

**SOUTH EAST ENGLAND COUNCILS
ANNUAL GENERAL MEETING & ALL-MEMBER MEETING**



Date: 13 July 2011

Subject: **South East England Councils: Review of the Year 2010-11**

Report of: Cllr Paul Carter, SEEC Chairman

Recommendation:

Members are asked to note SEEC's activities and achievements over the past year.

1. Background

- 1.1 Following formation of SEEC in 2009, summer 2010 saw the leaders of South East local authorities redefining their aspirations for South East England Councils (SEEC) following last year's general election.
- 1.2 Members welcomed the Coalition Government's commitment to sweep away regional structures including regional planning, government offices and regional development agencies.
- 1.3 It was agreed that there remained a role for SEEC as a voluntary body to act as a democratically-elected voice to make the case for the South East on behalf of all member councils.
- 1.4 A cross-party councillor working group met in July 2010 to review the functions and staffing needed to take SEEC forward, setting a maximum expenditure level of £500,000 a year. Its recommendations were endorsed by SEEC's AGM in July 2010 and a member workshop in autumn 2010 developed SEEC's business plan for 2010-11.

2. SEEC principles & priorities

- 2.1 For 2010-11, members agreed four principles and four objectives to guide SEEC's work. These are:

Principles:

- Strive for a fair funding deal for the South East
- Promote the South East's position as a leading global economy
- Act as single democratic voice for South East interests
- Monitor the pulse of the South East.

Objectives:

- Provide a framework for member-led co-ordinated action on issues of common concern such as the economy, investment and funding
- Maintain an overview of key data and trends across the 74 South East councils to inform strategic needs
- Be the democratic voice for all tiers of South East local government
- Maintain a flow of member and external communications on SEEC's work.

3. SEEC achievements 2010-11

- 3.1 SEEC's principles and objectives underpin all activities. The business plan for 2010-11 also set out a number of priority topics as a focus for work. Major achievements in each of these areas are highlighted below.

3.2 Finance – a fair funding deal for South East Councils

- i) In spring 2011, SEEC commissioned a major research project on the local government finance system. Stage 1 research provided clear evidence of problems in the current funding system and identified that South East councils receive some of the lowest levels of funding in England. Stage 2 in summer 2011 will put forward proposals for a simpler, fairer system to feed into the Government's review of local government finance.
- ii) SEEC submitted views to Government on Spending Review 2010, arguing against disproportionate cuts to the South East to ensure lack of investment does not damage the engine room of the UK economy. Subsequent announcements confirmed funding for several major transport projects in the South East, including Crossrail; upgrades to Reading & Gatwick stations; and freight improvements between Southampton & Felixstowe. In addition improvements to M25 junctions 5-6/7 and the A23 at Handcross will receive funding.
- iii) SEEC's well-received report 'Deprivation & Public Sector Reliance in the South East', made the case to MPs and Government for a fairer share of funding for the South East, challenging perceptions that the South East is universally wealthy. Positive feedback has been received from MPs, with several using SEEC data to raise the profile of South East needs. (See also section 3.2 for key economic findings).
- iv) More widely, SEEC raised the profile of member views on local government finance, providing input to Government thinking and underpinning SEEC's work on creating a fairer funding system for councils. Submissions covered:
 - In principle support for Revenue Support Grant top slice changes, alongside a call for more transparent guidelines on how funding is distributed across the country.
 - A call to delay proposed changes to the flawed 4-block grant formula in favour of a fundamental review to create a simpler, more transparent system.
 - Proposals including incentivisation schemes such as Tax Increment Financing (TIF), New Homes Bonus and business rate localisation.
 - These areas also reflect other SEEC priority work areas such as housing and economy.

3.3 Economy – the case for investing in the South East

- i) Evidence gathered helped make the case for continued investment in the South East economy. SEEC's report 'Deprivation & Public Sector Reliance in the South East' showed up to 40% public sector employment in some towns and 500,000 South East residents living in the country's 20% most deprived areas. (See also section 3.1 above).
- ii) SEEC raised the profile of member views on key economic issues, for example supporting localisation of business rates and making the case for equal treatment for the South East on National Insurance 'holidays' for new businesses.
- iii) Concerns on Regional Growth Fund and its assessment criteria were aired both with ministers and in the media following suggestions of a bias against the South East in allocating funds. In response ministers have been keen to point out there is no bias; however the result of the first bidding round was that only part of a single RGF grant will benefit the South East.
- iv) After discussions with business organisations, SEEC submitted a proposal for a strategic network of LEPs and councils, which gained positive comments from ministers. There is potential to develop this idea further in the coming

- year as Local Enterprise Partnerships (LEPs) establish their work programmes.
- v) Work to establish SEEC's new data dashboard ensured members will have access to key data affecting different aspects of the economy and communities that will be valuable in continuing to make the case for investing in the South East.
 - vi) Successful discussions with SEEDA led to SEEC receiving the archive of economic data compiled by SEEDA over the past 10 years. In the coming year this will be made available via SEEC's website.
 - vii) SEEC built relationships with the new BIS local offices and members monitored progress on closure of former regional bodies GOSE and SEEDA through regular updates to SEEC Executive meetings. SEEC also ensured council leaders and chief executives received an invitation to a SEEDA closure workshop in June 2011.
 - viii) A series of reports on skills gaps arising from the cap on non-EU migrant workers provided council leaders with vital information to push for training needed to fill economic gaps.

3.4 Housing & localism – delivering through localism and community planning

- i) SEEC held a successful housing conference in February 2011 attended by around 90 delegates. This free event helped member councils understand implications for delivering homes under the new localism proposals, with input from CLG, developers, planners and voluntary sector speakers.
- ii) A member questionnaire and workshop on localism led to a briefing on pros and cons of the Localism Bill to inform the ongoing debate in the House of Lords. Sent to MPs and Peers, the briefing has already generated positive responses from members of the Lords who will take account of SEEC views in debating the Bill, particularly around referendums and reducing bureaucracy.
- iii) A localism discussion at SEEC Executive with the chairman of the LGA Environment & Housing Board ensured members' views were considered by the LGA in its own influencing work.
- iv) SEEC submitted member views to Government on proposals including Housing Benefit cuts, Housing Revenue Account changes and the New Homes Bonus.

3.5 Europe – raising awareness of EU funding opportunities for South East councils

- i) A member task & finish group on Europe identified priority work areas and will report on principles for future activities to SEEC's AGM in July 2011:
 - Identifying and sharing information on European funding available to South East councils
 - Influencing EU decisions about future funding streams.
- ii) Links to feed SEEC views into the Committee of the Regions (CoR) have been established through SEEC's Deputy Chairman Cllr Gordon Keymer, who chairs the task & finish group and leads the UK delegation to the CoR.
- iii) SEEC was invited to input views into proposals for changing management of ERDF funds and setting up a new ERDF Local Management Committee (LMC). Following this, local government has secured deputy chairmanship of the LMC and SEEC has been asked to nominate further local government members to the LMC.
- iv) Member views have been submitted to Ministers on requirements for matched funding for European projects and the importance of maintaining South East access to European funds from 2013 onwards. Members have also asked BIS to try to persuade the EU that funding decisions should be made on a wider

- basis than simply GVA, which can often disguise areas of need or opportunity in the South East.
- v) SEEC's March All-member meeting updated councils on future opportunities for EU funding. This included information from BIS on EU funding from 2013 onwards, plus an update from SEEDA on forthcoming funding rounds and plans for future administration of SEEDA-managed European programmes.

3.6 Transport – making the case for investment that will support economic growth

- i) SEEC consulted councils to assess interest in a member-led approach to strategic transport influencing. SEEC commissioned an independent report, which recommended SEEC should take a high level overview of transport issues. SEEC Executive in June 2011 agreed to appoint a SEEC member to lead this work.
- ii) Officers met DfT to discuss the potential for councils to feed in collective and cross-boundary views on strategic transport issues via SEEC.

3.7 Migration – Impact of migration on local services

- i) SEEC hosts the South East Strategic Partnership for Migration (SESPM), ensuring regular updates on data and trends in migration to SEEC Executive. The partnership's work is fully funded by a grant from UK Borders Agency (UKBA).
- ii) A report on skills gaps arising from the cap on non-EU migrant workers provided council leaders with vital information to push for training needed to fill economic gaps (see also section 3.2).
- iii) Council views have been input to Government on migration-related issues including child detention and the issue of migrants with no recourse to public funds.

3.8 Member involvement, relationships & communications

- i) SEEC ran a programme of regular member meetings and events to ensure all work was member led. This included three All-member meetings, four Executive Committees, two task & finish groups, plus workshops on localism and the SEEC business plan.
- ii) SEEC continued to build relationships with other member-led organisations, for example inviting Improvement & Efficiency South East (IESE) to make a presentation to all-members.
- iii) SEEC nominated Chairman Cllr Paul Carter to sit on the LGA Executive, ensuring the South East voice is heard at national level. Talks are ongoing with the LGA about securing more influence within the LGA for sub-national membership organisations such as SEEC.
- iv) Nominations via SEEC ensured that South East councils have a voice on a number of external bodies, including the LGA Executive and Europe's Committee of the Regions.
- v) Regular updates for members on SEEC work were provided via four member newsletters and the SEEC website. To ensure public accountability and transparency, the website also provides links to all meetings papers and notes of SEEC's task & finish groups.
- vi) SEEC achieved positive media coverage for its views on key issues, including published articles & media interviews by members on Regional Growth Fund, the deprivation report and the need for fairer local government finance.

3.9 SEEC secretariat & resources

- i) During the year SEEC established a small secretariat of 3 full time staff, keeping the secretariat small in line with members' wishes. The SEEC office is now located in Surrey County Hall, Kingston upon Thames. In 2010-11 SEEC finances were managed by Buckinghamshire CC.
- ii) Member subscriptions raised £245,000 in 2010-11, fully covering the cost of staffing, member meetings and the cost of setting up the SEEC office.
- iii) In January 2011, SEEC received £725,000 following liquidation of SEERA Ltd, the previous local-authority owned regional planning organisation that closed in July 2010. Following member agreement, money was drawn from this reserve fund to cover the cost of major projects such as SEEC's Fair Funding report.
- iv) In July 2010 members agreed a new constitution and legal status for SEEC as an unincorporated association.