

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

Date: 25 June 2015

Subject: **South East England Councils: Review of the Year 2014-15**

Report of: Cllr David Hodge, SEEC Deputy Chairman



Recommendation:

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

1. Background

- 1.1 SEEC was established in 2009 to represent the interests of all tiers of democratically-elected South East councillors. Operating with a small staff team, limited budget and minimal bureaucracy, SEEC brings together local authority leaders to ensure South East views are heard by policy makers.
- 1.2 The SEEC business plan for 2014-15 focused on three main areas:
- Infrastructure and funding
 - Health & wellbeing
 - Data and evidence to support and inform topical South East policy objectives.

2. SEEC achievements 2014-15

Major achievements during the year are highlighted below by business plan topic.

2.1 Infrastructure and funding

- 2.1.1 The linked topics of infrastructure and funding have been the focus of the majority of SEEC's work in 2014-15. Members are clear that better infrastructure and services are needed to support South East economic success and see funding devolution as a way to allow councils to take responsibility for delivering some of the investment needed.
- 2.1.2 Building on this dual theme, key work covered strategic transport needs and how financial devolution would impact on South East authorities. Another important area was work with London to consider the shared implications of South East and London growth.
- 2.1.3 SEEC gave members the opportunity to raise the topics of devolution, funding, infrastructure and planning with key opinion formers during the year, including:
- **Baroness Kramer**, DFT transport minister until May 2015, on South East strategic transport needs
 - **Brandon Lewis**, CLG Minister, to discuss South East challenges on planning for Gypsies and Travellers
 - **Bob Neill MP**, member of the Political & Constitutional Reform Select Committee and former CLG minister, on the potential for devolving powers and funding to councils
 - **Sir Edward Lister**, London Deputy Mayor, on London's housing & infrastructure plans and how these fit with the South East's own demands
 - **Sir John Peace**, Chairman of the Independent Commission on Economic Growth & the Future of Public Services in Non-Metropolitan England, on the South East economic case for devolution.
- 2.1.4 **Funding & devolution:** SEEC has welcomed the potential for devolution to all areas included in the Cities and Local Government Devolution Bill published last month. This reflects SEEC views and activities over the past year to highlight the benefits of devolution in the South East.
- 2.1.5 SEEC commissioned bespoke research to analyse the impact of greater financial devolution to South East local authorities. Finance experts Local Government Futures reported in February 2015, showing that full devolution of property taxes could generate significant additional income for South East authorities to invest in infrastructure and better services. In SEEC's area this would mean:

- Full devolution of all property-based taxes in 2015-16 would generate **£9bn** for South East authorities.
- This includes the **£3.94bn** income expected from South East council tax in 2015-16.
- In addition, in 2015-16 if South East councils kept 100% of business rates, stamp duty and ATED (annual tax on enveloped dwellings) they would generate income of **£5.1bn**. This is **£3.1bn** higher than non-ring-fenced central grants received in the South East.
- All property taxes together (including council tax) comprised 11% of total taxes in the South East for 2010-11. Devolving these would leave 89% for central Government. SEEC supports keeping property tax revenue within the South East but recognises there would be a need for a mechanism between South East authorities to avoid funding reductions in some areas.

2.1.6 SEEC has also supported and shaped devolution recommendations during the year through responses to two influential national reviews. Members of both commissions attended SEEC meetings to hear views from South East Leaders:

- The Independent Commission on Local Government Finance, published in February 2015, supported SEEC views such as full local control of council tax, discounts & bands; 100% devolution of business rates; potential for local control of stamp duty; more transparent local-authority led funding allocations; and funding equalisation moving from national to sub-national areas.
- The Independent Commission on Economic Growth and the Future of Public Services in Non-Metropolitan England supported SEEC views on the need for greater devolution to 2-tier areas as a way of maximising their economic potential. Recommendations included SEEC points on devolution of skills funding and a review of infrastructure funding. The Commission's final report highlighted SEEC's input on the national economic need to invest in South East transport gateways.

2.1.7 In autumn 2014 SEEC published a manifesto 'Let the South East work for UK' calling for devolution of funding and powers to South East authorities. Circulated to Ministers and South East MPs, the manifesto set out how devolution could help the South East support national economic growth and provide better services for its 8.8m residents.

2.1.8 As a result of growing pressure for greater funding devolution – including work by SEEC, ICLGF and other local government bodies – Government began a review of business rates in spring 2015. SEEC's response stresses the importance of the local authority role in business rates and highlights how full devolution of South East business rate income could replace non-ring-fenced central grants, allowing councils to invest more in local economic growth.

2.1.9 **Transport:** In summer 2014 SEEC published Mind the Gap – a 10-point programme for strategic transport investment to boost national economic growth. The report helped make the case for investment in several projects, which received Government spending commitments in the Autumn Statement and Budget. In November 2014 SEEC members met the then DfT Minister Baroness Kramer to discuss further investment and agreed to update the report in summer 2015 with a narrower focus to reflect Government spending constraints.

2.1.10 Discussions with members and South East Directors of Environment, Economy, Transport and Planning are underway to refine proposals to submit to the new Government.

2.1.11 SEEC has also made the case for improved infrastructure investment to support planned aviation growth. A submission to the Airports Commission highlighted gaps in shortlisted proposals for both Heathrow and Gatwick on transport, housing and the environment. Two SEEC Executive members spoke at a national aviation conference in summer 2014 to reinforce the need for infrastructure investment to be an integral part of the Airports Commission final recommendations. They also made the case for local authorities to be closely involved in delivering expansion plans to ensure the needs of all sections of the community are considered.

- 2.1.12 **Flooding:** In summer 2014 SEEC wrote to Ministers on flooding, calling for greater Government support for a Thames flood prevention scheme. The Autumn Statement committed additional funding to the project which will protect 20,000 homes and businesses from future flooding. A group of South East authorities are now working in partnership to raise local funding to match the Government's contribution.
- 2.1.13 **London:** SEEC input has shaped the GLA's approach to London's future growth plans and housing targets. In response to SEEC member concerns, the GLA and Mayor have committed to meeting London housing demand within the capital's boundaries during the current plan period to avoid increasing pressures in the neighbouring South East.
- 2.1.14 SEEC has also worked with the GLA to arrange a series of round tables in summer 2015, giving South East Leaders the opportunity to shape the future relationship with the GLA as they begin work on the next statutory London Plan expected in 2016.
- 2.1.15 London Deputy Mayor Sir Edward Lister spoke to SEEC members in July 2014 to outline London's need for at least 49,000 new homes a year over the coming decade. Keen to ensure that any unmet London housing need does not add to the South East's own pressures, SEEC set up a task and finish group in autumn 2014 to ensure work with London reflected member priorities. In the past year SEEC initiatives included:
- Presenting written and oral evidence to the Examination in Public to assess the statutory London Plan
 - Input to London's Infrastructure 2050 consultation, leading to removal of unpopular proposals to house significant numbers of London workers in areas of the South East
 - Jointly organising a summit in March 2015 to debate options for greater co-operation between South East, London and East of England on housing, infrastructure and protecting the environment.
- 2.1.16 In April 2015 SEEC task and finish group members met London Councils – as the capital's planning authorities – to discuss how they can meet London housing need. Members agreed to explore ways to ensure locally approved development is progressed. SEEC members also pressed for London to consider Green Belt reviews, as these are already facing many South East councils. They also stressed the need for better co-operation with South East authorities when London boroughs place households in homes outside the capital.
- 2.1.17 **Planning, housing, growth & skills:** In December 2014 SEEC held a well-attended workshop for members on duty to co-operate. The event provided advice from the Planning Inspectorate, Planning Advisory Service and examples of South East good practice, setting out strategic building blocks to support the duty to co-operate.
- 2.1.18 SEEC Deputy Chairman Cllr David Hodge was a keynote speaker a major conference on 'Shaping Growth across the South East', where he outlined South East pressures and challenges in meeting growing housing demand.
- 2.1.19 A small group of SEEC members met CLG Minister Brandon Lewis to discuss planning for Gypsies and Travellers, particularly concerns about the problem of short and long term illegal encampments in parts of the South East. CLG has since issued consultation on changes to the planning system. In responding SEEC has welcomed the aim of simplifying and standardising planning rules but highlighted a number of areas where definitions should be clarified to avoid long-running disputes over interpretation of new rules.
- 2.1.20 In spring 2014 SEEC responded to a national review into the Local Authority Role in Housing Supply. Report co-author Cllr Keith House outlined the final report to SEEC members in February 2015. The report supported the role of local political leadership in delivering homes and reflected SEEC points by recommending action to release public sector land for housing and to improve the skills needed to take forward development. The report also proposed greater flexibility and possible additional HRA borrowing and 1:1 receipts to enable councils to replace 'Right to Buy' homes.

- 2.1.21 SEEC also responded to consultation on Section 106 planning contributions. Members opposed centrally set thresholds for S106 or tariff-based infrastructure contributions, arguing these should be matters for local determination by councillors. This is particularly important in the South East where there are a large number of small scale housing sites and removing these from S106 would leave councils without much-needed contributions to affordable housing or local infrastructure.
- 2.1.22 Reflecting member interest in skills gaps, SEEC invited the London Chamber of Commerce and Industry to meet members and outline their research into construction skills shortages. SEEC provided input to the report with details on South East challenges. The final report highlighted the need for improved skills to deliver already-planned developments in London and the South East. It highlighted SEEC's view on skills funding, supporting members' call for devolution of funding to a more local level to ensure training is led by employer demand.
- 2.1.23 **European funding and policy:** South East allocations for the EU structural funds programme 2014-2020 have been confirmed at €490m. SEEC has welcomed this as a slight increase over the previous allocation after successfully arguing last year for the South East to have continued access to the funding. Members were disappointed by the national delays in making the 2014-20 funding available for bids and offered support to the LGA in trying to overcome barriers.
- 2.1.24 SEEC Chairman Cllr Gordon Keymer CBE continued to lead work in Europe to minimise the burden of EU bureaucracy and red tape for councils. He does this through his role as a leading member of the UK delegation to the Committee of the Regions (CoR) and as President of CoR political group, the European Conservatives and Reformists (ECR).

2.2 Health & wellbeing

- 2.2.1 SEEC members' concerns about sustainable funding for health and care services formed the core of SEEC's work on health and wellbeing in 2014-15. Input to Government has reinforced the financial challenges of dealing with the South East's very large ageing population but also the potential for creating savings by integrating health and care under the local democratic leadership of councils.
- 2.2.2 **Care Act:** SEEC worked with partners to provide input to the Department of Health (DH) on implementing the Care Act. In March 2015 SEEC highlighted how proposals for implementing part 2 of the Care Act underestimated the financial and market impact of the cap on care costs in the South East, where many self-funders will become eligible for public funding. Members have also questioned the need to introduce a new appeals system rather than build on existing good practice. An earlier response in summer 2014 on implementing part 1 of the Act also emphasised the need for long term sustainable funding to meet demand for care from the South East's very large and growing elderly population.
- 2.2.3 Input on the Care Act funding formula in October 2014 welcomed additional funding from DH but raised concerns that it would not be sufficient to cover South East expected costs.
- 2.2.4 **Public health:** SEEC also responded to the DH request for views on public health allocations and the health premium incentive. South East input centred on the need for a review of the public health funding formula to address underfunding of the highly-populated South East and a disproportionate weighting towards deprivation, which downplays the costs faced by areas of very high population. Members also highlighted the need to avoid perverse funding incentives when setting targets for improvement. If well-performing councils see their overall funding reduced there could be little incentive to continue pushing for further improvements
- 2.2.5 SEEC provided input to a range of national organisations on caring and children's services, including:
- A submission to the County All Party Parliamentary Group on the future of integrated social care and support in the South East, making the case for all tiers of councils to play a role in delivering effective and devolved services.

- Input to a review by the LGA and Centre for Policy on Ageing, setting out how greater funding and integration could help councils deliver better services for older people.
- A response to the Department for Education on the benefits of maximising local flexibility in the way democratically accountable local authorities deliver children's services.
- SEEC and SESL jointly produced a document setting out 10 South East examples of good practice in delivering integrated care services.

2.3 Data, evidence and topical issues

- 2.3.1 SEEC published two editions of its South East data dashboard in the year. The dashboard provides evidence and trends to underpin SEEC policy influencing work. New data this year highlights how devolution of business rates and other property taxes could increase infrastructure and service funding for South East councils and replace non-ring-fenced central grants.
- 2.3.2 The South East experience of service transformation – and change needed to support transformation ambitions – was set out in a submission to CLG's Service Transformation Panel.
- 2.3.3 SEEC continued to host the South East Strategic Partnership for Migration (SESPM), ensuring regular updates for members on migration data and trends. This work is fully funded by the Home Office. SEEC and SESPM worked together this year to ensure continuing resources were available in the South East. Officers met Home Office Minister James Brokenshire, successfully securing funding for 2015-16.
- 2.3.4 **Business as usual:** SEEC maintained a full programme of member meetings and updates during the year, including:
- **Member-led meetings and events** in 2014-15 included 2 All-member meetings, 4 Executive Committees, a workshop on duty to co-operate and a summit with London to agree next steps on infrastructure and housing discussions. Meetings with ministers included Brandon Lewis & Baroness Kramer.
 - **Updates & briefings** were provided via newsletters, SEEC's website and briefings on issues such as the Budget, Autumn Statement, Queen's Speech and local elections. All SEEC papers and Government responses are published online, ensuring work is transparent and accountable.
 - **Nominations.** SEEC nominations ensure a South East local authority voice on external bodies, including the LGA Executive Committee, ERDF Local Management Committee, South East Strategic Partnership for Migration and South Central Ambulance Service Foundation Trust.
- 2.3.5 Joint working between SEEC and SESL continued successfully during the year. A range of significant projects – including submissions to Government – were delivered jointly, helping establish a single, united voice for South East views.

2.4 SEEC secretariat & resources

- 2.4.1 SEEC employs a secretariat of 2, plus 1 admin post shared with SESL. Surrey CC hosts the SEEC team, providing office accommodation and payroll services. Co-ordination of SEEC and SESL meeting dates and sharing of admin costs has helped reduce expenditure and manage members' diary commitments.
- 2.4.2 SEEC expenditure in 2014-15 was £257,000, an underspend of 5% on the budget for the year (see agenda item 13 for detailed accounts). Financial management is handled in house with assistance from an external accountant.