

**SOUTH EAST ENGLAND COUNCILS
EXECUTIVE MEETING**



Date: 16 June 2010

Subject: **Future Capability at a South East-wide Level**

Report of: Chris M Williams, Chairman of Local Authority Chief Executives (LACE)

and

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1. Summary of Issues

- 1.1 Abolition of regional strategies, greater devolution of powers to local authorities and the closure of the South East England Partnership Board signals an end to a decade of regionalism. This will radically change council relationships with central Government and bring major policy changes that councils will want to influence individually and collectively. This is an opportunity for SEEC members to decide what shared, collective capacity they will need as a joint democratic voice to lobby and influence central Government effectively and provide strategic, technical support to help individual councils or groups of councils. Lobbying and support would centre on common concerns such as priorities for investment, infrastructure, housing, economy and environment.
- 1.2 This paper puts forward options for developing SEEC to establish that collective capacity and a united voice for local government. The options presented are a significant move away from the substantial former regional structures to a small team, solely accountable to local government that will draw together the work of groups of councils to give a strategic oversight of our ambitions and needs. Options range from the minimalistic through to larger structures that would offer greater technical support to member councils. The smaller options have potential for later expansion to include more functions if required, for example once the futures of SEEDA and GOSE are determined.
- 1.3 Benefits of a shared capacity include:
- Creating a single voice to influence Government policy to take account of South East needs.
 - Having a single, unified lobbying voice at national level to compete for funding with other areas of the country.
 - Handling discussions with powerful neighbours such as London.

- Potential to offer strategic oversight of economic development when Local Enterprise Partnerships are established and act as a collective interface with business organisations such as CBI and FSB.
- Potential for cost and headcount savings through access to an expert resource to support councils' own staff.

1.4 Disadvantages of **not** establishing a shared capacity include:

- Losing out to other better organised areas of the country in the competition for funding and policy influence.
- Lack of a unified voice to argue for the South East's needs as the largest net contributor to the UK economy.
- Competing against each other for resources rather than against other areas of the country.
- Potential further decline in the South East's global economic competitiveness.
- Greater costs for individual councils in duplicating work and hiring consultants.

1.5 SEEC now needs to agree a way forward.

2. Introduction

- 2.1 Following the decisions by the new coalition Government to abolish regional strategies and by the Department of Communities and Local Government to stop funding the work of the South East England Partnership Board, the Directors of SEERA Ltd (the employers of the regional staff) have decided to wind up the company with effect from 31 July 2010. The Partnership Board staff have been told they are at risk of redundancy and the 30-day consultation process is underway. Formal notice of redundancy will be issued to all staff at the end of the consultation period on 1 July and the Partnership Board will close on 31 July. This creates an opportunity for South East England Councils to consider what functions they wish to see undertaken on their behalf and what staffing capability would be required to discharge these functions.
- 2.2 The South East is critical to UK economic success, so there are benefits in joining up work across local authority boundaries to check that councils' combined plans will meet the overall needs and aspirations of the area as a whole. Growth will bring pressures on infrastructure, housing, environment, and economic development that must be met. Councils' ability to make a collective case to Government for funding will be critical to compete with bids from other parts of the UK. Councils in other areas of the country, such as the North East and East of England, are already organising themselves to ensure they make their collective cases effectively.
- 2.3 Whilst the Government has now confirmed that regional strategies will be abolished, there is no information yet on the new national planning framework and its implications for strategic and cross boundary working by councils. Rather than creating new statutory functions, the Government is expected to be 'permissive', allowing councils to agree their own way forward, but without any Government funding. This is an opportunity for SEEC to be proactive in establishing a way forward for the South East and ensure the South East's voice continues to be heard on the national stage now, as decisions are made about future funding and policy direction.
- 2.4 Plans for radical devolution of powers to local government will fundamentally change the relationship between councils and central Government. To make the most of this new relationship, councils will need the ability to influence and shape thinking at national level, where a collective SEEC voice on issues of shared concern will carry more weight than a fragmented approach. This single influential voice into central Government, its departments, and potentially with national bodies such as the LGA, will be vital if GOSE and other centrally-funded structures are abolished. It will also be essential if Government goes ahead with its policy of funding other areas at the expense of the South East.
- 2.5 This paper outlines the functions which could be undertaken collectively to support the work of the 74 councils - or groups of councils - which comprise South East England Councils to complement or bring together the work undertaken in individual authorities and by the various groupings

of County and Unitary Councils, by District Councils and by geographical 'sub-regional' groups. It outlines a number of staffing levels, depending on the range of functions to be discharged.

3. **Background**

3.1 The Plenary meeting of South East England Councils held on 25 March 2010 resolved that, irrespective of the outcome of the General Election, the South East would want to continue to meet together as a voluntary association to carry out the following functions:

- Be the democratically representative voice of South East England aiming to influence national and European institutions and resource allocation.
- Provide a framework for co-ordinated actions by South East England Councils, or groups of councils, on issues of common concern within the South East or with neighbouring areas such as London, including making the case for investment in infrastructure and council services.
- Take an overview of the 'state of the region' and to formulate an appropriate response by councils.
- Co-ordinate inputs into a joint local-authority-owned strategic framework for planning and economic development based on a 'bottom up' approach.
- Hold other national and sub-national bodies to account for their activities in the South East.

3.2 SEEC therefore offers a ready-made vehicle to act as co-ordinator and host for creating an expert team from scratch to assist local authorities in carrying out collective work and making the South East voice heard on a national stage.

4. **Functions and their Benefits**

4.1 The work of the Partnership Board has been heavily dominated by planning, transport and economic development issues (in their broadest sense). A separate report on this agenda outlines how economic development functions might be handled following the likely demise of the Regional Development Agency (SEEDA). The closure of the Partnership Board and abolition of regional strategies creates a blank sheet of paper for councils to establish a new slim-line member led body that will meet the need for a collective, influential voice on a wider range of issues affecting the lives of South East residents including health and social issues, which all councils face on a day to day basis.

- 4.2 It is recommended that the future work of SEEC should be arranged around the following topics:
- Profiling the need for infrastructure and services in the South East.
 - Strategic overview of planning, housing and environment.
 - Strategic oversight of economy and skills.
 - Strategic oversight of transport and infrastructure priorities.
 - European bids and migration.
 - Health and social issues.
- 4.3 This format could be used to create new member-led mechanisms for adding value to the work of individual councils and supporting councils' own technical staff in delivering the best possible results for the South East. For example a shared expert resource could help local authorities:
- Lobby for the South East's priority infrastructure and transport requirements where a collective voice will influence spending decisions in Whitehall and other funding bodies.
 - Influence national policy and central funding decisions, where a collective position will carry more weight than a fragmented voice, reinforcing the South East's needs as the engine room of the UK economy that will drive recovery from recession.
 - Create a strategic overview of South East ambitions and needs, working with groups of authorities across the South East.
 - Draw together the wider strategic picture from County and Unitary councils' work on new local infrastructure plans/local economic assessments and from District councils' work on local planning strategies.
 - Help councils interpret the extensive South East evidence base gathered over the past 10 years, helping and advising on how this data can be used to support the Government's radical new policy direction.
 - Support District councils in developing new local planning documents in line with the new national planning framework, including advice on housing, monitoring and climate change.
 - Provide a central point of advice on accessing EU funding.
- 4.4 A mechanism for reaching collective, strategic decisions on key topics will also make it easier to argue for greater devolution of powers to councils - for example taking on responsibilities and budgets currently held by quangos such as the HCA and SFA. It will also aid:
- Liaison with, and scrutiny of, any remaining centrally-funded bodies operating in the South East (e.g. HCA, Environment Agency, Department for Transport).

- Negotiations with other regions, including London, where a single voice is needed to influence policies affecting the South East such as housing, waste and transport.
- Increasing the South East's influence within national bodies such as the LGA.
- Liaison with Europe, which will be more effective based on a collective view.

- 4.5 This collective work could be supported by a shared expert resource, which would complement and support the work of individual or sub-national groupings of local authorities by co-ordinating strategic cross-boundary data and analysis, interfacing with Government departments and agencies and linking with surrounding regions, particularly London. This would maintain a strong but minimal collective representation for South East councils and would add value to the work of individual authorities.
- 4.6 Staffing and budget issues are also relevant to the larger options as a shared service approach would help save money. Pressure on individual councils to reduce headcounts and spending could be relieved by a shared expert team, which would reduce the need for external consultancy support. The ability to jointly commission and share costly research would also bring financial benefits.
- 4.7 More than a decade of regionalism has meant that many councils no longer have sufficient staff with the necessary strategic skills to support collective working without additional staff. The presence of a shared central team (above the minimal level) to co-ordinate strategic work could reduce the need for new recruitment by councils. Potential for secondments to and from councils would help develop relevant skills in councils' own teams.
- 4.8 A shared expert resource established now also offers potential for phased expansion in future if required - for example to include greater capacity on skills and economic development at strategic level if legislation is passed to abolish SEEDA. Option 4 in Appendix 1 gives an indication of how SEEC could develop in future to include co-ordination of councils' economic development aims and priorities.

5. **Consequences of NOT Having a Collective, Shared Capability**

- 5.1 We all know that resources in the public sector are going to be tight but we do not know what many of the policies/arrangements of the new coalition Government are going to be. However, if we do not retain some collective capacity the South East is likely to lose out to other, better organised, areas of the country as we compete for influence and scarce investment. For example, the Association of North East Councils and the Northern Business Forum have proposed the formation of an organisation to take on many of the roles of the regional development agency and have

written to the new Secretary of State asking to be recognised as the regional body to interface with Government. Similarly, the various regional bodies in the East of England have merged. There is already a strong, integrated arrangement covering London with a directly elected Mayor supported by the London Councils group.

- 5.2 Consequently, there is a real danger that if the South East, which makes a major net contribution to the national economy, remains fragmented that it will lose out to other better organised regions and would deprive local councils and communities of the necessary resources, which are so badly needed. This danger would be magnified if the Government Offices are abolished as South East England Councils would no longer have that conduit into central Government. Retaining a joint, collective capability would support SEEC in its various activities including lobbying for resources.
- 5.3 Already there is evidence that the South East is slipping down the global economic league tables and a threat that central funding will be redirected to the North of England. Fragmentation of the South East's economic voice would risk a further decline in our international economic competitiveness, with negative impacts on South East residents and on the UK economy as a whole. The risk is that without a strong voice to lobby for economic development and infrastructure support for the South East, our major companies will relocate overseas rather than move to another area of the UK.
- 5.4 Lack of agreement on strategic issues and priorities would reduce our influence in negotiations with powerful neighbours, such as London. The lack of a collective voice on important issues could result in adoption of policies unfavourable to the South East, for example dispersal of London's waste in our area and transport decisions that favour London residents over South East residents.

6. Options

- 6.1 It is expected that any collective capability would be at the minimum required to carry out the agreed functions, including supporting the administration of SEEC's business and its communications. It is expected that:
 - The work would be supported by staff in each of the local authorities who would provide additional technical expertise.
 - Accommodation for the unit would be provided by one of the member authorities (possibly at a small cost).
 - SEEC and its various groups would continue to be supported by Chief Executives (via LACE).
 - It would draw on the support of other policy networks such as South East Strategic Leaders and South East Districts.

6.2 **Appendix 1** sets out four options for a staff team to support SEEC members. Each would be accountable solely to local authorities. Capacity will vary according to staffing levels. Option 1 is a minimal structure that would rely heavily on support from officers in member councils and a small financial contribution. Option 2 offers greater technical support/advice and member support in return for slightly higher cash contributions. Options 3 and 4 offer increased shared technical capacity. All options cover the following main areas to a greater or lesser extent:

- Establishing consensus on investment priorities, making the case for funding and helping access money for key projects in the fields of infrastructure, transport, environment and housing.
- Influencing national policies to take account of South East needs, using a strong evidence base to argue our case on policy affecting local government - for example the funding review, housing incentives, energy and climate change legislation, migration and economic development.
- Free 'consultancy' for member authorities from an expert team covering issues such as housing, economy, climate change, local planning and infrastructure.
- Scrutiny of centrally funded quangos operating in the South East.
- Member support - including member information and communications, external communications, relationships with external bodies, lobbying and committee administration.

6.3 The four options and their approximate costings are set out in Appendix 1. They each incorporate the staffing levels (and budget) currently available to SEEC (@ £157,000 p.a.). Option 1 is the minimum staffing level considered necessary to undertake the function already agreed by SEEC. Subsequent options provide greater capability and allow SEEC to carry out a broader range of functions. For example the capacity in options 3 and 4 would have the ability to:

- Reduce councils' external consultancy fees by retaining an expert strategic resource on research, data analysis, influencing policy and on practical, ongoing issues such as advice on affordable housing assessments and infrastructure prioritisation.
- Generate income to offset subscriptions funding - for example by organising relevant workshops and conferences, or selling consultancy/advice to non-members/Government departments.
- Retain, interpret and develop existing intellectual property, knowledge and evidence base relevant to the South East gathered over the past decade.

- Share skills and resources across South East local authorities, building strategic capacity in member councils via secondments and joint working.
- 6.4 Initial soundings indicate that, whilst there is support for the principle of developing a collective capability; it is unclear the level of funding likely to be available.
- 6.5 An indication of the subscription options for individual authorities is shown in **Appendix 2**. This illustrates the cost to individual authorities of the four options, with higher contributions from each authority providing greater capacity.

7. Recommendations

7.1 SEEC is recommended to:

- i) Agree there is benefit in certain functions being carried out collectively by local authorities in the South East of England.**
- ii) Consider which of the four staffing and subscription options members would support.**
- iii) Establish a small working group of SEEC members to take this agenda forward.**

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