

South East England Councils response to the Business, Energy and Industrial Strategy Select Committee sub-inquiry:

Post-pandemic economic growth: Levelling up - local and regional structures and the delivery of economic growth sub-inquiry.

“The ambition to level-up economic growth across the country is commendable and supported, but not at the price of holding back a prosperous region such as the South East, which plays a significant part in the growth and success of the UK’s economy. Local authorities across the South East stand ready to play their part in delivering economic growth, post-pandemic”. It is important too, that the local voice of democratically elected representatives is heeded.

Cllr Roy Perry, Chairman, South East England Councils

1. Introduction

1.1 This response is from South East England Councils (SEEC) a cross-party, voluntary membership association recognised as a regional body by the Local Government Association (LGA). SEEC brings together District, Unitary and County councils to promote the views and interests of all tiers of local government across the South East. The majority of the 71 local authorities across the south east region are members of SEEC.

1.2 SEEC welcomes the opportunity to respond to this select committee’s call for evidence. During the coronavirus pandemic, councils the length and breadth of the UK have adapted, and risen to, the challenges brought about by Covid-19, by continuing to provide essential services to residents and leading on local recovery efforts. Councils have demonstrated that if you put faith in local leaderships they can deliver.

1.3 It should be noted that the points below do not necessarily reflect the fixed views of SEEC, but rather are a compendium of feedback received from member councils. If any clarification or further detail is required on any point raised, the SEEC secretariat would be delighted to help facilitate this.

2. Evidence Base

2.1 What evidence exists to measure the performance of the various tiers of regional and local government in the delivery of growth?

2.1.1 Recognising the contrasting nature of different local authorities in the South East, member councils have indicated that it can be difficult to quantify the performance and impact of regional and local tiers given that there can be collaborative approaches to delivering growth.

2.1.2 Members councils have indicated that there are existing indicators to measuring and monitoring growth and performance, including industry and local authority Gross Value Added

(GVA) data¹, the ONS and NOMIS local authority profile statistics².

2.1.3 Through member feedback, Local Enterprise Partnerships also provide an effective vehicle for collating and disseminating information, for example on business engagement and monitoring business support.

2.1.4 Member local authorities, for example a district council in Sussex conducts daily monitoring of footfall in market towns across the district. Also, through the small business grant scheme (LEAP), monitors the impact of the grant scheme in respect of the growth of businesses and number of new start-ups.

2.1.5 This district council also operates a support programme for people looking to re-enter the job market who are facing multiple barriers to doing so. This programme tracks the number of people supported, those finding work, as well as engagement with local businesses in providing suitable candidates for work experience and permanent employment. In addition, this council conducts a fortnightly business survey to assess the economic impact of Covid-19 on businesses and collects data on economic issues.

2.1.6 Furthermore, parish and community partnerships also monitor footfall, as well as the overall health of the high streets.

2.2 What evidence have regional and local leaders based their local or regional industrial strategies on, and what forms of stakeholder engagement were included in the drafting of priorities?

2.2.1 A member council informed us that a regional Local Enterprise Partnership (LEP) commissioned consultants to provide data and evidence regarding the current state of the LEP area, highlighting its strengths and weaknesses. As part of this assessment, local authorities were invited to contribute local data regarding the economy.

2.2.2 In addition, as part of this commissioned work, a series of workshops and seminars were convened which brought together local authorities, businesses and education providers to start off the process of identifying the priorities for the Local Industrial Strategy (LIS). However, the next stages of this of this process have not been as inclusive, with a disconnect between the early data gathering and development of priorities. Meaning: there is concern that the priorities will not reflect the specific local issues that need to be addressed to achieve economic growth.

2.3 Considering the cost of institutions, what cost benefit analysis exists to show the value for taxpayers' money when compared to the delivery of wealth and job creation?

2.3.1 One model employed by a district council was to conduct extensive analysis in drawing up the business case for partner councils working together through Publica – an urban design and public realm practice. One of the benefits of this model, they said, is resilience and capacity of expertise to deliver wealth and job creation.

2.3.2 Another district council member stated that they track trends in data and, particularly in

¹ Office for National Statistics - Regional gross value added (balanced) by industry: local authorities by NUTS1 region <https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/regionalgrossvalueaddedbalancedlocalauthoritiesbynuts1region>

² Nomis: Local authority profile <https://www.nomisweb.co.uk/reports/lmp/la/contents.aspx>

the case of skills outcomes, can track outcomes of individuals. This then has repercussions for the tax base, business rates base, claimant count, homelessness data – among others – which ultimately impacts ongoing costs to the Exchequer.

3. Local Structures

3.1 What structures exist across the country and how does this compare across different regions?

3.1.1 A district council reported experience of a successful two tier structure which benefits from the district level tiers having close links with local businesses and communities, while another member council said that their local LEP and local groups of officers within planning, housing, economic development met on a quarterly basis.

3.2 How do these different tiers work together to deliver local growth? What good case studies exist, and can lessons be learnt from poor collaboration or leadership?

3.2.1 Through partnership working, a member local authority was able to liaise directly with local businesses, who in this case, were looking for additional floor space to expand their business, and subsequently were able to make direct referrals to the council itself. The council reported that it was a positive overall experience of collaborative working, despite issues around the planning process.

3.2.2 Similarly, the same council reported that joint working with the Gigabit project enabled them to deliver gigabit capability to the district. They reported that joint working ensured that the best possible route for the project could be identified to support the greatest number of businesses. Additionally, it was through partnership working that the associated voucher scheme could target those businesses in most need of access to gigabit broadband.

3.2.3 One-member council suggested that there should be a strong collaboration locally with LEPs. In addition, this council also recommended that prioritisation of Business Improvement Districts (BIDs) for funding to meet objectives rather than funds being split between authorities.

3.2.4 Other noteworthy examples of how partnership working has been positive:

- Reopening of high-streets safely: positive collaboration in developing the Covid-19 schemes across districts to draw down the Government funding
- Electric Vehicle Strategy: to provide a county-wide network of charge points to support the uptake of Electric Vehicles, which in turn will contribute to reduction in carbon emissions, improvements in air quality and support the local economy.

3.2.5 A member council also reported the following positive effects of partnership with their local LEP:

- collaboration to deliver funding and support to businesses across the district
- able to signpost businesses to the Growth Hub to access support and advice
- collaboration on the Local Industrial Strategy to ensure that local economic issues are reflected in the priorities

3.2.6 A member council reported that the Oxfordshire Growth Board is a really good example of successful collaboration, and is being considered as a template for other areas in the Oxford-

Cambridge Arc.

3.2.7 However, examples of less successful collaboration can be seen where larger unitary councils have struggled to juggle competing priorities. Meaning, areas that are too large are less in touch and have competing problems which hinders swift decision making.

3.3 How should local structures support delivery of regional growth across England? Do regional or local structures act in the best interests of local priorities and stakeholders or act more as a delivery arm of central Government?

3.3.1 The key is the link between local and regional structures, with one district council saying there can be frustration in not having sufficient leverage to deliver projects. This tends to be where investment is needed to deliver new infrastructure, but the priorities of the different structures are not aligned.

3.4 What should local authorities do more or less of to achieve these aims?

3.4.1 Local authorities need to focus on direct support for business. For example, a member council highlighted three key local firms that have been assisted, which enabled them to invest in the district, including:

- one business was assisted in their search for a new site which enabled them to establish a headquarters there.
- another firm was provided assistance in finding new premises and negotiating with their property owner
- and finally, a local employer was assisted, when due to Permitted Development Rights, they had to vacate their premises. Subsequently, new premises were found and support provided to secure the necessary planning consent.

3.4.2 It was suggested by a district council that there should be less distraction around local government reorganisation, and more talk around collaboration, as different tiers have important and different perspectives to bring to the table. With higher tiers and LEPs bringing strategic insight and policy creation, while districts bring local knowledge and delivery.

3.5 Where should government focus its post-Covid-19 levelling up policy to best support regional growth: English regions, core-cities, towns, Growth Hubs and LEPs?

3.5.1 A member council said that the government should focus on the mechanisms such as taxation, rather than spatial issues. The spatial elements should be left to those on the ground to determine as the emphasis will be different in different areas. There is no one size that fits all.

3.5.2 In recent poll³ of 275 Councillors in the South East, conducted by Savanta ComRes, commissioned by SEEC revealed the top five areas that should be a high priority for South East regional investment, as part of the government's economic recovery plans, 1) Employment, 89% 2) Social Care, 89% 3) Schools, 82%, 4) Environment, 82% and 5) Digital Infrastructure, 80%.

³ Savanta ComRes survey for South East England Councils of 275 Councillors across the South East, conducted between 13 and 23 July 2020: <https://www.secouncils.gov.uk/2020/07/polling-of-south-east-england-councillors/>

4. Stakeholder Engagement

4.1 How does each tier of regional or local government engage with delivery stakeholders (such as businesses, education providers, etc)? Do different tiers engage in different ways? Where are there examples of good practice?

4.1.1 A member council said that the advantage of different tiers or local government, is that they have different relationships with different types of stakeholders, for example: districts have strong relationships with individual businesses, communities and local stakeholders, while counties have better relationships with larger stakeholders such as universities or the NHS. When this is brought together in a functional forum such as LEP or Growth Board, the sum is greater than individual parts.

4.1.2 Engagement at a local level is achieved through councils' engagement with business, collaboration with business organisations and education providers, business support organisations, and the Department for Work and Pensions (DWP). There is also direct engagement with parish councils and community partnerships from district councils to enable the delivery of schemes on the ground. Both county councils and district councils too work with parish councils.

4.1.3 Furthermore, a member council said that engagement needs to be focused on the message being consulted on and tailored to the audience. Adding, there is no simple or straightforward answer, citing an example where the council had consulted on their local plan, receiving around 8,000 responses from residents, but less than 200 from businesses.

4.2 Do stakeholders believe the different tiers are effective and worthwhile to engage with?

4.2.1 While it has been stated by one district council member that many businesses do not understand the different tiers of local government, they do, however, respond to direct engagement from local authorities.

4.2.2 One-member district council indicated that establishing a point of contact for business within local authorities can be problematic. However, this district council's economic development resources can be utilised to broker discussions with the other tier of local government, and signpost businesses to where they can access the required support. Another member, on this point, said that businesses value stability and consistency. Adding, there was a need to move forward with evolution not revolution, so businesses can plan their growth in a stable local environment.

4.3 Do stakeholders consider certain tiers to be more of a constraint on growth as opposed to a delivery partner for growth?

4.3.1 There can be frustration where priorities do not align, for example, the Journey to Work programme's priorities are not taken into consideration by DWP, to account for local issues and needs. Furthermore, a member council said that it can prove difficult or impossible to access the necessary funding to enable a highly successful programme to continue.

5. Sustainable Local Economies

5.1 How could a green economic recovery stimulate local economies and embed

upskilling at a regional level?

5.1.1 An example from the Oxfordshire Local Industrial Strategy sets out an innovation ecosystem where technology from universities is developed and commercialised with the final manufacturing taking place in other parts of the region or the UK, thus creating jobs and growth further afield. A green recovery will follow the same process as innovations develop to commercialisation and adoption.

5.2 Which tiers are best placed to provide the leadership of local net zero and skills-based priorities?

5.2.1 One-member district council reported that Unitaries are ideally placed to work with LEPs and, where relevant, to take advice from specialist bodies such as the Local Government Association (LGA). Another council added that both tiers have an important role to play, as both bring different perspectives to the table.

6. Targeted Regional Investment

6.1 How could 'shovel ready' growth projects in England drive local growth and jobs?

6.1.1 A member district council reported that there is a need for funding at all levels if shovel ready schemes are to progress, where in many cases, these schemes require significant investment in new infrastructure.

6.1.2 Shovel ready schemes can release new development or move forward a regeneration project. These schemes can also ensure that there is an alignment of the economic strategy of the LEP with the development of Local Plans. In addition, another council said that it was important to continue to invest in shovel ready projects which will have been put together pre-Covid-19.

6.1.3 With a district council stating that, at present, there is a disconnect between the priorities and projects being developed as part of the LIS and strategic planning. Adding, the shape and form of the type of commercial development needs at the local level must reflect local needs. Highlighting that this is a particular issue during the current pandemic, where the way businesses operate and where people will be working needs to be accommodated in the policies and allocation coming forward in councils local plans.

6.1.4 Other suggestions to target local growth include:

- construction and unlocking development for infrastructure projects
- skills focused projects to increase employability
- renew skills for placement in alternative industries
- other placemaking initiatives can drive footfall spend and therefore inward investment
- business support initiatives can also help drive the economic recovery

6.2 How could clustered R&D investment support local growth?

6.2.1 Member councils specified that there needed to be a focus on clusters, that enables a critical mass and reputation to be established which draws in investment.

6.3 How should priorities be agreed across the regions?

6.3.1 There needs to be recognition that each individual local authority area has its own unique selling point, and not be a one-size fits all approach.

7. Regional Funding

7.1 How should the UK Shared Prosperity Fund be specifically targeted to replace EU Funding and address regional inequality?

7.1.1 Local authorities should be responsible for an allocation of funding from the Shared Prosperity Fund. With one-member council suggesting there should be a process of identifying cohorts most impacted by Covid-19 and developing programmes accordingly. However, it is a question of timescales, in terms of what is needed post-Covid-19, which should not necessarily dictate how EU funding is going to be replaced over the long term.

7.1.2 There was emphasis by one member council of the need to invest in all areas, not just deprived and unsuccessful ones. As investing in successful areas with the potential for high-growth will see a return to the exchequer and genuine commercialisation which will generate growth and investment further afield, thus helping level-up the UK economy.

7.1.3 While the South East is widely seen to be a prosperous region, when compared to its counterparts, particularly in the north of England, this perception is not necessarily accurate when looking at the region in greater detail. Parts of the South East are home to some of the most unequal areas of the country, with the benefits of growth not been shared equally. Therefore, it is essential that the government's ambition to level-up economic growth takes this into account, with policies targeting to levelling up each and every region in the UK.

7.2 What role should local structures play in allocating funding to best achieve regional growth?

7.2.1 Funding needs to be linked to the LIS, a local council member said, adding, the LEP then needs to ensure that it delivers agreed priorities across the whole of each respective administrative patches. It should not be a first come, first served approach, but a commitment to agreed funding for projects in each local authority area. This would avoid a bias where clearly area within the LEP have benefitted to the exclusion of others.

7.2.2 A good example of the way funding can be devolved to the local level, according to member council, is the Reopening High-Streets Safely Fund. This demonstrates how projects and priorities can be negotiated and agreed with Central Government and a specific action plan developed. This process has the clarity in setting out the local needs and issues, the mechanism, timescales for delivery, and importantly the direct allocation of funds to the local level.

7.3 What role could the British Business Bank have in the post-Covid-19 levelling up of regional economies?

7.3.1 A member council agreed that there should be a role for the British Business Bank (BBB), saying it should ensure that all areas have access to finance, but the experience from the Government's Coronavirus Business Interruption Loan Scheme is that the BBB does not have any teeth when dealing with the commercial banks, which needs to be resolved.

7.3.2 A district council proposed offering loans on attractive terms and working with Growth Hubs on business planning for young businesses.

8. Project Speed

8.1 How should Project Speed identify and distribute growth opportunities into communities across the country to best achieve its levelling up agenda?

8.1.1 It is important for the government to recognise that shovel ready schemes and projects that were previously suited to the UK's needs, may not now be needed or relevant in a post-Covid-19 economy. As the country embarks on its road to recovery, an assessment of these shovel ready project should be made, to ensure that each scheme that goes ahead reflects the current needs of the UK, as it enters a post-Covid-19 era.

8.1.2 Consequently, Project Speed must align to the Government's stated priorities for an inclusive, 'green' recovery, and should reflect the new realities and patterns of demand which have sustained beyond the lockdown.

8.2 Do we have the capacity and capabilities at local and/or regional level to do this work on behalf of central government?

8.2.1 Whilst there is both the capacity and capability at the local level, the devolution of additional funding is key to addressing economic growth.

FURTHER INFORMATION

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