approaches. We have already developed a nitrates credits approach to manage development around the Solent. We propose to develop a biodiversity offset market. This would not reduce the obligations of developers to

support BNG but would allow us to plan for that activity to take place where it most makes sense within Pan-Hampshire – conscious that some areas have more of the land and resources available to invest in biodiversity gain at scale.

Asks	Offers	Measuring progress
Strategic energy generation, distribution, infrastructure and efficiency		
Compulsory purchase powers to acquire sites for renewable energy generation	<p>Detailed work to understand the energy landscape (already ongoing) and develop a strategic energy plan with a focus on energy security from renewables</p> <p>Significant increase in the proportion of Pan-Hampshire's energy generated from renewable sources by attracting investment into large, medium and small-scale renewable energy schemes</p>	Increasing % of local energy generated from renewable sources
Initial funding (£0.5m) to develop and implement a self-sustaining 'able to pay' retrofit framework, further funded in the long term through variable Council Tax arrangements	<p>Establishing a financially sustainable retrofit framework to incentivise the 'able to pay' segment of the market, using new financing models and trigger points (e.g. point of sale, refurbishments)</p> <p>Support a sustainable long-term market for retrofit/green/technology jobs which would support investment in the relevant skills</p>	<p>Reducing CO2 emissions from domestic properties</p> <p>Raising number of homes in higher energy efficiency bands (EPC level C and above)</p>
Net environmental gain		
Devolution of ability/duty from Environment Agency to impose fines on water companies for pollution of local watercourses	Significant improvements in water quality, with corresponding increases in biodiversity, by investing funds from penalties on water companies	<p>Improving water quality metrics</p> <p>Increasing biodiversity scores around watercourses</p>
Flexibilities to develop biodiversity offsetting scheme	Ensure all development to deliver at least a 20% improvement in "biodiversity value" (double the mandatory 10% set out in the Environment Act)	<p>Biodiversity commitments made by developers</p> <p>Reducing % notable natural species in decline (currently 48%)</p>

Integrated and sustainable transport

Transport networks sit at the heart of our ambition for Pan-Hampshire. To reach net zero, we will reduce our use of cars – which is much higher than national averages and regional comparators – and invest in high-quality mass transit systems. To level up our deprived communities, we will connect isolated neighbourhoods to jobs and skills opportunities.

To grow our financial contribution to the UK, we will build our economic powerhouse

at the gateway to Britain, and our complementary offer to London, throughout the economic corridor from Bournemouth through Pan-Hampshire by supporting satellite offices and co-working spaces, connected to nodes with rapid connectivity to the capital. We want to achieve the White Paper’s mission that by 2030, local public transport connectivity across the country will be significantly closer to the standards of London.

Figure 8. Pan-Hampshire is one of the UK’s prime international gateways



We have a strong history of effective partnership working for strategic transport planning, for example through Solent Transport. Building on this, through our County Deal, we are looking to move towards a Passenger Transport Executive (PTE) model of transport provision. This would be a partnership arrangement between constituent upper tier and unitary councils to direct transport strategy and oversee the day-to-day running of services. It could become a vehicle for sharing powers and for the co-ordination of devolved powers with the aim of creating a mass shift to public transport. Under this model, we would bring together a range of services, some which require extra devolved functions.

We will use our Investment Fund to invest in transport. The long-term investment approaches set out earlier can be used to fund game-changing transport interventions, such as mass transit systems for BCP, Basingstoke and southern Hampshire between Southampton and Portsmouth, and enhanced transport and ferry links for the Isle of Wight, encouraging sustainable modes of transport for new developments. This will tackle congestion – with much of the network at capacity – which is currently a major drag on productivity and competitiveness.

We will work to develop mass transit approaches which enable more of this travel to work to happen by sustainable modes. There are three particular areas of focus: the area along the Solent, between Southampton and Portsmouth, Bournemouth, Christchurch and Poole, and Basingstoke.

The first of these, which has been developed as a concept with the Partnership for South Hampshire, would build upon existing established connectivity, including the South East Hampshire Bus Rapid Transit that exists between Fareham and Gosport, and the heavy rail network. A central ambition would be to increase the frequency of services stopping at existing network stops, by removing bottlenecks, adding passing loops, and timetabling more effectively. In Basingstoke, work has been undertaken to explore the potential of bus rapid transit to link new developments at Manydown through to the town centre, and onto Chineham. This will ensure the town centre is supported by the new development. Alongside this, there are some strategic road upgrades which are needed to provide strategic access, including upgrading and improving the A34, developing a link road connecting the M3 and M4, and exploring the potential for capacity improvements on the A31 to support the port of Poole.

Working patterns are changing. Following the Covid pandemic, a new, more flexible approach to work is emerging, where workers might be in an office a couple of days a week, at home for another day or two and possibly in a co-working space for the remainder of the time. This presents the biggest opportunity in a generation to rethink where work is done, and extend the economic benefits of London beyond the capital. This can revitalise some of our towns which have larger out-commuting populations, making it harder for them to become vibrant settings in themselves. Our towns and cities can offer a high quality of life, with the benefits of accessibility to London when needed.

To unlock this across Pan-Hampshire requires faster rail connectivity. Through our County Deal we will bring forward a study of the rail corridor linking Bournemouth to London, across Pan-Hampshire, via Southampton, Winchester, and Basingstoke, as well as working in partnership with Surrey. Increased speeds would significantly improve our ability to benefit from new working patterns. Currently most trains between

Bournemouth and London take over two hours, with the fastest being 1hr50. This work should support links to London as well as improving local services for places within Pan-Hampshire.

As an integral part of Pan-Hampshire, the Isle of Wight is particularly dependent upon ferry connectivity. However, even before the pandemic there was evidence of a decline in the number of trips:

Figure 9. Annual journeys between the rest of Pan-Hampshire and the Isle of Wight



Source: DfT table SPAS0201

Concerns have been raised that the pricing of the ferry service is limiting opportunities for islanders, and hindering the economic growth of the Island.

As part of our County Deal we commit to reviewing this market, to understand if there is market failure here and a case for intervention.

Asks	Offers	Measuring progress
<p>Powers to move towards a Passenger Transport Executive (PTE) model, with accompanying duty to co-operate for National Highways and Network Rail, and formalised role in developing franchises</p> <p>Associated funding settlement of sufficient scale to allow TfH & IoW to develop a public transport strategy</p>	<p>Development of sub-regional transport strategy</p> <p>Review of ferry links to Isle of Wight to check for market failure and ensure value</p> <p>More effective transport provision, with greater numbers using public transport</p> <p>Financial efficiencies from running services in a more integrated way</p> <p>Integrated ticketing across the network</p> <p>Back-office function to support future transport mobility solutions – namely, encouraging shared vehicle ownership model, mobility hubs, EV charging back office</p>	<p>The outcomes this holistic package of transport interventions will deliver are:</p> <ul style="list-style-type: none"> • More vibrant town centres, with mixed uses around stations and co-working spaces • A higher proportion of residents travelling by active or public transport – this was 26.4% for travel to work in 2011. • Lower CO2 per person in Pan-Hampshire emitted from transport. This was 1.82 tonnes in 2019 • Reduced number of Air Quality Management Areas (AQMAs) in place in Hampshire – this is currently 37
<p>Business case support to develop mass transit schemes</p>	<p>Developing cases for mass transit schemes to make a step change in mobility – for the area along the Solent, BCP and for Basingstoke</p>	<p>Achieving Levelling Up mission:</p> <ul style="list-style-type: none"> • Local public transport connectivity closer to the standards of London

Asks	Offers	Measuring progress
<p>Collaborative working with County Deal partners and Network Rail to support a London – Pan-Hampshire rail corridor study</p>	<p>A holistic economic study to remove bottlenecks, unlock major sites in and around stations for economic development and housing, and explore the potential of other rail spines which would link such as possible reopening to passengers of the rail link to Fawley</p> <p>Increased rail speeds would significantly improve our ability to benefit from new working patterns.</p>	
<p>Powers to implement bus franchising</p>	<p>In the event that the Enhanced Partnership with bus operators does not meet its aim, and research shows that bus franchising is the best way forward, this model will be implemented</p>	
<p>Financial flexibility to set up a rolling infrastructure fund</p>	<p>Greater proportion of infrastructure delivery to be funded via private capital</p> <p>Unlocked sites for housing and commercial development</p>	

Governance

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We are ambitious for a Level 3+ Deal and, in accordance with the clarity from the White Paper and legislation, this is likely to require consideration of a Directly Elected Leader, albeit exact governance arrangements are to be further discussed and determined.

A Combined Authority would be embedded within economic governance for the area. The powers of a Combined Authority should be additional and linked to devolved functions from Government. Participation in a Combined Authority would be voluntary, every Council would have a seat at the table, existing statutory functions would

be protected, and Pan-Hampshire's sub-geography would be reflected through the structure of a Deal. Sovereignty and scrutiny would lie with the Combined Authority made up of all Councils. A Directly Elected Leader (DEL) would be 'first amongst equals' in a Cabinet structure.

To ensure that structures work for all areas of Pan-Hampshire, the Governance model includes local delivery and project development in subregional areas, and individual partnerships between District, Unitary and County Councils to ensure delivery of local priorities.

A Combined Authority would be embedded within economic governance for the area.

These arrangements would:

- ensure local authorities maintain sovereignty over their statutory functions in their places – for example current planning authorities retaining their powers
- recognise regeneration and growth partnerships between Districts / Unitaries and HCC and a governing Growth Board
- establish District Area Groups, based on Pan Hampshire sub-geographies – North, Central and South. HCC and Unitaries – Southampton, Portsmouth, Isle of Wight, and BCP – would work with area groups as appropriate. Area Groups would then partner on bringing together delivery of regeneration partnership projects and feed into Pan-Hampshire economic strategy.

Pan-Hampshire will work jointly with Surrey and Dorset on integration plans for the LEPs across the wider area, so that there is consistency and alignment on business voice, and sector support. This will add to what Pan-Hampshire can achieve through a Level 3+ Deal.

We will continue to develop governance proposals inclusively in accordance with a number of guiding principles, which build on the Statement of Common Ground agreed by all Pan-Hampshire Councils at the outset of the County Deal process:

1. Participation in a Deal and a Combined Authority is voluntary at the point of entry.
2. Every local authority in the area will have a seat at the table.
3. Existing statutory functions should remain unaltered unless authorities agree otherwise.
4. The powers of the CA should be additional and linked to devolved functions from Government – stronger coordination of transport; driving economic growth throughout Pan-Hampshire; tackling economic underperformance of communities; aligning subregional priorities and administering new Investment Funding. The priorities, functions and programmes of the LEPs will be integrated and aligned.
5. Pan Hampshire's sub-geography will be reflected through area-based collaboration building on existing partnerships. These will be included in the structure of a Deal – i.e. North, Central, and South Area Groups.
6. We see a Directly Elected Leader as being the 'first amongst equals' in a Cabinet.
7. The Cabinet will hold the DEL to account, and all members of the Cabinet will have portfolio responsibilities. Other places have agreed constitutional arrangements that involve reserved matters and decisions being subject to 2/3 approval.
8. The Cabinet (and the DEL) while having some measure of delegation, will be accountable to a CA Council/Board, which will be made up of representatives from every local authority.

Summary of proposals and conclusion

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Pan-Hampshire County Deal Proposals

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Investment Fund and business rates retention

The creation of a £multi-billion Fund with gainshare allocation, Pan-Hampshire co-investment, leveraging pension fund and private sector investment creating an investment capacity of some £400m in the near term, and the ability for business rates retention.

Supporting strong sectors and skilled residents

Devolved funding and functions to deepen business partnerships in a Trade and Investment Agency, and a Pan-Hampshire Skills Plan to deliver a skills system at a strategic Pan-Hampshire level, to support key growth sectors and reduce inequalities in skills and employment outcomes.

Place making and the development of place strategy

A strategic approach to placemaking including a Pan-Hampshire Land Commission and development corporation to support our economic corridors and housing need, fiscal flexibilities and partnership with Homes England to accelerate delivery, and partnerships with places on town and city regeneration.

Net zero and net environmental gain

Flexibilities and powers to accelerate net zero transition including through boosting renewable energy generation and innovative 'able to pay' retrofit schemes to reduce building emissions, and ability to improve biodiversity and water quality outcomes.

Integrated and sustainable transport

Devolved powers to establish a Passenger Transport Executive to integrate transport planning for a more connected and sustainable future across Pan-Hampshire, funding and acceleration of mass transit schemes and review to enhance rail and ferry links to support growth.

Next steps

Pan-Hampshire set out our original expression of interest for a County Deal in our Prospectus for Change in late 2021. We have worked together across Pan-Hampshire to co-design ambitious and specific proposals for a County Deal that reflect the maximum ambition related to Government's framework, and the corresponding governance structures and investment that will empower local leadership and delivery.

This document represents the second part of our Prospectus: setting out worked up Deal Proposals outlining the ambition we have in pursuing a Level 3+ Deal with Government. The Prospectus is already the result of significant

collaboration and engagement across Pan-Hampshire. But following its publication we will want to continue co-design of proposals and engagement across Pan-Hampshire. In particular, we will want to build on discussions with the business community, LEPs, and partners across the area on developing the Investment Fund, governance, and specific priority focus areas.

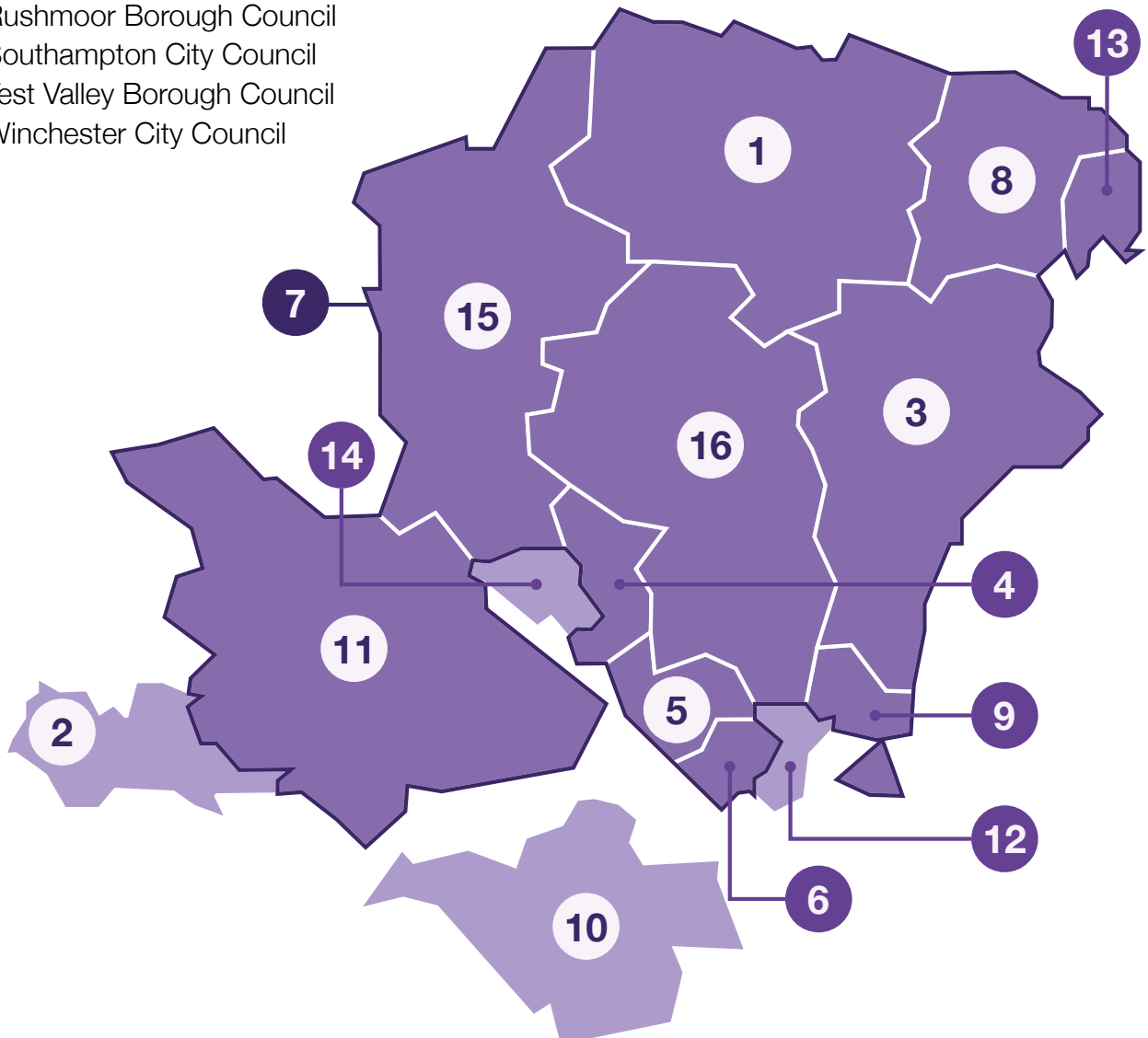
The prospectus will be sent to Government, as the basis for the Deal discussions. This represents our ambition and our ideas for a Deal, but we recognise that the eventual Deal will also need to be co-developed with Government.



The Pan-Hampshire area

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

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





Best
Deal for
Pan-Hampshire

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	18 October 2022
Title:	Draft Hampshire Minerals & Waste Plan Partial Update
Report From:	Director of Economy, Transport and Environment

Contact name: Melissa Spriggs

Tel: 0370 779 7153

Email: melissa.spriggs@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to provide an overview of the Hampshire Minerals & Waste Plan: Partial Update - Draft Plan including what changes have been made, why these have occurred and what this means for Hampshire. This will form the basis of the public consultation which is scheduled for winter 2022.

Recommendation

2. That Cabinet:
 - a. notes the Hampshire Minerals and Waste Plan: Partial Update Plan as set out in this report, and agrees to the proposed arrangements for public consultation on the Draft Plan; and
 - b. gives delegated authority to the Director of Economy, Transport and Environment to agree minor amendments to the Draft Plan prior to consultation.

Executive Summary

3. This paper seeks to
 - explain why a partial update of the Hampshire Minerals & Waste Plan has been undertaken;
 - set out what proposed changes have been made, why they have been recommended and what they mean for minerals and waste development in Hampshire;
 - outline the proposed consultation process to encourage Hampshire's residents to have their say on the changes; and
 - provide an overview of how the project is financed.

Background to the Partial Update

4. The National Planning Policy Framework (2021) requires that Local Plans be reviewed to assess whether they require updating at least once every five years¹.
5. The Hampshire Minerals & Waste Plan (the 'Plan' or 'HMWP') was adopted in October 2013. The Plan was produced in partnership with Portsmouth and Southampton City Councils and the New Forest and South Downs National Park Authorities. Since adoption, there has been an on-going relationship between Hampshire County Council and these Authorities regarding the monitoring and implementation of the Plan.
6. A Review was undertaken in 2018 and concluded that an update of the Plan was not required at that time. However, the 2018 Review also concluded that some of the issues should be kept under review and a commitment was made for a further review of the Plan in 2020.
7. The 2020 Review highlighted that some of the issues remained and needed addressing and also outlined other updates that were required.
8. The 2020 Review recommended that:
 - an update of the HMWP is undertaken to ensure compliance with national policy but also to ensure that the Plan is delivering a steady and adequate supply of minerals and enabling sustainable waste management provision;
 - the Vision, Plan Objectives, Spatial Strategy and Key Diagram will need to be further reviewed to ensure that all requirements of the Plan are delivered but also that the Vision aligns with the 2050 principles for Hampshire and the climate change agenda; and
 - to support the partial Plan update, an assessment of mineral and waste site options would ensure any suitable sites for enabling sustainable minerals and waste development are included in the Plan helping provide certainty to the industry and local communities.
9. The revised Development Scheme which sets out the timetable and programme for a partial update of the Plan was approved by Full Council on 21 July 2022. The revised timetable for the partial update of the Plan is outlined as follows:

HMWP Key Milestones	Timescale	Description
Regulation 18 (Preparation)	March 2021 – August 2022	Call for Sites (Fixed period) Preparation of Evidence Base

¹ National Planning Policy Framework (Para. 33) - [National Planning Policy Framework \(publishing.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/91226/nppf-2021.pdf)

Regulation 18 (Consultation)	September 2022 – December 2022	Consultation on the Draft Plan Update and Evidence
Regulation 19 (Proposed Submission) Document Preparation)	January 2023 – May 2023	Update Evidence Base Revise Plan based on Evidence Base and Consultation
Regulation 19 (Proposed Submission Document Consultation)	June 2023 – October 2023	Consultation on the Updated Plan to be submitted to the Secretary of State
Regulation 22 (Preparation)	November 2023 – February 2024	Update Evidence Base Proposed Modifications based on Evidence Base and Consultation
Regulation 22 (Submission to SoS)	February 2024	Submitting the Plan to the Secretary of State who appoints a Planning Inspector
Regulation 24 (Public Examination)	Autumn 2024	Planning Inspector examines the Plan Consultation on proposed Main Modifications to the Plan
Regulation 25 (Inspector's Report)	Spring 2025	Planning Inspector delivers his report on the Plan
Regulation 26 (Adoption)	Summer 2025	All authorities adopt the Plan, as modified by Planning Inspector

10. To support the partial update of the Plan, several studies and assessments have been prepared.
11. The Development Scheme was revised following the need to delay the original timetable (approved March 2021) due to the plethora of Government consultations that have been issued and relate to the Plan, the need to take account of the advice issued by Natural England on nutrient impacts on habitats, the evolving international situation which has elevated the political priority of energy prices and supply as well as implications of case law on climate change policy and decision-making.

Draft Plan

12. The work to update the Hampshire Minerals & Waste Plan commenced with a 'call' for minerals and waste site nominations from industry, landowners, and agents between 7 April and 4 June 2021, to explore suitable site options for allocation. The site nominations have been assessed by the technical specialists within the Department to determine their suitability.
13. A Scoping Report and Baseline was prepared to support the Integrated Sustainability Appraisal which incorporated Strategic Environmental Assessment and a Methodology and Baseline was prepared to support the Habitats Regulation Assessment. These reports were sent to Statutory Consultees for comment.

14. Interviews and/or surveying has been undertaken with operators to inform the Wharves and Depots Needs Assessment and the Aggregate Recycling Topic Paper.
15. In addition, forecasting work for both future minerals demand and provision, and waste management arisings and capacity has been undertaken.
16. This work has informed the preparation of the Draft Plan. It should be noted that the Draft Plan does not form a material consideration in decision-making at this stage, but can be referenced in case officer reports. The Plan will be a material consideration when it reaches Proposed Submission Stage, but the adopted Plan remains the dominant Policy Statement until the Partial Update Plan is adopted.

Plan Vision and Objectives

17. Five options were considered for updating the Plan Vision and Plan Objectives including keeping the Vision and Plan Objectives as they currently stand. The other options were formed from updates to national policy, a focus on climate change, the 2050 Commission recommendations and the emerging Local Transport Plan 4 (LTP4).
18. Following assessment of these options, the Vision and Plan objectives which aligned with the aspirations of the LTP4, and 2050 Commission recommendations were considered the most suitable option. Whilst the Vision looks to 2050, this period was considered too great for meaningful forecasting of mineral demand and waste management capacity requirements. As such, the Plan period is up to 2040. This meets the requirement of a minimum 15 years at the point of adoption and aligns with other relevant Local Plans.
19. It is intended that the updated Vision and Plan objectives will help towards meeting the UK target of carbon neutrality by 2050 and the plan-making Authorities' own climate change targets.

Development Management Policies

20. All of the Development Management Policies and supporting text have been reviewed and updated to ensure that they comply with changes to the National Planning Policy Framework (NPPF) and, where relevant, references have been made to recent and emerging policy. For example, reference is made to the Environment Act. With regards to designated landscapes, reference is made to the Glover Review in the supporting text as it is considered that this could lead to future changes in policy, including the setting of National Parks.
21. Policy 1 (Sustainable minerals and waste development) has not been updated as this still aligns with the NPPF. Policy 14 (Community benefits) has been removed from the Plan as this could not be implemented. However, the principle of the policy wording is picked up in the supporting text to Policy 1.
22. Policy 2 (Climate change – mitigation and adaptation) has been significantly updated to recognise the climate change emergency declared by the plan-making partners and the need to minimise carbon emissions.

23. An additional policy has also been included in the Plan to address the importance of the water in Hampshire. This covers not only water quality and supply, but also recognises the importance of river corridors and the issue of nitrate neutrality. This policy has been inserted as the new Policy 8 (Water resources) and therefore, subsequent Development Management policies have new reference numbers.
24. The changes to the remaining Development Management Policies seek to remove any ambiguity and improve implementation rather than change the original direction and intent of the current adopted policies. It is intended that the revised and updated Development Management Policies will strengthen the protection of Hampshire's environment and communities.

Minerals Policies

25. The policies relating to safeguarding mineral resources and infrastructure remain unchanged, with the exception that reference has been made to the Safeguarding Supplementary Planning Document (SPD) in the supporting text as this was adopted in 2016.
26. Policy 17 (Aggregate supply – capacity and source) has been updated to reflect current data and forecasts for demand in Hampshire. The policy now states that an adequate and steady supply of aggregates will be provided until 2040 at rates of 1.15 million tonnes per annum (mtpa), of which 0.23 mtpa will be soft sand (meaning a total of 0.92 mtpa of sharp sand and gravel). This is a reduction from a total of 1.56 mtpa in the 2013 adopted Plan. These revised figures take into account past sales but also forecast demand established prior to the pandemic. Due to current high levels of demand and long-term uncertainties, a caveat has been added which states that should sales exceed the stated provision rate by more than 10% for a period of three years, the Local Aggregate Assessment rate which is produced annually will be considered the provision rate until such time that the Plan is updated. This will ensure that there is no under provision. The capacity figure for Recycled and Secondary Aggregates has been increased from 1mtpa to 1.8mtpa based on the existing capacity and allowing for future growth. The capacities of alternative sources of aggregate remain unchanged as these generally align with current sales and allow for growth.
27. Policy 18 (Recycled and secondary aggregate development) has incorporated the support for proposals to enable capacity for recycled aggregate previously set out in Policy 30 (Construction, demolition and excavation waste).
28. Policy 19 (Aggregate wharves and rail depots) has been updated to remove those aggregate wharves that are inactive as they are not currently providing capacity but are safeguarded under Policy 16 (Safeguarding – minerals infrastructure) and/or Policy 34 (Safeguarding potential minerals and waste wharf and rail depot infrastructure). Rail depots have been proposed as allocations to allow for flexibility in capacity and support more sustainable movement of minerals.
29. Policy 20 (Local land-won aggregates) has been updated to reflect the current status of permissions. Those sites that have closed have been removed and those that have been permitted are listed as existing reserves. In addition,

new allocations have been included to help meet demand up to 2040. Any known issues associated with these sites will be mitigated in line with the development considerations which would need to be addressed as part of any planning application.

30. Not all sites were taken forward for allocation due to the significant issues identified which it was considered could not be adequately mitigated. The proposed allocations set out in the Draft Plan provide sufficient capacity to meet the forecasted level of provision to meet demand up to 2040. However, it is recognised that following the Draft Plan consultation, additional information gathered through the process may determine that some sites cannot be progressed. The Draft Plan also reports on the level of unplanned provision since 2013, which averages 250,000 tonnes per year. This provides flexibility in supply (supported by Part 4 of Policy 2) and could address any shortfall.
31. Policy 22 (Brick-making clay) has also been updated to reflect the current status of permissions and active sites. The allocation set out in the 2013 Plan has been permitted and is being worked. No further extensions were put forward through the call for sites. Selborne Brickworks has not been operational for a number of years and the existing allocation is not being promoted. Therefore, the allocation has been removed as a consequence of being unviable.
32. Policy 23 (Chalk development) remains unchanged.
33. Policy 21 (Silica sand development) and Policy 24 (Oil and gas) have been amended to improve application of the policies in conjunction with Policy 4 (Protection of the designated landscape) where proposals are located in a National Park. Reference has also been made to the Hampshire Oil and Gas SPD in the supporting text of Policy 24.

Waste Policies

34. As with the minerals policies, some of the waste policies have been subject to amendment and others have remained as they are in the adopted Plan.
35. Policy 25 (Sustainable waste management) remains largely unchanged except the provision of non-hazardous waste arisings has been updated to reflect current targets of 65% for recycling and 95% diversion from landfill. The policy also strengthens provisions regarding the waste hierarchy.
36. Policy 26 clarifies that it refers to non-waste development, while the supporting text now refers to the 'agent of change principle' and the Safeguarding SPD.
37. Policy 27 (Capacity for waste management development) has been updated to address the current level of arisings and the minimum level of capacity required to support management of the waste volumes forecast up to 2040. This includes at least 1.99mtpa of non-hazardous recycling capacity, up to 0.95mtpa of non-hazardous recovery capacity and up to 3.8 million tonnes of non-hazardous landfill void. These figures are an increase from the 2013 adopted Plan and are aimed at supporting an increase in recycling capacity

over further recovery capacity. The provision on past performance has also been strengthened in the supporting text.

38. Policy 28 (Energy recovery development) has been updated to reflect the Government's current position on energy from waste and the need for combined heat and power as a minimum. This strengthens the existing 2013 policy which only requires power as a minimum and the capacity to deliver heat in the future.
39. Policy 29 (Locations and sites for waste management) has been amended to avoid any ambiguity, but the principle remains unchanged. Ancillary development is now specifically mentioned, to be able to distinguish these smaller applications for facility improvements. In addition, strategic waste proposed allocations have been included within the policy. Any known issues associated with these sites will be mitigated in line with the development considerations which would need to be addressed as part of any planning application.
40. Policy 30 (Construction, demolition and excavation waste development) seeks to maintain the existing recycling and recovery capacity levels. References to capacity to support the production of high-quality recycled/secondary aggregate has been moved to Policy 18 to avoid duplication. Further proposals for inert recycling have been proposed for allocation and these are outlined in Policy 29.
41. Reference has been made to the need to comply with the Environment Act treated waste-water phosphorous targets in Policy 31 (Liquid waste and waste-water management).
42. Policy 32 (Non-hazardous waste landfill) has been updated to reflect the current status of sites and permissions. Blue Haze is now the only remaining non-hazardous landfill. Squabb Wood landfill has closed so the allocation for additional capacity is no longer deliverable. The proposal for non-hazardous landfill at Purple Haze has been excluded from the current planning application and therefore is no longer considered deliverable. A new policy position regarding the re-working of existing landfills has been put forward. Whilst this is not a common activity in Hampshire, neighbouring waste planning authorities have dealt with a number of such proposals. As such, the policy has been amended to address proposals to re-work landfills to ensure there is a beneficial outcome.
43. The remaining policies which address Hazardous and Low Level Radioactive Waste development (Policy 33) and Safeguarding potential minerals and waste wharf and rail depot infrastructure (Policy 34) are unchanged, other than factual updates in the supporting text.

Monitoring & Implementation

44. The Monitoring indicators have been reviewed to ensure they align with the revised policies and that the data is obtainable and measurable. The Triggers have also been reviewed and updated, where necessary.
45. The Implementation text has also been updated to reflect the changes made to the policies and to ensure that they are compliant with national policy.

Consultation arrangements

46. Hampshire County Council and the plan-making partner Authorities are required to undertake a public consultation of the Draft Plan under Regulation 18 of the Town and Country Planning (Local Planning) (England) Regulations 2012.
47. The consultation will be carried out in line with the Hampshire's Statement of Community Involvement² (SCI) (2017) and those of the partner Authorities. However, it should be noted that Hampshire's SCI is also scheduled to be updated.
48. The Draft Plan will be accompanied by a 'Have Your Say' consultation paper which sets out what changes have taken place, why and what this means for Hampshire.
49. The consultation will commence in early November, subject to approval by County Council, and will run for 12 weeks, ending in January 2023.
50. The consultation will include notification of neighbouring properties and, subject to any government restrictions, local events in areas where new development is proposed. This will allow residents to provide feedback on the proposals to help inform the next stages of plan-making.

Financial Implications

51. Hampshire County Council has contractual arrangements with the plan-making partner authorities. The partners pay 8% each of the yearly cost for these services, with Hampshire County Council covering the remaining 68%.
52. An initial total budget estimate for the partial Plan update is approximately £816,750. Based on the current distribution of costs, partner authorities would be contributing approximately £261,360 to the estimated total budget, leaving the County Council to meet the remaining £555,390 in costs.
53. The cost of the partial Plan update is being funded from monies previously identified and earmarked for a Plan update (£230,000 which remained from the preparation of the adopted (2013) Plan) with the remaining resource requirements met through re-prioritisation of work programmes and activities within ETE Planning budgets, subject to appropriate contributions being made by the partner authorities.

Next steps

54. Following approval by the plan-making partners, the Draft Plan will be subject to public consultation from early November 2022 to January 2023 for a period of 12 weeks.

² Statement of Community Involvement (2017) - <https://documents.hants.gov.uk/planningstrategic/HampshireStatementofCommunityInvolvementAdoptedNovember2017>

55. The responses received will be reviewed and a consultation summary report will be prepared and made available as soon as possible after the consultation has closed.
56. The comments received will be used to inform the Proposed Submission Plan which will be subject to consultation during spring/summer 2023. It is intended that the Partial Update Plan will be submitted to the Secretary of State by February 2024.

Consultation and Equalities

57. A consultation has not taken place in advance of the preparation of the Draft Plan as this is the first stage of plan-making. However, subject to approval, the Draft Plan will be subject to public consultation in accordance with Regulation 18 of The Town and Country Planning (Local Planning) (England) Regulations 2012 and Hampshire's SCI.
58. The Equality Impacts of the Draft Plan has been assessed to be neutral as the Plan enables decision-making on what development is needed, where it should take place and contains policies for protecting the environment and communities. It does not impact on any particular section of the community. Whilst development has been identified in specific locations, the policies apply county-wide.

Climate Change Impact Assessments

59. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

Climate Change Adaptation

60. The main vulnerabilities to climate change variables identified for the Hampshire Minerals & Waste Plan (HMWP) Partial Update – Draft Plan include risk to coastal infrastructure to sea level rises and storm events. These include wharves and waste facilities (located in Portsmouth and Southampton), some of which deal with hazardous waste. The Draft Plan also considers minerals and waste infrastructure which is vulnerable to heat events due to the materials, such as waste, which could pose a risk of fire or lead to a rapid deterioration of waste and an increase in odours. However, mineral extraction may also provide an opportunity for flood water storage in heavy rain events.
61. The Partial Update aims to reduce its vulnerabilities to climate change by taking into account the findings of a Strategic Flood Risk Assessment which is being prepared to support the Draft Plan. The 2013 HMWP currently includes

a climate change policy (Policy 2: Climate change – mitigation and adaption). The Partial Update – Draft Plan aims to strengthen this policy and ensure climate change is addressed suitably throughout the Plan.

62. Adaptations to climate change have not been addressed so far because these would need to be considered and implemented as part of any planning application.

Carbon Mitigation

63. The climate change mitigation tool cannot be applied to the Partial Update of the HMWP as it is policy for decision-making rather than a project. In addition, the carbon mitigation tool does not currently calculate emissions for all minerals and waste developments. However, as noted, the HWMP Partial Update does seek to further strengthen the existing climate change policy which outlines that “minerals and waste development should minimise their impact on the causes of climate change” by requiring that new minerals and waste proposals include a Climate Change Assessment.
64. The HWMP Partial Update is important for meeting Hampshire County Councils’ strategic priorities: 1. Green Economic Growth & Prosperity, as the Plan provides a framework for decision-making on minerals and waste development which supports the economy and encourages sustainable management of waste; and 3. Enhancing the Natural & Built Environment, as the Plan contains a number of policies to protect and enhance the natural and built environment as part of the development process, for example through restoration.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	yes/⦶
People in Hampshire live safe, healthy and independent lives:	yes/no
People in Hampshire enjoy a rich and diverse environment:	yes/⦶
People in Hampshire enjoy being part of strong, inclusive communities:	yes/no

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
https://democracy.hants.gov.uk/ieListDocuments.aspx?CId=706&MId=6033	14.01.2021
https://democracy.hants.gov.uk/documents/s65918/2020%20Review%20of%20the%20Hampshire%20Minerals%20Waste%20Plan%20and%20revised%20Development%20Scheme-2021-02-09-Cabinet.pdf	09.02.2021
https://democracy.hants.gov.uk/ieListDocuments.aspx?CId=163&MId=6561	25.02.2021
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>
National Planning Policy Framework: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1004408/NPPF_JULY_2021.pdf	2021
Planning Policy for Waste: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/364759/141015_National_Planning_Policy_for_Waste.pdf	2014

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
Hampshire Minerals & Waste Plan: Partial Update – Draft Plan (2022)	[ADD]
Sustainability Appraisal (incorporating Strategic Environmental Assessment) Interim Report (2022)	[ADD]
Habitats Regulation Assessment Screening Report (2022)	[ADD]

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

The Hampshire Minerals & Waste Plan: Partial Update - Draft Plan is intended to ensure that the planning framework by which minerals and waste developments come forward in Hampshire is consistent with national policy, whilst also delivering a steady and adequate supply of minerals and enabling sustainable waste management provision. It is considered that there will be no additional impact on people with protected characteristics and therefore has been assessed as having a neutral impact overall.

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HAMPSHIRE COUNTY COUNCIL

Decision Report

Committee/Panel:	Cabinet
Date:	18 October 2022
Title:	Deputations to the Pension Fund Panel and Board
Report From:	Chief Executive

Contact name: Paul Hodgson

Tel: 0370 7793213

Email: Paul.hodgson@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to outline proposed amendments to the rules regarding deputations to the Pension Fund Panel and Board and its sub-committees.
2. The report asks Cabinet to recommend Constitutional changes to the County Council, in order to enable the Pension Fund Panel and Board to receive deputations from pension scheme members who are not electors in the Hampshire County Council area.

Recommendation(s)

Cabinet is asked to:

3. Recommend the changes to the County Council's Standing Orders and Terms of Reference of the Pension Fund Panel and Board, set out at Appendices 1 and 2 respectively, for approval by the County Council.

Executive Summary

4. This report seeks Cabinet's recommendation to the County Council of proposed changes to the Constitution in order to allow deputations to be received at the Pension Fund Panel and Board and its sub-committees from Hampshire Pension Fund scheme members who are not local government electors in the County Council's area.
5. At its meeting on 28 July 2022, the Pension Fund Panel and Board considered a report in respect of deputations. For the reasons set out below,

The Pension Fund Panel and Board resolved to recommend the proposed changes to Standing Orders and the Pension Fund Panel and Board's Terms of Reference as set out at Appendices 1 and 2 respectively to Cabinet.

Contextual information

6. Deputations to the Pension Fund Panel and Board are governed by Standing Order 12 in the County Council's Constitution. Amongst other things, this requires that deputations shall consist of not more than four people who are local government electors for the administrative area of Hampshire County Council (see Standing Order 12.2.2).
7. Standing Order 12 precludes deputations being received at Pension Fund Panel and Board meetings from Hampshire Local Government Pension Scheme members (active, deferred and retired) who live outside of the Hampshire County Council area (including in Portsmouth and Southampton). It therefore excludes deferred or retired members who may have moved away from Hampshire, as well as active members who work for other employers in the Hampshire scheme, but who do not live in the Hampshire County Council area.
8. To ensure fairness and appropriate opportunities for engagement by those with a legitimate interest in the Hampshire Local Government Pension Scheme, it is considered that members of the scheme who live outside of Hampshire should be allowed to make deputations to the Panel and Board, or its sub committees. In order to enable this, the County Council's Standing Orders and the Pension Fund Panel and Board's Terms of Reference need to be amended.
9. Proposed amendments to the County Council's Standing Orders are set out at Appendix 1. Proposed amendments to the Pension Fund Panel and Board's Terms of Reference are set out at Appendix 2.
10. As these are proposed changes to the County Council's Constitution then they will need to be agreed by the County Council. Cabinet is asked to recommend the proposed changes to the County Council.

Finance

11. There are no financial implications associated with the proposals contained in this report.

Consultation and Equalities

12. Consultation in respect of the proposals contained in this report is not required.
13. Equality objectives are not considered to be adversely affected by the proposals in this report. The proposals do allow for greater participation and inclusion of all Hampshire Local Government Pension Scheme Members by enabling deputations to be received where they currently cannot be received.

Climate Change Impact Assessment

14. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does
15. The carbon mitigation tool and climate change adaptation tools were not applicable on this occasion because the proposals and decision in this report are administrative in nature.

Conclusions

16. Based on the recommendation from the Pension Fund Panel and Board and for the reasons set out in this paper Cabinet are asked to recommend the changes to Standing Orders and the Pension Fund Panel and Board's Terms of Reference to the County Council for agreement.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

This proposal does not link to the Strategic Plan but, nevertheless, requires a decision to ensure that the County Council's Constitutional arrangements allow for proper engagement

Other Significant Links

Links to previous Member decisions:	
2022-07-28 PFPB - Deputations Report FINAL.pdf (hants.gov.uk)	<u>Date</u> 28 July 2022
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

Equality objectives are not considered to be adversely affected by the proposals in this report. The proposals do allow for greater participation and inclusion of all Hampshire Local Government Pension Scheme Members by enabling deputations to be received where they currently cannot be received.

CLIMATE CHANGE IMPACT ASSESSMENTS - GUIDANCE

Applicable where the report is for an Executive Member decision day/Cabinet, Select Committee or Committee or Panel of Council.

[NOT applicable for Regulatory Committee reports:
DELETE "Climate Change impact Assessment" section in body of report]

Please see the [climate change tools sharepoint site](#) to access the tools and guidance. You must use the tools when preparing a report and include a summary of its findings here (see below).

N.B A number of decisions/reports will not have a carbon mitigation or climate change resilience impact/element, either directly or indirectly or will incorporate a range of projects which may be subject to assessment in their own right. The decision tree on the sharepoint site will assist you in identifying these. If one or both tools are not relevant, you must provide a brief explanation as to why they are not relevant here in order to demonstrate that any potential impact has been considered. Suggested forms of words to cover these scenarios are available here: [suggested wording guidance](#)

Climate Change Adaptation

For Climate Change Adaptation, include a summary here of your proposal's vulnerability to climate change. This should reference considerations arising from the tool, including explaining whether any adaptations have been made or not, or if this is planned. You should balance these considerations against the corporate strategic priorities and wider benefits of your proposals.

Carbon Mitigation

For Carbon Mitigation, include a summary here of the carbon emissions impacts of your proposals. This should reference considerations arising from the tool, including explaining whether any mitigation actions have occurred or not, or if this is planned. You should balance these considerations against the corporate strategic priorities and wider benefits of your proposals.

Please refer to the [suggested wording guidance](#) to help you understand what outputs from the tools to include into the decision report. Case study examples are also provided on the sharepoint site.>

Contact the climate change inbox (climatechange@hants.gov.uk) for assistance.

*** Delete red guidance text when complete**

Part 3 Chapter 1

County Council Standing Orders

12. *Deputations

12.1 Subject to the provisions of this Standing Order, the County Council shall receive deputations at a Meeting of the County Council on any business that is properly within its terms of reference and the deputation shall be allowed to address the Meeting.

12.2 Subject to the provisions of this Standing Order, Cabinet or any Executive Member, Committees or Standing Panels of the County Council shall receive deputations at any Meeting or Individual Executive Member Decision Day relating to business that is properly within the Agenda for such Meeting or Individual Executive Member Decision Day and the deputation shall be allowed to address the Meeting or Individual Executive Member Decision Day.

For the purpose of this Standing Order:

12.2.1 notice in writing shall be given to the Chief Executive (to the Head of Democratic and Member Services via members.services@hants.gov.uk) that a deputation wishes to address a Meeting or Individual Executive Member Decision Day and the notice shall specify the subject on which the deputation wishes to speak. In the case of a County Council Meeting, the notice shall be given at least 10 clear Working Days in advance. In the case of other Meetings or Individual Executive Decision Days, the notice shall be given at least three clear Working Days in advance.

12.2.2 deputations shall consist of not more than four people who shall (except in the case of a deputation to the Regulatory Committee when it is exercising a function within the Functions Regulations, Regulation 2 and Schedule 1, **or in respect of a deputation to the Pension Fund Panel and Board or a Sub Committee of the Pension Fund Panel and Board**) be local government electors for the administrative area of Hampshire County Council, or otherwise and subject to the provisions set out at paragraph 12.2.3 below, have attained the age of seven years or older;

- 12.2.3 any deputation request received from a child of compulsory school age shall be accompanied by the following:
- 12.2.3.1. written consent from the parent of or person with Parental Responsibility for the child to the making of the deputation, including in respect of a request to make a deputation at a Meeting of the County Council or Cabinet, to the deputation being recorded and available for broadcast; and
 - 12.2.3.2. in the case of a request to make a deputation within school term time, written consent to the making of the deputation from the Headteacher of the school the child attends, without which consent(s) the deputation shall not be heard.
- 12.2.4 without prejudice to the provisions of 12.2.3 above, deputations will not be received from children in cases where, in the opinion of the Director of Children's Services, it is not in the best interests of the child to make the deputation.
- 12.2.5 any member of a deputation may address a Meeting or Individual Executive Decision Day;
- 12.2.6 deputations shall be taken at the beginning of the Meeting or Individual Executive Decision Day in the order received (after the Minutes) and the total time for all deputations in any Meeting or Individual Executive Decision Day shall not exceed one hour in duration;
- 12.2.7 the total time taken by a deputation in addressing a Meeting or Individual Executive Decision Day shall not exceed 10 minutes provided that where the number of deputations in any Meeting or Individual Executive Decision Day would otherwise mean that the maximum time for deputations would be exceeded, the time allowed per deputation will be reduced on a proportional basis;
- 12.2.8 any deputation which has appeared before a Meeting of the County Council, the Executive, a Individual Executive Decision Day or any Committee or Standing Panel of County Council, shall not reappear at any such Meeting or any other Meeting or Individual Executive Decision Day within a period of six months on the same or similar topic (except in the case of a deputation to the Regulatory Committee when it is exercising a regulatory function, in which case a deputation may reappear where an item is adjourned, or when there is another similar application submitted in respect of the same site);

12.2.9 for the avoidance of doubt a deputation to a Meeting of the Executive, a Committee or Standing Panel or an Individual Executive Decision Day must relate to an item on the Agenda for that Meeting or Individual Executive Decision Day;

12.2.10 no discussion shall take place with the presenters of a deputation but the Chairman of the Meeting or the Executive Member may inform the deputation how, if at all, the matter will be dealt with by noting, action or referral. At a Meeting of the County Council, the Chairman may invite the Leader or appropriate Executive Member or Committee Chairman to give this information to the deputation.

12.2.11 Deputations in respect of Individual service concerns will not be received where, in the opinion of the Chief Executive in consultation with the Monitoring Officer, the subject matter of the deputation relates to issues which are more properly dealt with through the County Council's Corporate Complaints Procedure, or which might cause the County Council to breach confidentiality rules.

12.3 Deputations at Meetings of the County Council, Committees, Standing Panels and Cabinet will be received in person at the Meeting.

12.4 Where an Individual Executive Member Decision Day is open to the public remotely in accordance with the provisions of Part 3, Chapter 2, Paragraph 4 of the Constitution, or is open to the public both in person or remotely by way of hybrid meeting room technology, then deputations will be received in person or remotely.

NB: The Purpose of Standing Order 12 is to give members of the public an opportunity to address the County Council, the Executive, its Committees or Standing Panels. Elected Members of other Councils, political parties, trade unions and members of staff have other opportunities to bring matters to the County Council's attention and will not be received under the provision of Standing Order 12.

Arrangements with regard to Non-Committee Members speaking at meetings of Committees of the County Council are contained within Standing Order 40. Arrangements for Non-Executive Members speaking at meetings of Cabinet and Individual Executive Member Decision Days are contained within Executive Procedures at Part 3, Chapter 2, Paragraph 4.

Additional arrangements apply in respect of Regulatory Committee or when the County Council is otherwise exercising a function within the Functions Regulations and in respect of the Pension Fund Panel and Board. In respect of Regulatory Committee, these arrangements are set out within the Local Protocol on Planning, Rights of Way and Commons Registration, Paragraph 9, contained at Appendix B **and in respect of the Pension Fund Panel and Board, the additional arrangements are set out in the Pension Fund Panel and Board's Terms of Reference at Part 1 Chapter 8.**

Part 1: Chapter 8

Pension Fund Panel and Board

The Pension Fund Panel and Board

Terms of Reference

1. Introduction

- 1.1. Hampshire County Council has appointed a combined Pension Fund Panel and Board for Hampshire and delegated to it responsibility for its statutory functions as the administering authority for the Hampshire Pension Fund and its responsibilities in respect of operating a Pension Fund Board for Hampshire.

2. Composition

- 2.1. The Pension Fund Panel and Board for Hampshire includes within its membership:
 - Nine elected members from the Administering Authority.
 - Three employer representatives appointed in accordance with the Hampshire Pension Panel and Board Representation Policy approved by the Pension Fund Panel and Board from time to time.
 - Three scheme Member representatives appointed in accordance with the Hampshire Pension Panel and Board Representation Policy approved by the Pension Fund Panel and Board from time to time.
- 2.2. The Administering Authority members will be appointed by Hampshire County Council. The nomination process for the employer and scheme member representatives is contained in the Representation Policy and they will be appointed by the County Council in accordance with that Policy.
- 2.3. Employer representatives and scheme member representatives should remain as members of the Pension Fund Panel and Board during their appointed term of office unless in the opinion of the County Council they are not adequately performing their role or they become incapable of acting, they cease to represent their constituency, they resign by giving

written notice to the Proper Officer of the County Council, a replacement member is nominated by their relevant nominating body or they are removed from the Panel and Board pursuant to Paragraph 6.8.

- 2.4. Each employer and scheme member representative should endeavour to attend all Panel and Board meetings during the year and are required to attend at least 2 meetings each year.

3. Appointment of Substitute Members

- 3.1. **Allocation** - As well as allocating seats on the Pension Fund Panel and Board, the County Council will at the Annual General Meeting of the County Council in each year appoint a designated Substitute Member for each Scheme and Employer member of the Pension Fund Panel and Board.
- 3.2. **Powers and duties** - Substitute Members will have all the powers and duties of the designated Scheme and employer Members of the Board.
- 3.3. **Substitution** - Substitute Members may attend meetings in that capacity only:
 - a. to take place of the designated Scheme and Employer Member for whom they are the designated substitute;
 - b. where the Member for whom they are the designated substitute will be absent for the whole of the meeting; and
 - c. after notifying Democratic and Member Services (on behalf of the Chief Executive) before the scheduled start of the meeting of the substitution.

4. Voting rights

- 4.1. All members of the Panel and Board, including all the Employer and Scheme Member representatives shall have full voting rights.
- 4.2. Any independent advisers appointed by the Panel and Board are invited to attend all meetings of the Pension Fund Panel and Board but independent advisers will not be a member of the Pension Fund Panel and Board and have no voting rights.

5. Role of the Pension Fund Panel and Board

- 5.1. In its role as the Pension Fund Panel for the Hampshire Pension Fund the Pension Fund Panel and Board is responsible for the County Council's statutory functions as administering authority of the Hampshire Pension Fund under the Local Government Pension Scheme Regulations and associated legislation under sections 7, 12 and 24 of the Superannuation Act 1972. This includes dealing with all matters arising that relate to the Hampshire Pension Fund, including the management and investment of the Fund.
- 5.2. In its role as the Pension Board for the Hampshire Pension Fund the Pension Fund Panel and Board is responsible for assisting Hampshire County Council as the administering authority of the Hampshire Pension

fund to secure compliance with the Local Government Pension Scheme Regulations 2013 and any other legislation relating to the governance and administration of the Local Government Pension Scheme ('LGPS), for securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator and for ensuring the effective and efficient governance and administration of the Hampshire Pension Fund.

- 5.3. When acting in its capacity as the Pension Fund Board the Pension Fund Panel and Board shall have the power to do anything which is calculated to facilitate or is conducive or incidental to the discharge of any of its functions.

6. Conflicts of Interest

- 6.1. In addition to the obligations on Members of the Pension Fund Panel and Board under the County Council's Member's Code of Conduct arising out of their position as either members or co-opted members of the County Council the following provisions apply.
- 6.2. No member of the Panel and Board may participate in any business of the Panel and Board if they have a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Panel and Board (this does not include a financial or other interest arising merely by virtue of membership of the Scheme or any connected Scheme) ('Conflict of Interest').
- 6.3. All Panel and Board members must before becoming a member of the Panel and Board declare any potential Conflict of Interest to the Monitoring Officer of the County Council.
- 6.4. After appointment all Panel and Board members must within 14 days of becoming aware of any new potential Conflict of Interest declare that potential Conflict of Interest to the Monitoring Officer of the County Council.
- 6.5. A member of the Panel and Board must at any time provide the Monitoring Officer of the County Council with such information as he or she requires for the purpose of establishing whether or not the Panel or Board member has a Conflict of Interest.
- 6.6. A Panel and Board member should disclose any Conflict of Interest in any business of the Panel and Board either at the commencement of the meeting, the commencement of the consideration of the item or when the Conflict of Interest becomes apparent.
- 6.7. If a Panel and Board member has a Conflict of Interest in any business of the Board then that Member may not participate in any discussion of, vote on or discharge any function in relation to the matter. In addition the Panel and Board member should withdraw from the room where the meeting is being held.
- 6.8. Any alleged non-compliance with this paragraph 5 shall be referred to the County Council's Conduct Advisory Panel for consideration and in the event that the Conduct Advisory Panel find that a member of the Panel and Board has failed to comply with the provisions of this

paragraph then the Conduct Advisory Panel may recommend to the County Council that the Member is to immediately cease to be a member of the Panel and Board or take such other action as the Conduct Advisory Panel regard as appropriate which can include but is not limited to requiring the member to apologise or requiring the member to undertake such training as the Panel believe is appropriate.

7. Knowledge and Skills

- 7.1. A member of the Panel and Board must have knowledge and understanding of:
 - the law relating to pensions, and
 - any other matters which are prescribed in Regulations.
- 7.2. The County Council has therefore adopted the requirements of the CIPFA Pensions Finance Knowledge and Skills Framework recognising the importance of ensuring that all staff and members charged with the financial management and decision making with regard to the Hampshire Pension Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.
- 7.3. Members of the Pension Fund Panel and Board are required to acquire and maintain the appropriate level of expertise, knowledge and skills as set out in the CIPFA Pensions Finance Knowledge and Skills Framework in order to remain members of the Panel and Board.
- 7.4. A formal training plan for the Pension Fund Panel and Board is prepared every year to identify and meet the training needs for the Panel and Board as a whole and for individual members. The plan reflects the recommended knowledge and skills level requirements set out in the CIPFA Pensions Finance Knowledge and Skills Framework.

8. Publication of Pension Fund Panel and Board information

- 8.1. Details of the Pension Fund Panel and Board are published on the County Council's website, including:
 - The names and details of the members of the Pension Fund Panel and Board
 - How the Scheme members are represented on the Panel and Board
 - The responsibilities of the Panel and Board as a whole
 - The Terms of Reference and policies of the Panel and Board and how they operate
 - The appointment process for the Employer and Scheme members of the Panel and Board
 - Who each Employer and Scheme member represents

- Any specific roles and responsibilities of individual Board Members
- 8.2. The procedure for the publication of Pension Fund Panel and Board meeting information and reports is contained in Part 3 Chapter 4 Paragraph 2 of the County Council's Constitution.

9. Reporting Breaches

- 9.1. Any potential or actual non-compliance with a duty relevant to the administration of the LGPS which is likely to be of material significance to the Pensions Regulator in the exercise of any of its functions that comes to the attention of the Panel and Board shall be dealt with in accordance with the Protocol for Reporting Breaches agreed from time to time by the Panel and Board.

10. Deputations

- 10.1. Deputations to the Pension Fund Panel and Board or to a sub-committee of the Pension Fund Panel and Board will be permitted in accordance with the following procedures:

10.1.1. Deputations shall consist of not more than four people who shall be local government electors for the administrative area of Hampshire County Council, or who shall be active, deferred or pensioner members of the Hampshire Local Government Pension Scheme.

10.1.2 Officers of the County Council shall not be permitted to make a deputation under 10.1.1 unless their deputation is being made in their personal capacity as an active, deferred or pensioner member of the Hampshire Local Government Pension Scheme and not as an officer of the County Council.

10.1.3 Save as set out in 10.1.1 and 10.1.2, all rules and procedures set out in the County Council's Standing Orders at Part 3 Chapter 1 of the Constitution shall apply to all deputations to the Pension Fund Panel and Board or a sub-committee of the Pension Fund Panel and Board.

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HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker	Cabinet
Date:	18 October 2022
Title:	Corporate Risk Management
Report From:	Director of Culture, Communities and Business Services

Contact name: Patrick Blogg

Tel: 0370 779 1968

Email: patrick.blogg@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to summarise the robust risk management arrangements in place across the organisation and highlight the improved risk culture underpinning our approach to effective risk management practices. The report also seeks approval by Cabinet for the Hampshire County Council's Risk Management Strategy 2022-2025 and sets out progress made by the County Council towards delivering the Strategy aims and objectives.

Recommendation

2. That Cabinet notes the content of this report, the risk management arrangements in place across the County Council and approves the Hampshire County Council's Risk Management Strategy 2022-2025 in Appendix A.

Executive Summary

3. This report seeks to highlight the robust processes and approaches across the organisation that enable effective risk management. It identifies the key areas of focus, including active management of significant strategic and operational risks, robust governance structures in place and staff engagement around good practice approaches to risk management.
4. The Corporate Risk Management Board (RMB), with direct reporting into the Corporate Management Team (CMT), provides a robust organisation-wide lead for risk by driving the Risk Management Strategy and other initiatives forward, and improving the risk culture within departments.

Contextual Information

5. As a major public sector organisation, the County Council manages numerous risks, of varying significance and severity, on a daily basis. Some are transient and others are structural – they will always be there because of the nature of the services that the County Council operates. It is the responsibility of the CMT and Chief Officers to ensure that there is robust identification, assessment and management of all types of risk, and that staff are trained in all aspects of risk awareness and management and have the necessary resources and toolkits to respond appropriately. Indeed, the majority of the day-to-day activities of the County Council can be said to be identifying and managing risk in all its different guises. It is therefore important that our approach to risk, both strategically and operationally, is kept under constant review and is an intrinsic part of our day-to-day activities.
6. In May 2021, the responsibility for Corporate Risk Management moved over to Culture, Communities and Business Services (CCBS) following the disbanding of the Transformation and Governance Directorate. The responsibilities for Corporate Emergency Planning and Resilience, and Corporate Health and Safety also moved across to CCBS at the same time.
7. Over the last 17 months the accountability for the Corporate Risk Management function in CCBS has been held by the Director of CCBS and responsibility led by the Deputy Director of CCBS. Dedicated resource is provided through the CCBS Business Strategy and Improvement Team to ensure effective co-ordination of the RMB and to support the delivery of the corporate risk management work.
8. Steps continue to be made towards strengthening how risks are managed in the organisation, particularly through improved governance, reporting structures and tailored systems. Additionally, opportunities to improve risk management good practice methods and approaches continue to be explored and implemented. These are guided by the CMT, driven forward by the RMB and are becoming embedded in our risk culture, through good practice approaches adopted by staff.
9. The Hampshire County Council's Risk Management Strategy 2022-2025 in Appendix A defines the approach the organisation has adopted to embed risk management into its processes, practices and culture. The Strategy was developed by the RMB as a follow-on to the shorter-term Risk Management Strategy 2021-2022. It was developed in a manner to ensure it was clear and succinct, setting out a structured and coherent approach, tailored to how the County Council identifies, assesses and manages risk. Aimed at all levels of staff, the Strategy is relevant for all layers of the organisation, particularly given the breadth and nature of risks that require effective management.

10. Significant progress has already been made towards delivering the Strategy aims and objectives. Particular areas of achievement include improved processes, a new corporate risk management system, robust governance structures and consistent approaches, all of which are well embedded across the organisation.

Risk Governance Framework

11. Being able to manage risk effectively is key to enabling the County Council to deliver improved outcomes and achieve its strategic aims. To ensure this is approached in a robust manner, there is a strong risk management framework in place, which has become more developed since 2021.
12. Underpinning this framework is the RMB, comprising Senior Information Risk Officers (SIROs) and other senior representation from across the County Council with experience and knowledge to enable risk to be managed effectively across the organisation. This is a well-established group, chaired by the Deputy Director of CCBS. The RMB is pivotal in recognising that risk is dynamic and changing, and it also ensures the right mechanisms are in place to support risk management at both operational and strategic level. Its remit and priorities provide the assurance and certainty that key organisational risks are considered and monitored. The RMB Terms of Reference can be found in Appendix B.
13. There are three corporate sub-groups that sit beneath the RMB and cover key areas of cross-cutting risk to the organisation. These are the: 1) Resilience Management Group, 2) Information Governance Steering Group and 3) Health and Safety Management Group. The Chair of each Group is a Head of Service and also a representative on the RMB. A highlight report from each sub-group meeting enables issues and decisions to be escalated into RMB meetings as appropriate. Encompassing areas such as business continuity, information handling and health and safety risks, this arrangement allows swift escalation of issues but also dedicated expertise to pick up items in these subject matters.
14. The robust reporting and escalation framework within the County Council is set out in Appendix C and ensures oversight, monitoring and assurance remains at the most appropriate level. This framework has been developed in more depth over the last 17 months by the RMB, comprising of regular reporting cycles to CMT, annual reporting to the Audit Committee and now Cabinet, and through establishing strong links between the RMB and key corporate risk sub-groups.
15. Establishing strong communication and reporting structures is key to ensuring that key stakeholders are kept informed of risk responses and practices, and that decision making relating to risk is appropriately aligned. The regular visibility that risk management has at both the Department Management Team (DMT) and the CMT level demonstrates high commitment and provides a good perspective of both risks and opportunities.

16. The annual report to the Audit Committee provides an effective source of scrutiny, challenge and assurance regarding the County Council's arrangements for managing risk and maintaining an effective control environment.

Monitoring and Reviewing Risks

17. A key activity of the RMB is to oversee and review the Corporate Strategic Risks, held in a central corporate Risk Register system. The corporate Risk Register system was re-developed in 2020 and a new system launched that has transformed how risks are captured and monitored. It captures key risks across all departments and has a built-in reporting function in the system that allows for consistent and up to date risk analysis by departments and the RMB, prompting regular review. For transparency, this Register can be viewed by key colleagues in departments who are involved in risk management, including the RMB and the CMT for visibility and oversight.
18. Periodic reviews of all risks are important, and the corporate Risk Register system prompts a review of each risk at either 1,3,6,9 or 12 months. This is to reflect emerging changes and ensure mitigation controls are monitored, and progress against implementation of new controls is assessed. All risks in the corporate Risk Register are managed and reviewed by risk owners or risk control managers, with oversight from appropriate monitoring groups. This demonstrates that as an organisation we are actively looking at risk and the processes to support good risk management are becoming well embedded and more mature.
19. The RMB also recognises the value of encouraging discussions at each RMB meeting about potential emerging risks at department level. This can include internal and external factors and those that are cross cutting in nature, which are therefore likely to pose a greater risk to the organisation. Equally there are risks which may come to the County Council at speed and others which are more 'slow burn'.
20. Each department also has a regular review planned at DMT level to discuss key risks held on Risk Registers and consider current and emerging risks.

Continuous Improvement

21. There has been significant progress made to the technology that is now being utilised to capture, monitor and discuss risks at a departmental and corporate level as outlined in point 17. This new system has proved to be extremely fit for purpose for departments to manage high level risks effectively, and has also led to a much more consistent method for scoring and assessing risks.

22. As an organisation, we recognise the importance of nurturing a positive risk culture. To help underpin and encourage consistent and positive approaches to good practice risk management, tailored guidance on good practice risk management using common language was developed for staff in 2021 by the RMB. This guidance is available on a corporate SharePoint site for all staff to access. It has been purposefully developed to engage staff and support with their learning, knowledge building and awareness of how to manage risks well. Governance and reporting structures are also defined in the guidance to help staff fully understand and adhere to management and reporting routes.
23. Recent changes have been made to how the County Council measures the 'level of effectiveness' for risk control mitigations. Previously the categories used to measure control effectiveness were defined as 'completely, partially, not' effective. These have now been changed to four categories: 'substantial, reasonable, limited, no' effectiveness. This was brought about as a move towards a more easily understood and defined set of criteria that aligns with the County Council's audit terminology. The criteria were developed by the RMB and approved by the CMT in April this year, and risks in the Corporate Risk Register have been re-assessed and new effectiveness levels selected.
24. The Southern Internal Audit Partnership has undertaken two comprehensive audits on the risk management process since 2019, to examine risk management practices, and outline improvements that would strengthen the organisation's approach and continue our exceptional record of managing risk as part of business as usual and decision-making processes.
25. The audit in 19/20 was rated as 'limited', with improvements centring on governance and risk control. The RMB instigated a number of initiatives to address these areas, including a new risk management system, a short-term Risk Management Strategy 2021-2022 and the introduction of regular reporting to CMT on key organisation risks.
26. A more recent audit carried out in 21/22 assessed the County Council's approach to risk management with a rating of 'reasonable' that demonstrated a marked improvement from the previous audit. Small scale improvements are in the process of being implemented based on audit observations, including refinements to staff guidance, learning & awareness.

Finance

27. There are no budgetary considerations required as part of this paper.

Performance

28. A strong culture of risk reporting is embedded in risk management processes in departments and corporate level, with sufficient visibility of risk management at Chief Officer and Member level.

Consultation and Equalities

29. An assessment on Equality Considerations has been undertaken and due regard has been given, with the view that a full Equalities Impact Assessment (EIA) is not required for the Risk Management Framework and Hampshire County Council's Risk Management Strategy 2022-2025. Where applicable, EIAs and consultation will be carried out as necessary, as part of management of individual risks.

Climate Change Impact Assessment

30. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

Climate Change Adaptation and Mitigation

31. The carbon mitigation tool and climate change adaptation tools employed by the County Council were considered and deemed not applicable on this occasion because the decision relates to a strategic programme.

Other Key Issues

32. There are no key issues to raise in this report.

Conclusions

33. In summary, the County Council's key organisational and departmental strategic and operational risks are being actively identified and managed through robust mitigation control measures. Close monitoring of risk management progress, issues and developments is led by the RMB with oversight and approval by the CMT, demonstrating that strong governance structures and commitment is in place to effectively manage the organisation's key risks and risk management progress.

34. The Hampshire County Council's Risk Management Strategy 2022-2025 sets out a structured and coherent approach that is tailored to how the County Council identifies, assesses and manages risk. As a follow on from the previous Risk Management Strategy, significant work to embed the Strategy Aims and Objectives has been driven by the RMB and this is successfully demonstrated across the organisation. However, as risks to the County Council are fluid, there remains a continued need to review and improve processes and approaches in a proportionate way, to further reduce risk levels to the County Council.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	Yes
People in Hampshire live safe, healthy and independent lives:	Yes
People in Hampshire enjoy a rich and diverse environment:	Yes
People in Hampshire enjoy being part of strong, inclusive communities:	Yes

Section 100 D - Local Government Act 1972 - background documents	
<p>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</p>	
<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

2.1 An assessment on Equality Considerations has been undertaken and due regard has been given, with the view that a full Equalities Impact Assessment (EIA) is not required for the Risk Management Framework and Hampshire County Council's Risk Management Strategy 2022-2025. Where applicable, EIAs and consultation will be carried out as necessary, as part of management of individual risks.

Hampshire County Council's Risk Management Strategy 2022-2025

Introduction & Context

This strategy defines the approach Hampshire County Council ('the Council') has adopted to embedding risk management into the culture, policies and practices of the Council. The strategy, together with its underpinning guidance, aims to provide a clear and consistent approach to the management of risk across the organisation.

Overall Aim

To ensure a robust, proactive and effective culture of risk management accountability exists across the Council, as an integral part of the contribution frontline services make to the safety and wellbeing of Hampshire residents.

Objectives

To ensure:

1. Robust and clearly defined governance arrangements are in place to support delivery of the Risk Management Strategy at all levels of the organisation.
2. Roles, responsibilities and accountabilities are clearly defined, understood and administered.
3. Strategic risks are identified, documented, owned, managed, and regularly reviewed (including the identification of new and emerging risks), supported by an effective and intuitive risk management software solution.
4. An effective and regularly reviewed Corporate Risk Register is maintained, informed and supported by a comprehensive set of Departmental Risk Registers.
5. A proactive and collaborative approach is taken to managing cross-cutting risks.
6. Common language and reporting systems are used across Departments at a strategic level, whilst enabling specific departmental approaches at a local level.
7. A strong culture of risk reporting is embedded in performance management.
8. Business continuity plans are in place and recorded for key strategic risks to maximise resilience across the Council.
9. Effective training and up-to-date guidance are in place to support and embed the Risk Management Strategy at all levels across the Council.

The Aim and Objectives will be Achieved By

1. Reviewing the Council's overall governance arrangements and reporting for risk management, including the role, membership, frequency and programme of the Risk Management Board.
2. Maintaining, reviewing, and monitoring effectiveness of the Risk Management system used across the organisation to manage risks at a departmental and corporate level.
3. Revising, updating and effectively communicating, risk management guidance documents for managers and staff in one clearly accessible location.
4. Reviewing Department Risk Registers and the Corporate Risk Register appropriately, and consistently reporting against an agreed timetable.
5. Ensuring the corporate risk assurance and reporting processes are integrated with the corporate performance framework.
6. Developing an improved and fully accessible risk management training offer.
7. Undertaking appropriate reviews of individual risks on the Corporate Strategic Risk Register through the Risk Management Board, to enable cross departmental consideration of control measures.
8. Improving the descriptions of control effectiveness levels to align with consistently recognised audit terminology.
9. Agreeing and implementing a risk training programme for managers, in addition to increasing general risk management awareness across the organisation.

Risk Management Guidance

To support the achievement of the Aim and Objectives outlined in this Risk Management Strategy, a revised suite of underpinning guidance documents is available on the Risk Management guidance site to assist managers and staff. The guidance includes but is not limited to: roles and responsibilities; identifying risks; assessing controls and determining priorities (impact & likelihood); control effectiveness levels; identifying mitigation measures; providing assurance that risks are being well managed; benchmarking; risk appetite and tolerance; and the Council's risk management tools (both risk registers and reporting).

Approval of Strategy

This strategy will be reviewed and signed off by RMB, for onward submission to CMT to endorse and recommend approval by Cabinet.

Date of endorsement by CMT: 27 April 2022
(Planned) Date of approval by Cabinet: 18 October 2022
Date of next Strategy review & update by RMB: March 2025

Appendix B: Risk Management Board Terms of Reference 2022

Risk Management Board – Terms of Reference 2022

Core Purpose

To ensure the County Council has a robust and effective culture of risk management.

Scope

- Risk Management
- Health & Safety risk
- Information Handling risk
- Business Continuity

Roles & Responsibilities

- Provides the Corporate Management Team (CMT) with assurance that strategic risks are identified, documented, and well managed in a balanced and proportionate manner.
- Ensures a robust culture of risk management accountability across the Council through both thorough collective consideration and constructive challenge.
- Ensures each Department has an effective and regularly reviewed Departmental Risk Register, feeding through to the Corporate Register, and informed by a comprehensive local process of risk management.
- Demonstrates and promotes full ownership of key risks across the business including a proactive and collaborative approach to managing cross cutting risks.
- Promotes the use of common language and reporting systems across Departments at a strategic level, whilst respecting departmental differences at the local level.
- Ensures a strong culture of risk reporting embedded in performance management.
- Ensures that issues and key decisions are escalated into the board from key corporate risk sub-groups: Resilience Management Group, Information Governance Steering Group and the Health and Safety Management Group.
- Reports to and escalates issues to CMT, as required, securing any necessary associated departmental action and shares information back into the corporate risk sub-groups.
- Prepares an Annual Report to the Audit Committee on Risk Management and the key risks facing the County Council to sit alongside the annual audit statement, and other reports on risk as may be determined.
- Oversees the Corporate Risk Register and the process for escalating/de-escalating risks to the CRR, subject to overall approval of CMT.

Membership

- Deputy Director of CCBS as Chair
- DMT representative as Deputy Chair
- Nominated DMT rep for each Department* – AHC, CCBS, Children’s Services, Corporate Services, and ETE
- Head of Law and Governance
- Head of Health & Safety
- Head of Emergency Planning Resilience
- Head of Information and Deputy SIRO for the County Council
- County Council SIRO (Role carried out by Corporate Services RMB Rep)
- Chief Internal Auditor

**Deputies (DMT level) to attend if nominated rep unable to attend.*

Frequency & Duration

Every 2 months / 1.5 hours

Or such additional meetings as the Board may determine to progress specific start/finish projects.

Terms of Reference Approval History

ToR 2022 signed off by RMB – August 2022

ToR 2020 signed off by RMB – August 2020

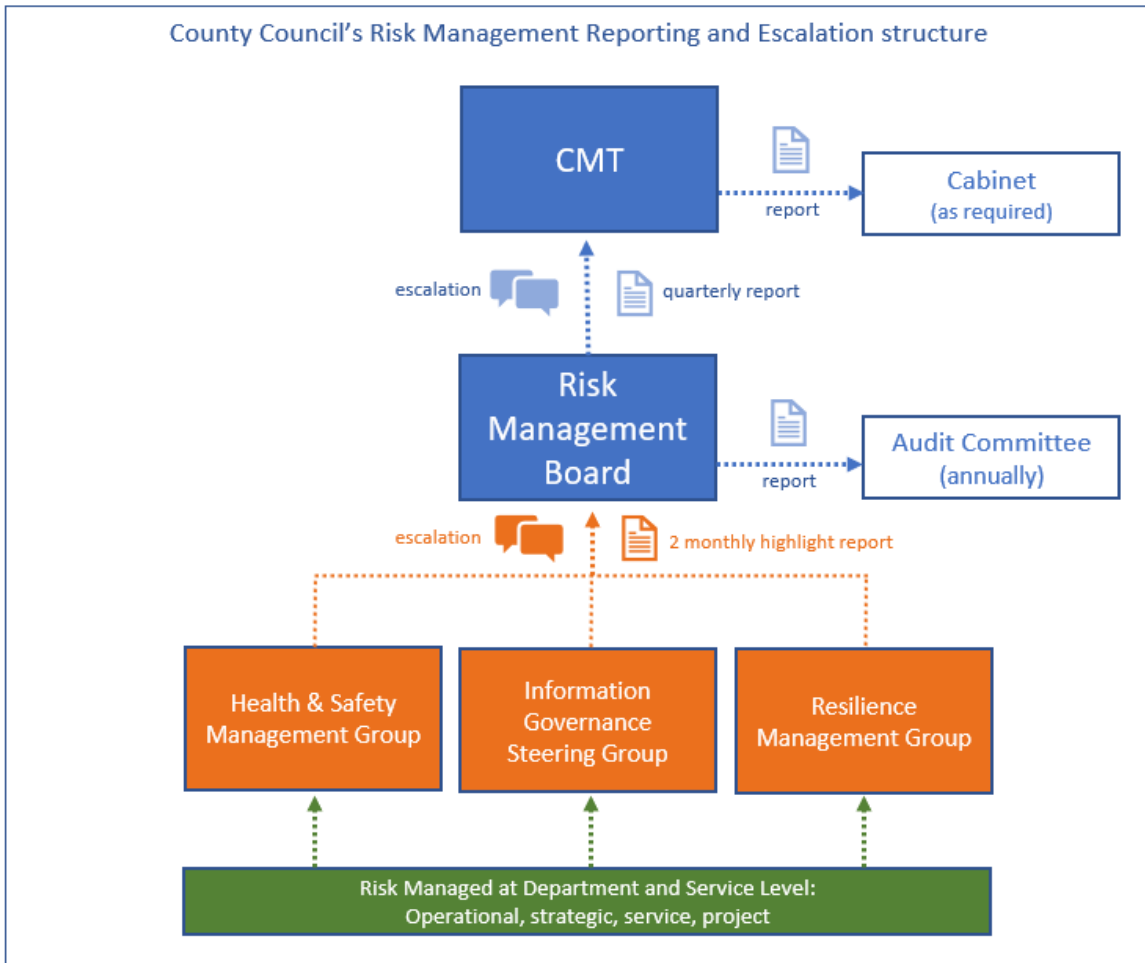
Terms of Reference Update History

Updated to include reference to Subgroups feeding into RMB – July 2022

Updated following changes to Corporate Services Representation – August 2021

Updated following transition of ownership of Risk Management to CCBS and approved by CMT – July 2021

Appendix C: County Council's Risk Management Reporting Structure



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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