



A prospectus for change: Deal Proposals



June 2022

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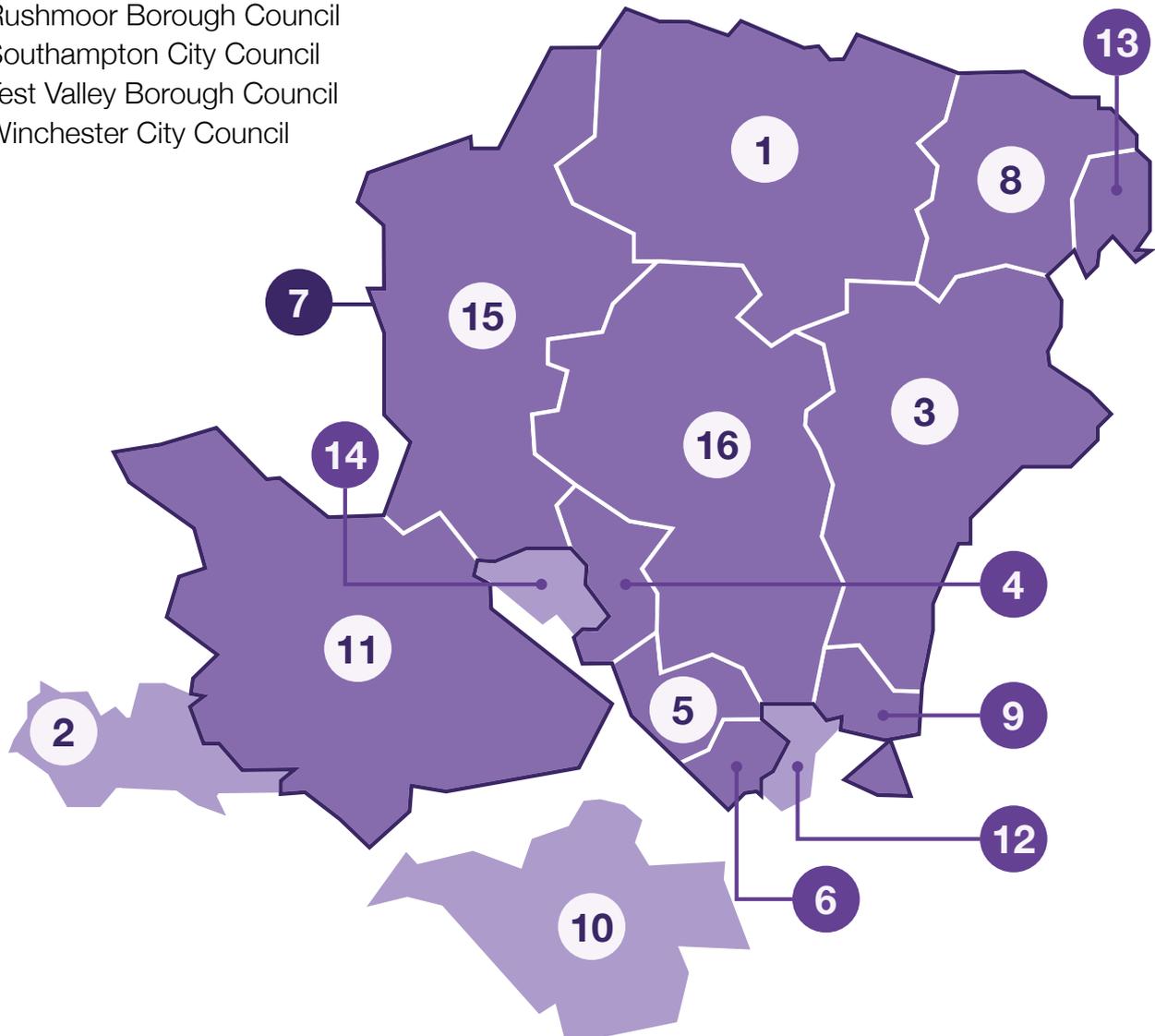
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The Pan-Hampshire area

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

1. Basingstoke and Deane Borough Council
2. 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's), 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

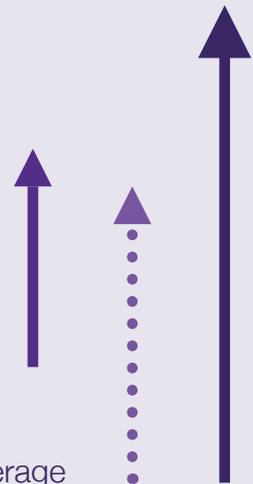


Almost
40%

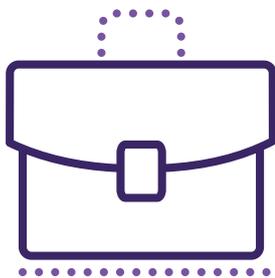
of inputs sourced from
local supply chain



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



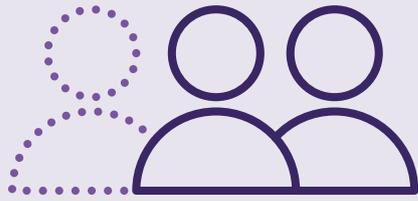
Almost
50%
of the workforce
in professional
occupations, higher
than the national average



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

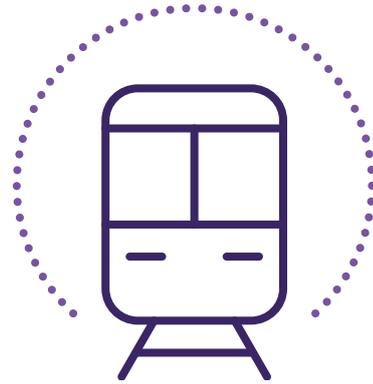


84%
of working residents work
within Pan-Hampshire



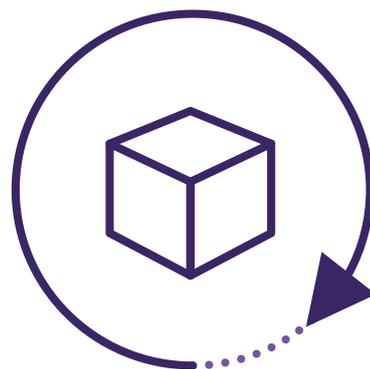
**A distinct
sector mix**

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



Strong
**transport
links**

by, road, rail and water



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.

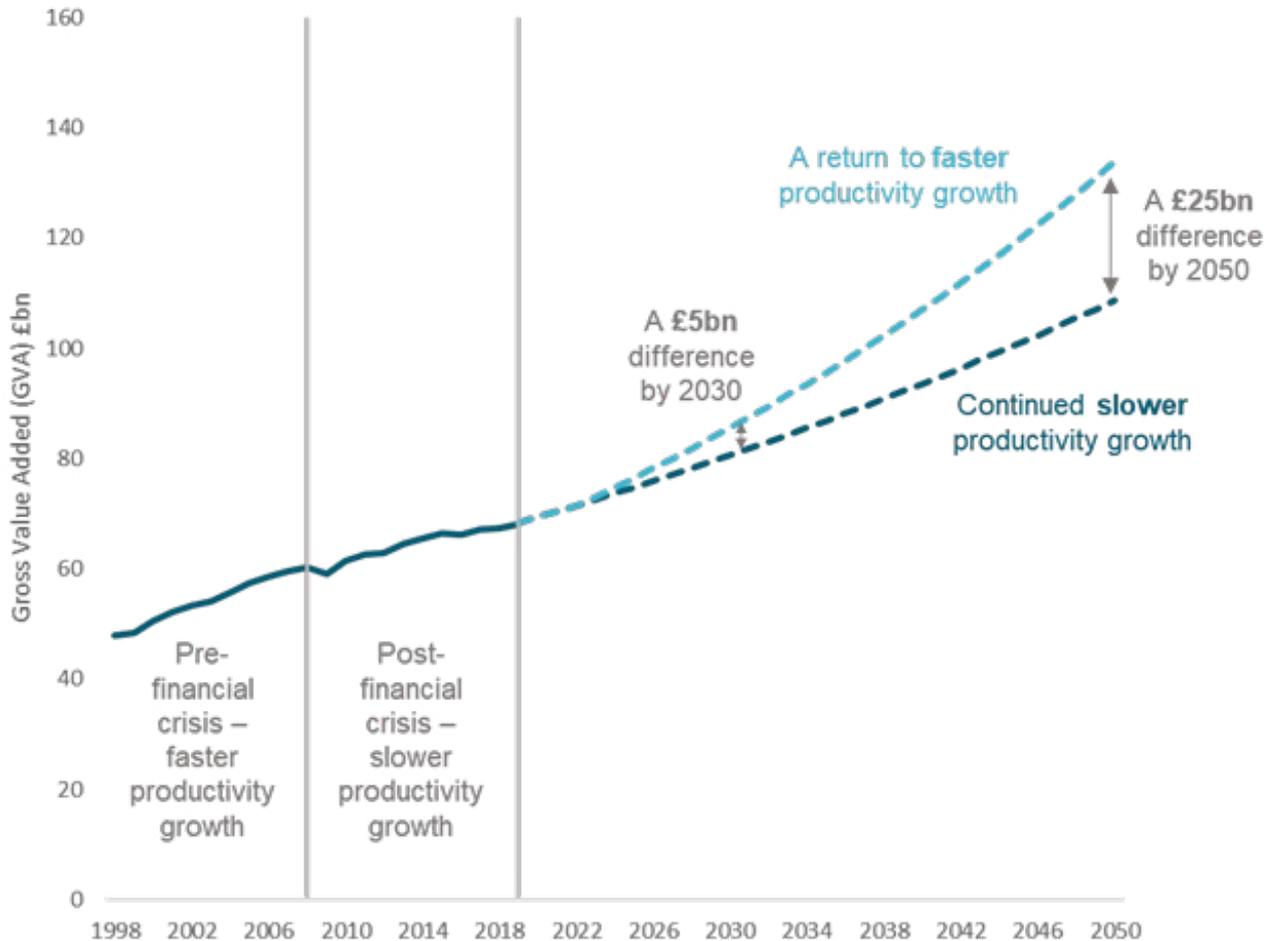
Commercial property markets show strong correlations in values over time in Pan-Hampshire, with twelve of the fifteen local authority areas moving largely in tandem. Three of the more northerly areas, however, have higher movement patterns that more closely align to London and South East averages.

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

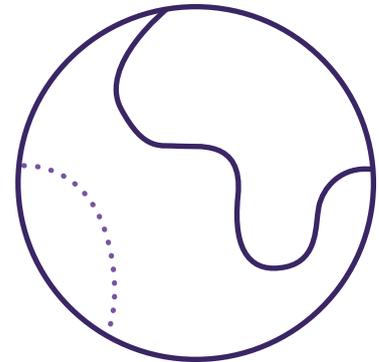


£79bn

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



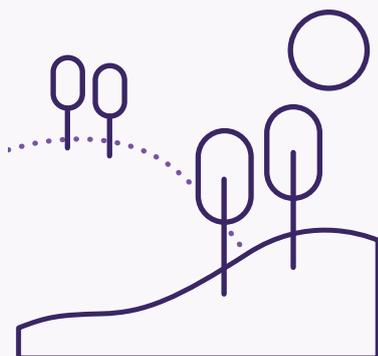
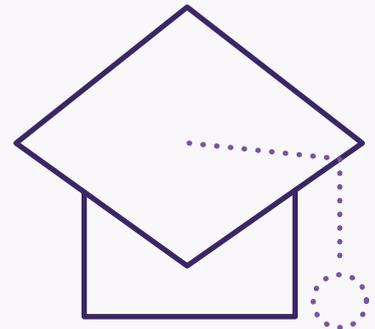
785,530 visitors in 2019

(up 21% from previous year)



Comprehensive transport infrastructure

by road, rail and water



Unique environmental assets

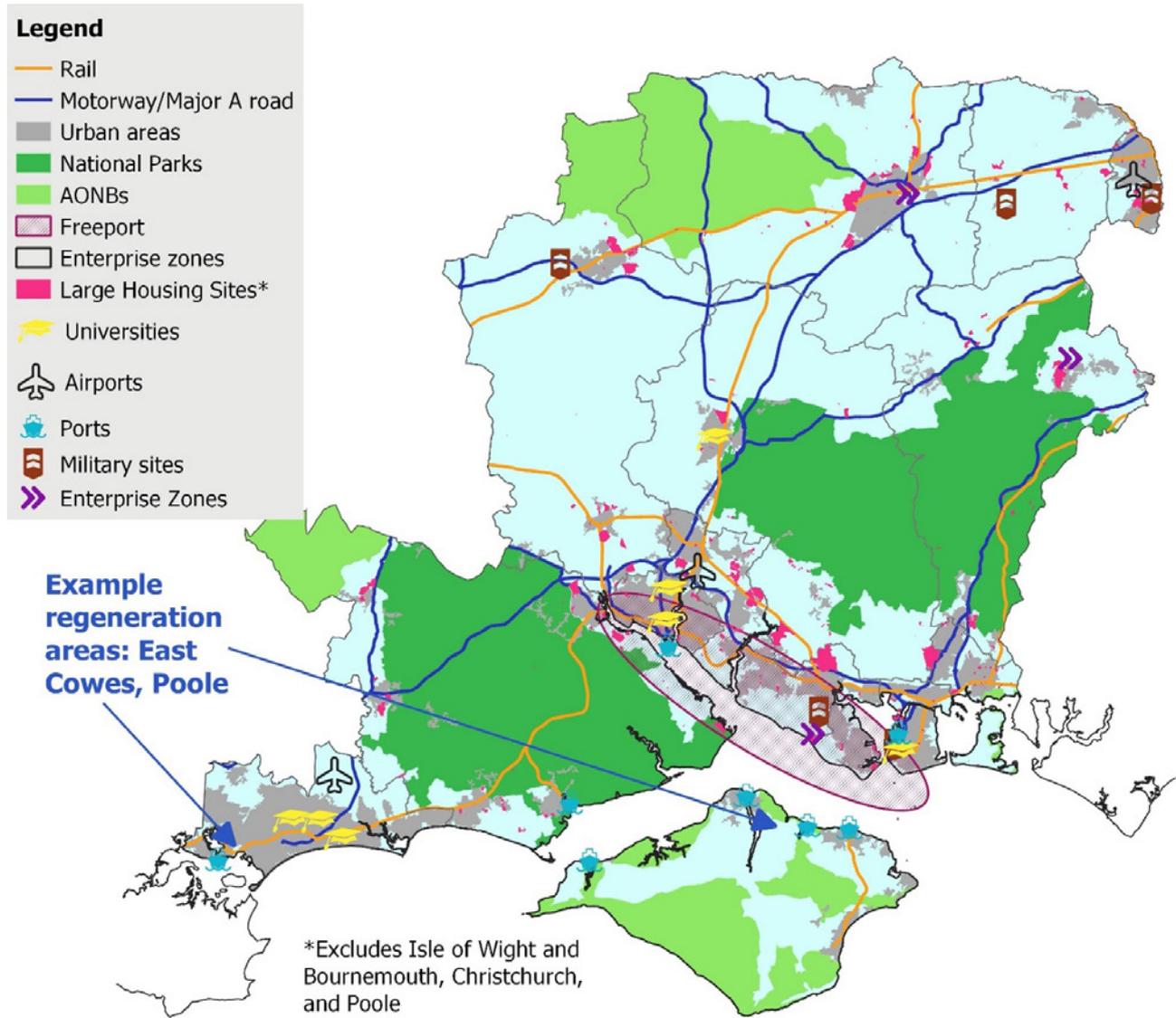
with two national parks, three AONB's, and 290 miles of coastline



CO₂ emissions lower than average

and falling faster

Our ambition for Pan-Hampshire



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 FEA or whole county area

- **Level 3:** A single institution or County Council with a Directly Elected Mayor/Leader, across a Functional Economic Area (FEA) 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 prioritizes 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.

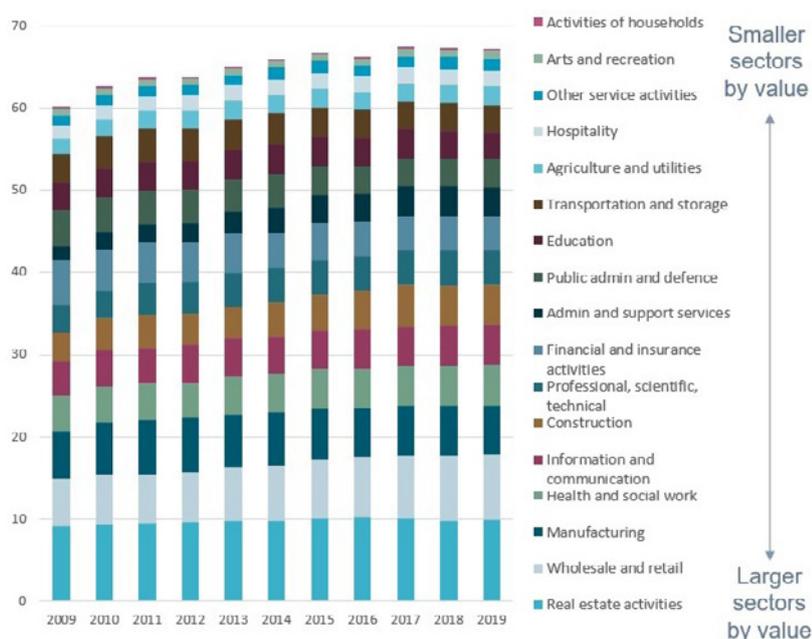
We will continue to work together through our existing partnership arrangements to advance our health and wellbeing agenda. Once we have established our initial devolution arrangements, developing further ambitions for improved health and care outcome will be an area for future focus.

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.

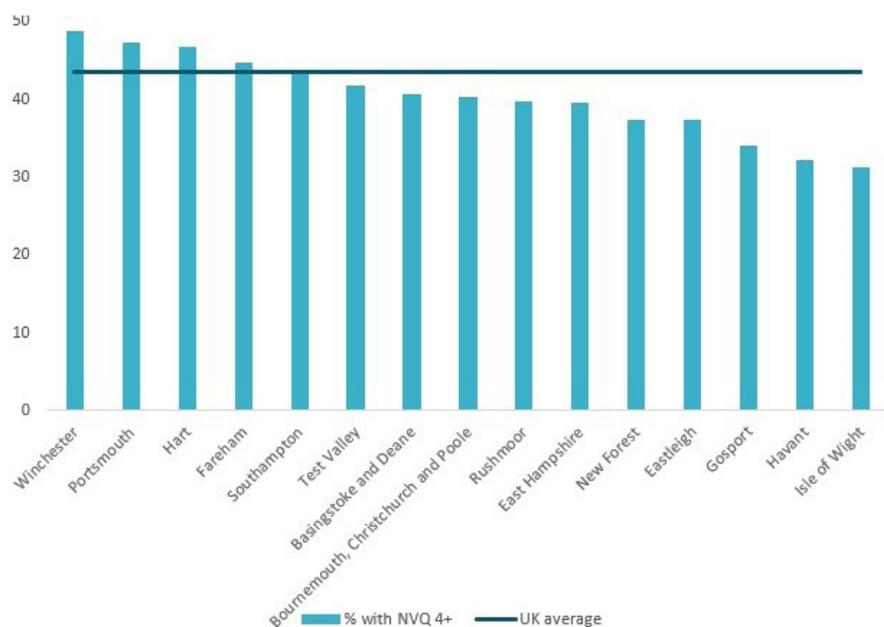
We will create a Pan-Hampshire Trade and Investment Agency accountable to the Combined Authority to deepen partnership working between business leaders, local institutions and Government. This will leverage investment to support growth in our sector strengths. We will ensure that business support, access 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



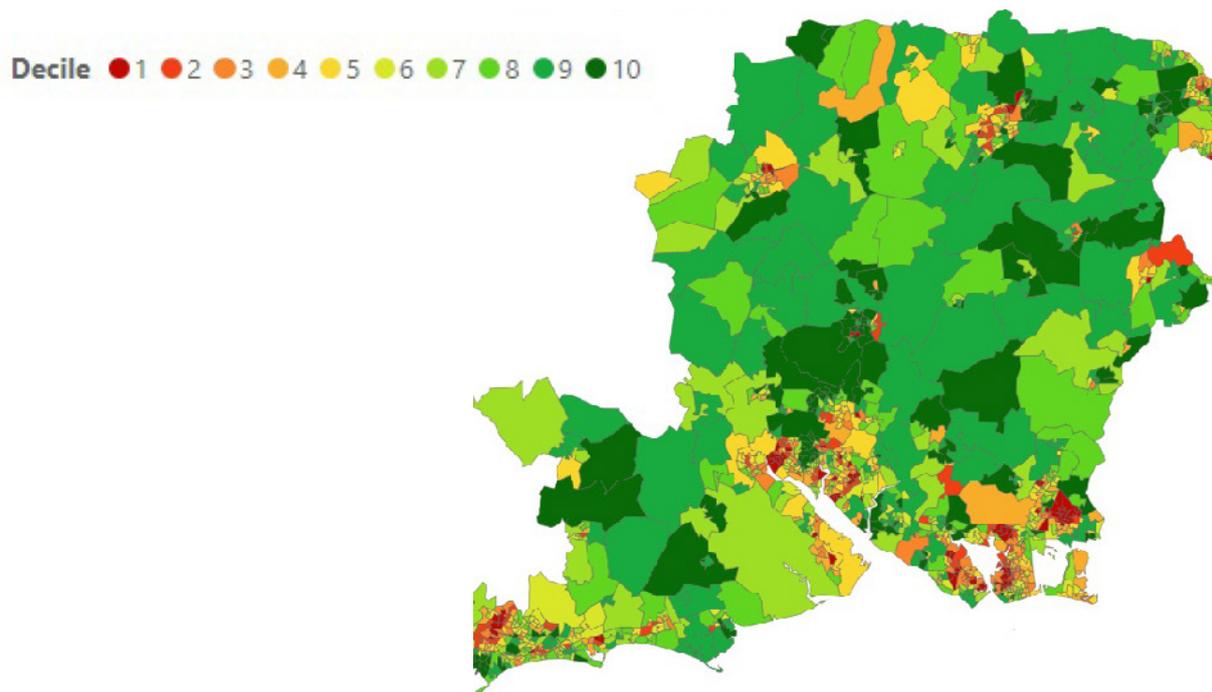
Source: Annual Population Survey

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
Devolved post-19 education and skills budget, including Adult Education Budget	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.	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:
Devolved apprenticeship incentive programme funding, and the flexibilities to retain and utilise uncommitted levy funds to boost Apprenticeship starts	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.	<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
Devolved control of careers advice and guidance (CIAG) through National Careers Service and CEC contract	We would create a Pan-Hampshire Strategic Skills Fund that would: <ul style="list-style-type: none"> • maximise the benefit of revenue funding for skills and employability programmes to replace those currently funded by ESF – 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
Framework agreement with DWP on employment support programmes	<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.

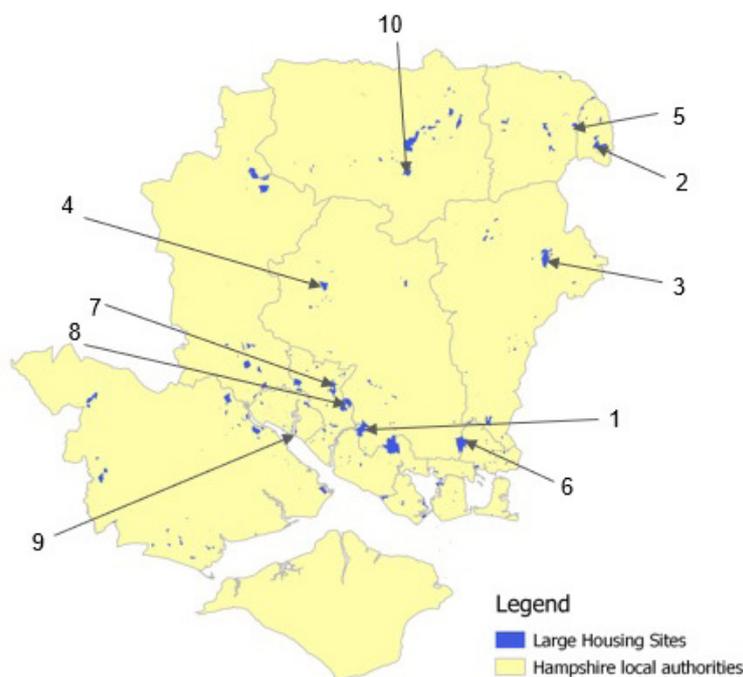
To inform the development of this approach, we will establish as part of our Deal an **Independent Land Commission**. There is substantial housing pressure across Pan-Hampshire, and (as Fig 5 shows) there are also major housing developments currently taking place, but understanding this need and where 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, the Aldershot urban extension in Rushmoor, and the garden settlement proposal at Shapeley Heath.

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>	

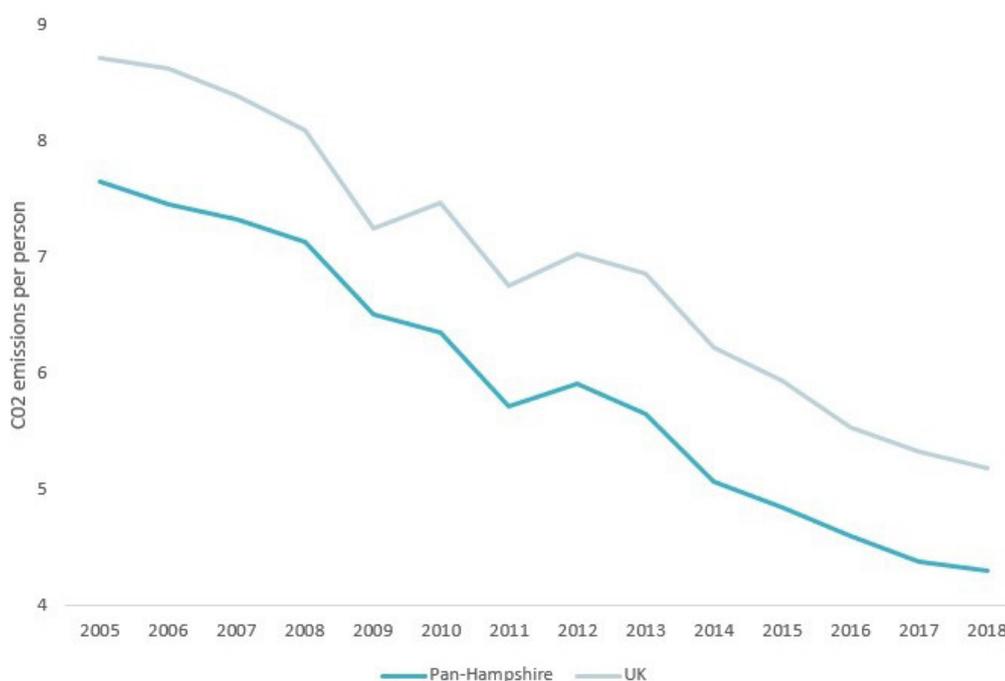
Net zero and net environmental gain

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

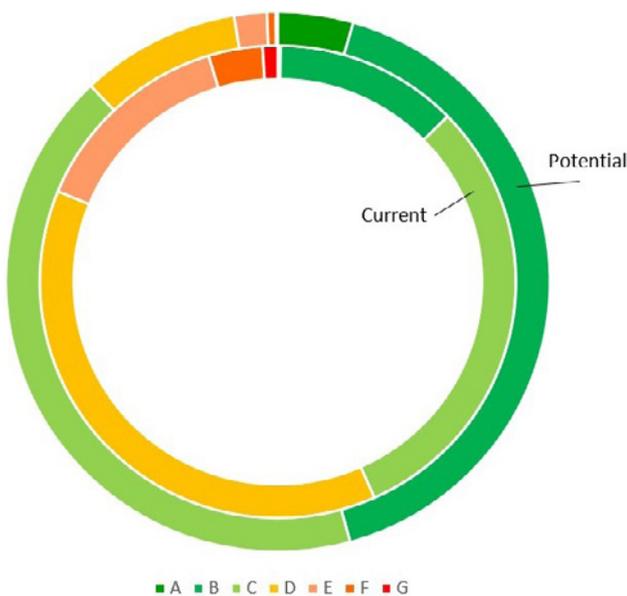


Source: BEIS estimates

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.

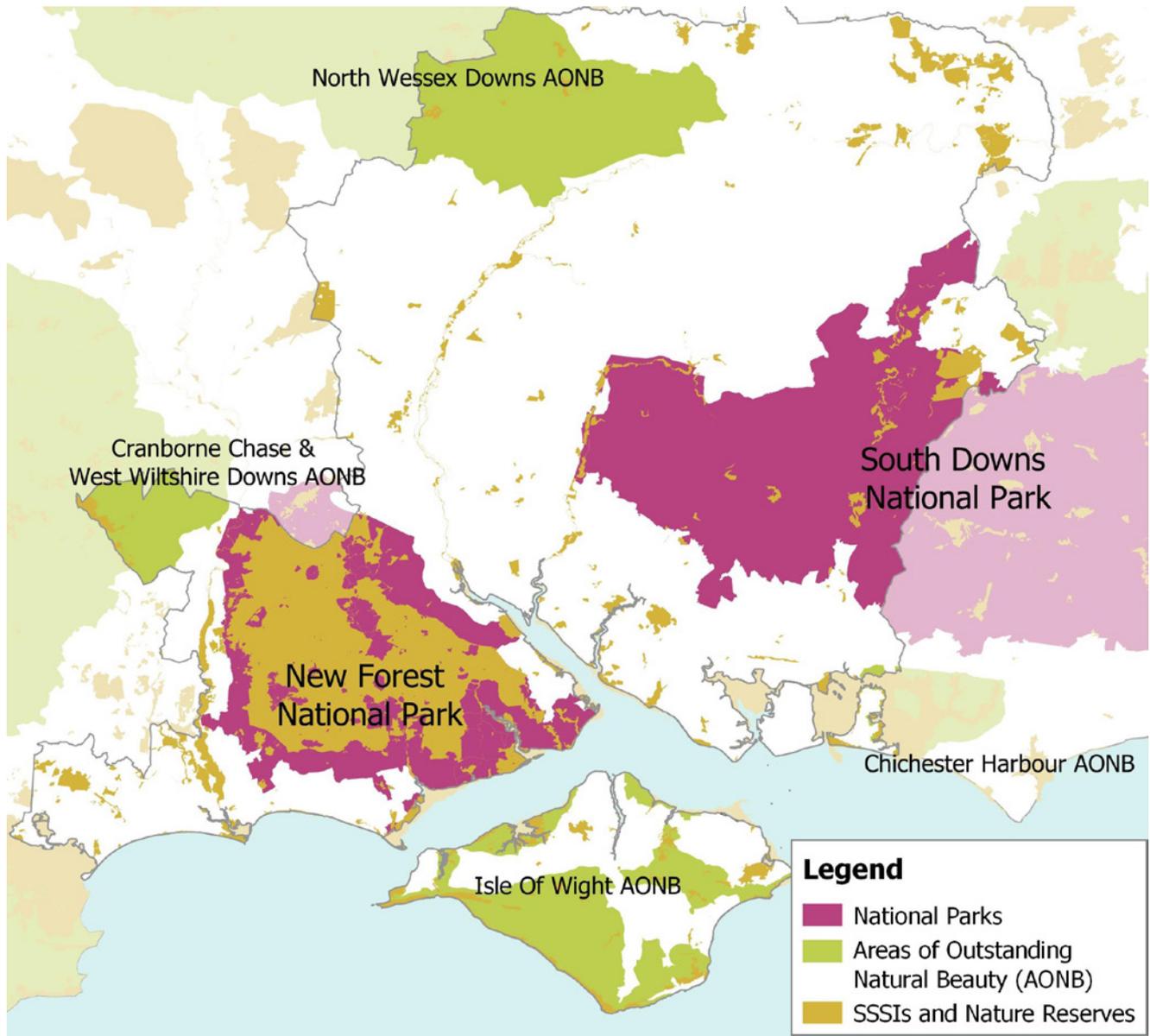
This could include in the long term the use of variable council tax which depends more

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 per cent improvement in "biodiversity value" (double the mandatory 10 per cent set out in the Environment Act)	<p>Biodiversity commitments made by developers</p> <p>Reducing % notable natural species in decline (currently 48%)</p>

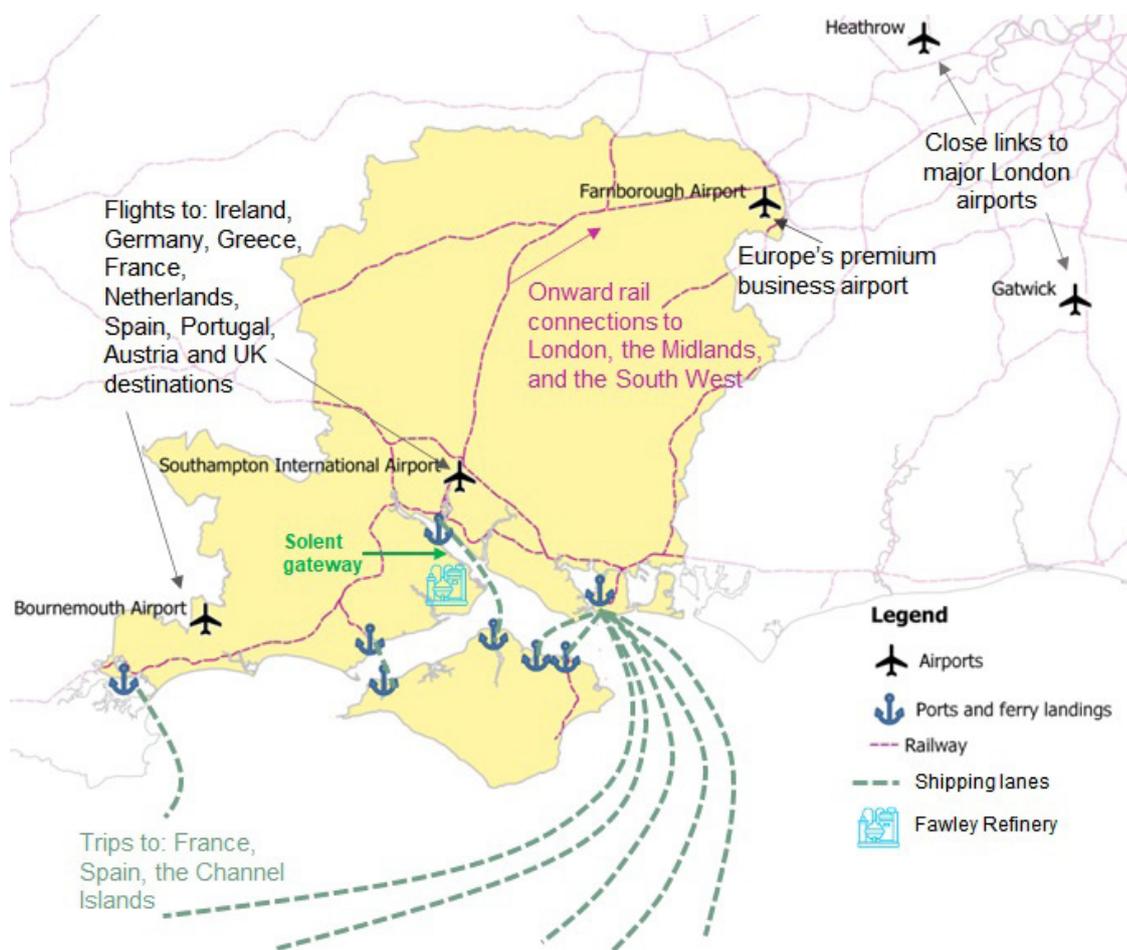
Integrated and sustainable transport

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 & loW 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

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.

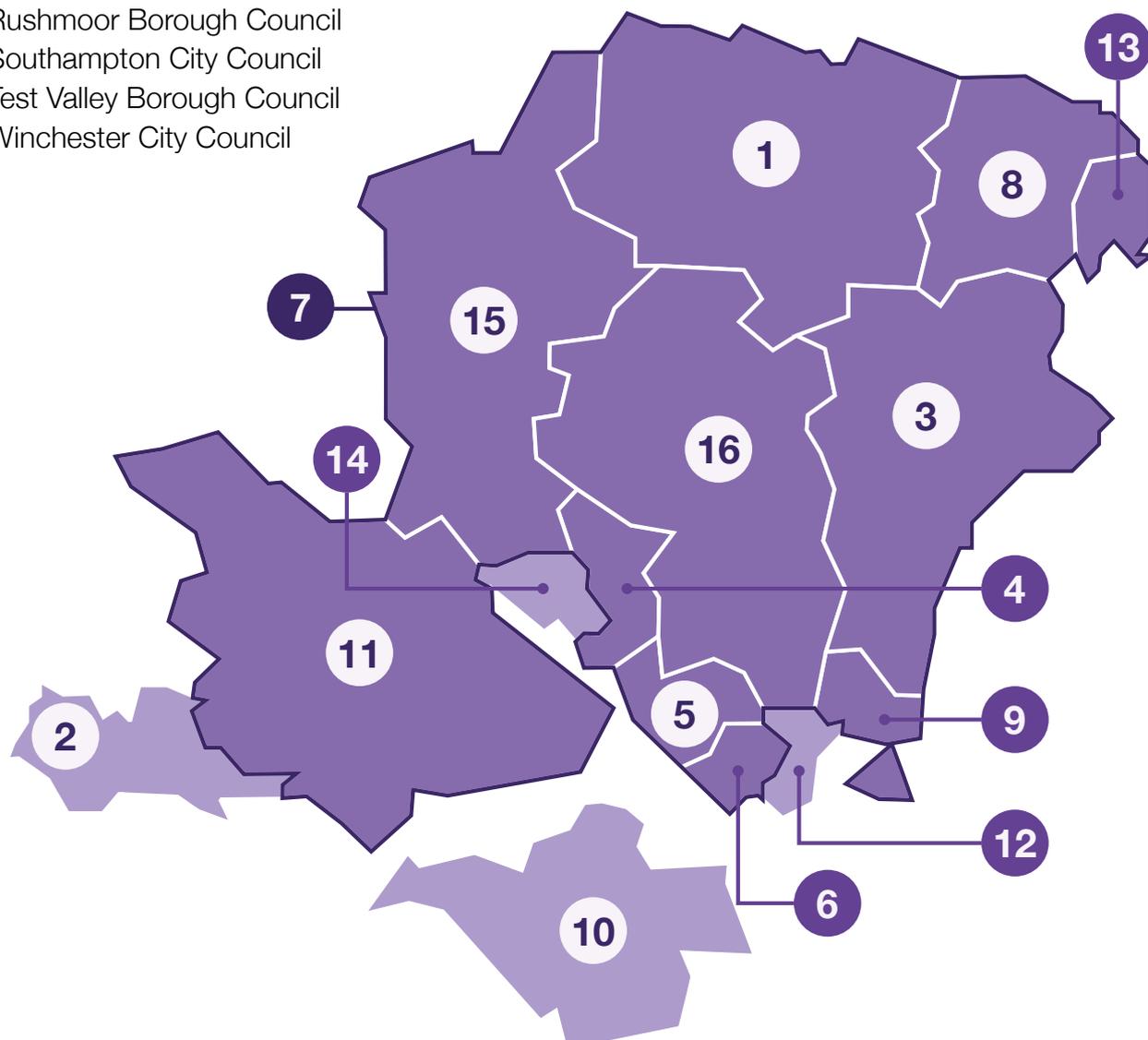
The prospectus will be sent to Government, as the basis for the Deal discussions. This represents our ambition and our ideas for a Deal, but we recognise that the eventual Deal will also need to be co-developed with Government.

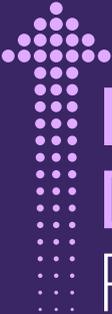


The Pan-Hampshire area

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