

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



Date: 27 June 2019

Subject: **A strong South East economy to drive growth for the UK.**

Report of: David Covill, Director South East England Councils

Recommendations:

Members are asked to

- i) Consider the results of an economic study and independent commentary which address the economic success of the South East, the need for investment and the implications for the UK economy if economic growth is not sustained.
 - ii) Welcome the Rt. Hon. Damian Green MP and Rob Whiteman to the Annual General Meeting and discuss with them how the South East should respond to a changing national and international economic context, and what the South East must do to ensure it presents an impressive and persuasive case to Government and other decision-makers.
 - iii) Consider the next steps and make suggestions for the forthcoming review of South East England Councils' annual business plan.
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1 Introduction

- 1.1 South East England Councils promotes the area's position as a leading global economy, making the case for strategic infrastructure and investment, and striving for fair funding and greater freedom. It leads engagement in the Wider South East partnership which considers related issues of mutual interest across London, the East of England and the South East.
- 1.2 With other parts of the United Kingdom finding new ways for the public and private sectors to promote the importance and investment potential of their areas, it is essential that the South East has robust evidence which can withstand public scrutiny, and can make its voice heard in a compelling and transparent manner.
- 1.3 South East England Councils believes that it is in the interest of the UK economy if every area or region fulfils its potential by increasing productivity and generating more revenue. In a global economy a successful South East is not to the detriment of other areas; indeed, the repercussions will be felt across the UK if economic growth and productivity in the South East are not sustained, and investment in infrastructure is not increased,
- 1.4 To provide further evidence to use with Government and other parties, South East England Councils commissioned an analysis by the Economic Business Intelligence Service within Hampshire County Council. The Executive Summary is attached as Appendix A and the full analysis is available on South East England Councils' website.
- 1.5 It is also important to consider how best to increase the level of influence the South East has with decision makers in the public and private sectors. To help stimulate discussion at the AGM, Phil Swann at Shared Intelligence (who has advised previously on skills and

economic success) was commissioned to prepare an independent commentary. This is attached at Appendix B.

- 1.6 The next review of South East England Councils' business plan is due in September 2019. Members are asked to consider how the matters raised in this agenda item and in the discussion may be taken forward.

2 Overall key messages

- 2.1 The external reports contain a wealth of important information which are not duplicated in this covering report. There are however some key messages:

- the South East economy is strong but is growing at a slower rate than other parts of the United Kingdom. For example, if the rate of growth since 2010 had kept pace with the rest of the UK, the Gross Value Added (GVA) of the economy would have been £7.7bn larger, and £31bn larger if it had kept pace with London. Investment in infrastructure and the economy in the South East of England has a high rate of return for the UK.
- labour productivity has not increased since 2010 and the South East is becoming less competitive internationally as well as within the UK.
- the South East receives the lowest funding from Central Government and the proportion has fallen. This has had a direct impact on economic performance. Higher investment is required to safeguard economic success and deliver essential infrastructure improvements
- the impact of the ageing society is particularly acute in the South East and limited funding is exacerbating the situation
- the independent commentary argues that local authorities should press for greater autonomy and financial freedom. Also that a more effective and unified voice is required for continued success in the South East.

3 Influencing the Decision Makers

- 3.1 At least as important as the detail of any case, is how it is made and by whom. Decision makers in any organisation or sphere have their own objectives, competing demands and perspectives. To be compelling, the South East must understand these and tailor its approach and messaging accordingly - it must 'press the right buttons'.
- 3.2 South East England Councils has invited two prominent speakers to provide their perspective on the South East and stimulate debate amongst Members.

Rt. Hon. Damian Green, MP for Ashford

Damian Green has been the Member of Parliament for Ashford since 1997. He has held several Ministerial appointments, most recently as First Secretary of State and Minister for the Cabinet Office. With his knowledge of the South East and his extensive experience of working in partnership with the private and public sectors whilst in Government, Mr. Green is well placed to comment on the South East economy and how best to make a compelling case to decision makers for investment in the South East.

Rob Whiteman

Rob Whiteman is the Chief Executive of the Chartered Institute of Public Finance & Accountancy. He brings a unique range of experience having previously been a senior civil servant, managing director of the Improvement & Development Agency and a local

authority Chief Executive. Rob is a well-known commentator including on matters such as growth and devolution of funding and powers to a local level.

4 Potential items for consideration

4.1 The outcome of this agenda item and the discussion will also inform the review of South East England Council's Business Plan and consideration of its future direction.

4.2 To help Members prepare, some potential issues for discussion are set out below.

- does the data analysis address the main issues Members expect or are there any vital gaps?
- which elements do Members see as most important in terms of making a successful case?
- some might argue that lower than average economic growth in the South East is a good thing as the national economy is too skewed towards London and the South East, and that this in turn creates its own pressures. Do Members agree? What are the risks of lower relative growth in the South East?
- given relatively low levels of Government grant, is there a case for a more autonomous approach to local authority funding in the South East? How can that be made an attractive proposition from the Government's perspective and would strong advocacy from the private sector help make the case more persuasive?
- does it matter that there is not a public/private partnership that covers the whole of the South East and that there are different local authority interest groups? When it comes to attracting investment, does this put the South East in a less strong position than areas such as the Midlands Engine or Northern Powerhouse?
- in a period of national and international political and economic uncertainty, are there new challenges and opportunities on the horizon with specific reference to the South East?
- local authorities have a crucial role in Placemaking which takes a broad and integrated approach to improving local areas and quality of life. The pace of change within town centres is a particular challenge and requires fresh thinking and flexibility. Is there more that authorities in the South East can do together to understand these trends and develop ideas which Members can then explore in more detail within their own authorities?
- What additional actions are required by South East England Councils in response to the matters raised by the external reports and in the discussion?

David Covill
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