

**SOUTH EAST ENGLAND COUNCILS
ALL-MEMBER MEETING**

Date: 5 February 2015

Subject: **How to maximise the value and potential of non-metropolitan councils**

Report of: Nick Woolfenden, SEEC Head of Policy Co-ordination



Recommendations:

- i) Welcome Sir John Peace's update on the Independent Commission on Economic Growth and the Future of Public Services in Non-Metropolitan England.
- ii) Take the opportunity to discuss how the Commission can help progress SEEC's calls for powers, freedoms and investment to maximise the South East's economic success, for the benefit of UK plc.

1. Background

- 1.1 We are pleased to welcome Sir John Peace to the meeting, Chair of the LGA-supported [Independent commission on economic growth and the future of public services in non-metropolitan England](#). He is Chairman of Burberry Group and Standard Chartered and was knighted in 2011 for services to business and the voluntary sector.
- 1.2 The LGA's Independent Commission was set up in 2014 to review and recommend what could be done to improve economic growth and public services in non-metropolitan areas like the South East. Its final report is expected in early 2015, following a recent [interim report](#) which highlighted that:
 - Non-metropolitan areas spearhead England's global competitiveness and this advantage needs to be enhanced with devolved decision-making.
 - There is variation in the readiness of these areas for devolved decision-making on public services and tax, but over time the country will benefit hugely from devolutionary deals for both cities *and* non-city areas.
- 1.3 In finalising the report the Commission is exploring specific aspects including:
 - Arrangements for joined-up decision-making and delivery, and helping non-met areas become more financially self-sufficient.
 - Transport investment to join up different areas/ global trade routes, and future digital connectivity needs.
 - Making the most of public land, buildings & other social infrastructure, and joining up decisions on housing and infrastructure.
 - Training people in the skills that local businesses need.

2. Taking forward the case for non-metropolitan areas

- 2.1 As SEEC's [written submission](#) to the Commission highlighted, at £203bn the South East economy is bigger than England's eight core cities' combined £147bn (GVA 2012). The South East also makes the biggest net return to the Treasury, £80bn over 2002-12. However, much of the South East has not benefitted from the same freedoms and powers that cities have gained to maximise economic potential. Members are invited to discuss Sir John's views on how the commission can help progress SEEC proposals to Government, such as:
 - i. **Genuine devolution of finance and powers to local councils, to maximise the South East's economic potential for national benefit, eg:**
 - Providing City Deal-type powers and innovative finance to all councils.

- Allowing councils to have a greater share of taxes (eg business rates and property taxes) and financial freedoms to supplement Government funds for infrastructure.
 - Ensure LEPs operate effectively and accountably, giving councils shared chairmanship and allowing boundary changes where necessary.
- ii. **Increasing investment in the certainty of South East success, whilst not ignoring regenerating economies, to help councils unlock the full growth potential, eg:**
- Taking a 'balanced portfolio' approach to strategic transport infrastructure investment priorities across the country, investing a larger proportion of funds in high-return South East projects that will generate more economic returns to reinvest UK-wide (such as those in SEEC/SESL's ['Mind the Gap'](#) report).
- iii. **Help councils drive forward delivery of locally-agreed housing plans and affordable housing, eg:**
- Provide local discretionary 'use it, lose it or pay for it' planning powers (eg allowing council tax on undeveloped land to encourage building).
 - Improve construction industry capacity, including skills.
 - Remove the Housing Revenue Account borrowing cap to maximise council house building potential.
- iv. **Ensure the South East's large ageing and growing population is an asset rather than a barrier to growth, eg:**
- Ensure funding allocations/formula for public services like care and health take account of areas with large ageing populations, as well as higher costs of delivering in dispersed areas.
 - Ensure funding reflects additional cost implications of the Care Act in areas with large numbers of self-funders like the South East.
 - Support integration of health and care at the local level to provide more efficient services.
- v. **Ensure the South East's workforce has skills and employability to meet the needs of our globally competitive economy, eg:**
- Devolving control of skills budgets to local areas to better meet business needs.
- vi. **Ensure all parts of the South East can seize the potential benefits of economic success and tackle long-term deprivation, eg:**
- Ensure funding allocations reflect the real total number of people affected by deprivation, rather than percentages which can hide the real level of need.