

**SOUTH EAST ENGLAND COUNCILS
EXTRAORDINARY EXECUTIVE MEETING**



Date: 14 July 2010

Subject: **SEEC Approach to 2010 Government's Spending Review (SR)**

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

Recommendations:

SEEC is recommended to:

- 1) Agree that a short, focused contribution should be made to the Spending Review (SR) before the end of July 2010.
- 2) Agree that key points from the following papers on transport, housing and economy and skills should form the basis on SEEC's SR contribution, focusing on South East funding needs and the how this spending will benefit the UK as a whole.
- 3) Agree any additional key points that should be added to SEEC's SR contribution.
- 4) Delegate the Chairman and Vice-Chairmen to agree the final SEEC contribution on behalf of members in order to meet SR deadlines.

1. Introduction

1.1 The Government is currently conducting a Spending Review (SR) that will report on 20 October 2010. The SR will set out spending plans for the whole of this Parliament.

1.2 The Government has said that the SR will involve a new approach to deciding public spending, including:

- Thinking innovatively about the role of Government in society.
- Taking the difficult decisions to reduce the deficit collectively as a Government.
- Consulting widely using all available talents to deliver a stronger society as well as a smaller state.

As part of the SR, a Spending Challenge website has been created. This was open to suggestions from public sector workers until 8 July 2010 and has now been opened up for public comments and suggestions: <http://spendingchallenge.hm-treasury.gov.uk/>.

1.3 Government departments are following an SR framework that sets out nine key questions that will be used to help prioritise spending. These are:

- i) Is the activity essential to meet Government priorities?
- ii) Does the Government need to fund this activity?
- iii) Does the activity provide substantial economic value?

- iv) Can the activity be targeted to those most in need?
- v) How can the activity be provided at lower cost?
- vi) How can the activity be provided more effectively?
- vii) Can the activity be provided by a non-state provider or by citizens, wholly or in partnership?
- viii) Can non-state providers be paid to carry out the activity according to the results they achieve?
- ix) Can local bodies as opposed to central Government provide the activity?

1.4 It is understood that the likely timescale for Treasury Ministers' key decisions on future spending will be during the first half of August, so to be influential SEEC should aim to submit its contribution by 30 July at the latest.

2. Key South East Messages for SR

2.1 Local authorities in the South East welcome devolution of greater powers and responsibilities from central Government. There is overwhelming support for removing regional structures such as the Leaders' Board, SEEDA and GOSE. Abolishing these three organisations alone will deliver millions in savings to the public purse. The SR response should call for reallocation of a small proportion of those savings to help support councils in taking a South East-wide strategic oversight of key issues such as economy, infrastructure and housing to ensure the South East has the means to continue to meet its economic aspirations. The response should also call for distribution of SEEDA assets to local authorities.

2.2 SEEC members have already expressed concern about statements from Government that suggest investment and policy decisions will favour northern areas of England. The SEEC response to SR should counter this view by highlighting that public spending in the South East both offers a good return on investments and benefits the wider UK. Indeed, as the UK's most profitable region, failure to invest in the South East could risk fragile economic recovery and damage tax flows into Government that will help reduce the deficit.

2.3 In addition to the points on transport, housing, economy and skills included in the attached papers, members should also consider any other key areas they wish to raise in the SR response. For example:

- i) Local government finance review - argue to end the imbalance that sees South East councils receive less grant funding per head than councils in other areas of the country.
- ii) Public service reform - what councils need to be able to deliver integrated, cost effective services for residents, reducing the need for costly bureaucracies such as Strategic Health Authorities and the Homes and Communities Agency.

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