

## South East Councils (SEC) response

### All-Party Parliamentary Group for Devolution inquiry:

#### The Government's Levelling Up White Paper

*"The Levelling Up White Paper outlined a commitment to offer every part of England 'a devolution deal with powers at or approaching the highest level of devolution'.*

*The Levelling-up and Regeneration Bill is now in Committee Stage, with proposals set to encourage Directly Elected Mayors (DEMs) and Combined County Authorities (CCAs) in negotiations for devolution deals across the country.*

*While we appreciate that the Government has taken a commendable step closer to empowering local authorities with the toolkit to level up their areas most effectively by devolving power closer to communities, councils across the South East are concerned that the forms of devolution on offer may not match up with what is desired in the region.*

*Local councils have demonstrated high quality leadership during the Covid-19 pandemic in the face of Brexit challenges and climate change, cost-of-living and now inflationary crises by continuing to provide essential services to residents and leading on the delivery of recovery efforts.*

*For levelling up to be delivered most effectively by local authorities there is a need to address the absence of meaningful fiscal devolution and ensure that powers are genuinely transferred away from the centre to be exercised from the bottom-up, not merely reorganise how councils are delegated to from the top-down."*

**Cllr Nicolas Heslop, Chair, South East Councils**



## 1.0 Introduction

- 1.1 This response is from [South East Councils \(SEC\)](#). SEC is a cross-party, voluntary membership association that works to ensure that the South East is a great place to live, work and do business. SEC brings together District, Unitary and County councils to promote the views and interests of all tiers of local government across the South East and is recognised as an associate member of the Local Government Association (LGA). With the majority of the 70 local authorities across the region as members, we seek to provide a unified democratic voice on South East interests.
- 1.2 SEC also serves as the Secretariat for the [All-Party Parliamentary Group \(APPG\) for the South East](#), which is chaired by Sally-Ann Hart MP. Over the last year, the work of the APPG has focussed on what levelling up should look like in the South East. On 27 July, the South East APPG published a report following its inquiry: [Financing the future – what does levelling up mean for South East England?](#)
- 1.3 SEC publishes biannual polling of business decision-makers, members of the public and councillors in the South East, which will support this submission with well-evidenced insights. Published twice a year, the [South East 1,000](#) regional monitor, sees SEC partner with polling agency Savanta ComRes to produce a unique monitor of public, business and civic cohorts from the UK's most populous region. It is the largest and most authoritative regular survey of councillor, business, and public opinion in the entire region. Our [latest edition](#) was published on 21 June 2022.
- 1.4 On 22 March 2022, we published "[Resetting the South East – Levelling up after Brexit, Climate Change and COVID](#)", a SEC-commissioned report by think-tank Localis. The report investigated the role of the South East region in Levelling Up, and what is necessary for its constituent local authorities to deliver – individually and collectively – on this multi-layered and ambitious set of environmental, economic, and social transformations.
- 1.5 SEC welcomes the opportunity to respond to this inquiry into the Government's Levelling Up White Paper. We acknowledge that the inquiry will look at how effectively the reforms in the White Paper will futureproof the UK and take advantage of effective local governance and technological advancements to prepare the nation for the challenges we will face in 2030 and beyond, with a focus on the theme of leadership, representation, and accountability.
- 1.6 SEC supports the premise of the inquiry as laid out by Andrew Lewer MP, Chair of the Devolution APPG, that devolution and decentralising power to the local level will help create the conditions for sustainable growth, better public services, and a stronger society.

## 2.0 Devolution in the Levelling Up White Paper

2.1 **How does the White Paper encourage structures which will see tangible decision-making devolved to local areas, with the powers and funding needed to achieve long-lasting improvement to people's pay, jobs and living standards?**

### 2.2 The Levelling Up Missions

2.2.1 The Levelling Up White Paper sets twelve "medium-term targets" referred to as "missions," which fall under four overarching objectives.<sup>1</sup> Each mission includes a target with a 2030 end date and are referred to in the White Paper by their number, e.g., "Mission One".

2.2.2 As set out by the House of Commons Library, the four objectives and twelve missions (with a number added for each) are<sup>2</sup>:

- **Objective one:** Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging.
  1. **Living standards** – foster a growing private sector to raise productivity, pay and living standards across the UK.
  2. **R&D** – boosting research and development spending, focusing on areas outside of south-eastern England.
  3. **Transport infrastructure** – improving transport connectivity outside London.
  4. **Digital connectivity** – improving connectivity, including by rolling out high-speed gigabit-capable broadband.
- **Objective two:** Spread opportunities and improve public services, especially in those places where they are weakest.
  5. **Education** – Improve literacy and numeracy among primary school children. Create new 'Education Investment Areas.'
  6. **Skills** – focus on improving skills, including of those in the workforce. Local Skills Improvement Plans to be introduced among other policies.
  7. **Health** – reduce health disparities across UK, with a new white paper to be published in 2022. A food strategy white paper will also be published.
  8. **Wellbeing** – measured using survey data from the Office for National Statistics, the "overarching objective" for levelling up is for improved wellbeing and the gap across local areas to close.

---

1

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1052706/Levelling\\_Up\\_WP\\_HRES.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1052706/Levelling_Up_WP_HRES.pdf) (p. 117)

<sup>2</sup> <https://commonslibrary.parliament.uk/research-briefings/cbp-9463/>

- **Objective three:** Restore a sense of community, local pride and belonging, especially in those places where they have been lost.
  - 9. **Pride in place** – includes policies to support regeneration, communities, green spaces and cultural activities. The aim is to create stronger and more cohesive communities.
  - 10. **Housing** – the aim is to increase home ownership and improve housing quality. Policies include reforms of the planning system, the target of building 300,000 new homes per year in England, a new Levelling Up Home Building Fund and a new white paper on the private rented sector.
  - 11. **Crime** – to create safer neighbourhoods.
- **Objective four:** Empower local leaders and communities, especially in those places lacking local agency.
  - 12. **Local leadership** – a “[devolution revolution](#)” across England is proposed. This includes the introduction of ‘[County Deals](#)’ and expanding the number of Mayoral Combined Authorities. A new devolution framework will be set out. [Local growth funds](#), such as the Levelling Up Fund and Shared Prosperity Fund, will provide funding to improve local areas.

## 2.3 **Mission Twelve: Local leadership**

2.3.1 SEC welcomes the commitment in **Mission Twelve** (Local leadership) to offer every part of England that wants one a devolution deal, with powers at or approaching the highest level of devolution. It states: “**By 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution and a simplified, long-term funding settlement.**”<sup>3</sup>

2.3.2 The White Paper states that the **policy programme** for Mission Twelve consists of:

- “a. **local devolution** in England;
- b. private sector led partnerships;
- and c. local growth funds.”

The **local devolution** element of the policy programme (a.) will be given effect through:

- “a. **new County Deals**;
- b. **deepening the powers of existing Mayors**;
- and c. simplifying the current local devolution landscape via **a new English devolution framework.**”

---

<sup>3</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/105270/6/Levelling\\_Up\\_WP\\_HRES.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/105270/6/Levelling_Up_WP_HRES.pdf) (p. xviii)

2.3.3 The approach to local devolution in the White Paper is focussed around **Mayoral Combined Authorities (MCAs)** and a plan to **create a new form of combined authority** composed by upper-tier local authorities. It states devolution will be **extended, deepened, and simplified**.

- **Extended:** by inviting several regions including Cornwall and Durham to begin new County Deal negotiations and by taking forward MCA negotiations with York and North Yorkshire and the North East;
- **Deepened:** by opening negotiations for “trailblazer” MCA deals starting with the West Midlands and Greater Manchester, whilst inviting MCAs and the GLA to “bid for sweeping further powers, through the new devolution framework”; and
- **Simplified:** by establishing the **new Devolution Framework** to provide “**a single, accountable institution** across a functional economic area or whole county geography”, and “seeking to legislate to establish a **new form of combined authority** model to be made up of upper-tier local authorities only... providing a single, accountable institution across a functional economic area or whole county geography”.<sup>4</sup>

2.3.4 In retrospect, we now know that the legislation being referred to has become the **Levelling-up and Regeneration Bill**, which includes the creation of the new **“Combined County Authorities” (CCAs)**.<sup>5</sup> The Bill has been criticised for appearing to allow the powers held by District Councils to be transferred to CCAs as they are formed without their consent.<sup>6</sup>

## 2.4 **The Devolution Framework**

2.4.1 The **Devolution Framework**, a principal guideline in the Whitepaper for encouraging structures that will see tangible decision-making devolved to local areas, has three “levels” that are defined as follows:

- **Level 3: A single institution or County Council with a directly elected mayor (DEM)**, across a [functional economic area] FEA or whole county area;
- **Level 2: A single institution or County Council without a DEM**, across a FEA or whole county area; and
- **Level 1:** Local authorities working together across a FEA or whole county area e.g. through a joint committee.

---

<sup>4</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/105270/6/Levelling\\_Up\\_WP\\_HRES.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/105270/6/Levelling_Up_WP_HRES.pdf) (p. 235)

<sup>5</sup> [https://www.gov.uk/government/publications/levelling-up-and-regeneration-further-information#:~:text=The%20Bill%20proposes%20a%20number,better%20use%20of%20brownfield%20land.](https://www.gov.uk/government/publications/levelling-up-and-regeneration-further-information/levelling-up-and-regeneration-further-information#:~:text=The%20Bill%20proposes%20a%20number,better%20use%20of%20brownfield%20land.)

<sup>6</sup> <https://www.lgcplus.com/politics/devolution-and-economic-growth/new-combined-authorities-could-take-district-powers-without-their-consent-13-05-2022/>

2.4.2 The framework clearly lines up with the commitment to simplify devolution in the White Paper by incentivising the creation of single institutions that operate at the county level or across a functional economic area (FEA). For an area to receive the highest level of devolution under Level 3, a directly elected mayor (DEM) is required. Level 2 does not require a DEM but does require a single institution operating at a county level or FEA. Level 1, the lowest level of devolution available in the framework, is the only level that accounts for local authorities working together without some form of single combined institution – however operating at the county or an FEA level is still required.

## 2.5 **A structural mismatch? The White Paper and the South East**

2.5.1 A fundamental problem with the structures encouraged in the White Paper that could see tangible decision-making devolved to local areas, with the powers and funding needed to achieve long-lasting improvement to people’s pay, jobs and living standards is that they **do not appear to line up with the form of devolution most likely desired across the South East.**

2.5.2 SEC has consistently found that there is **no major appetite for DEMs** in the South East. Our Spring 2021 polling further demonstrated this with over **two-thirds of Councillors (67%) indicating opposition.**<sup>7</sup> However, a DEM is required for devolved powers associated with Level 3.

2.5.3 The implication of the lacking appetite for DEMs in the South East is discussed in our report by Localis. The report points out that councils across the South East tend to cooperate in clusters on shared issues – and that **it is unnecessary for the Devolution Framework to “deliberately sideline certain actors and push local government towards a single preferred form.”**<sup>8</sup>

2.5.4 Encouraging the creation of what are now known as CCAs across the country risks excluding and **disempowering lower tier councils**, weakening their ability to make their voice heard when seeking investment and opportunity.

2.5.5 Requiring a devolution deal at any level to operate at the county level or through a FEA may **not match up with the reality of joint working in the South East** with councils frequently cooperating with their neighbours on joint cross-boundary issues like transport. This form of clustered working does not always line up with county areas or FEAs.

2.5.6 In this respect, it could be said that the White Paper is encouraging structures that would see tangible decision-making devolved to local areas, but not in a way that matches up with how local authorities already cooperate, or that reflects popular demand in the South East. **This structural mismatch risks less effectively delivering long-lasting improvements to people’s pay, jobs and living standards less effectively.**

---

<sup>7</sup> <https://www.secouncils.gov.uk/media/2021/05/South-East-1000-Monitor-Spring-21-circulation.pdf> (p. 3)

<sup>8</sup> [https://www.localis.org.uk/wp-content/uploads/2022/03/046\\_Resetting-the-South-East\\_PR2.pdf](https://www.localis.org.uk/wp-content/uploads/2022/03/046_Resetting-the-South-East_PR2.pdf) (p. 15)



### 3.0 Reaching the highest levels of devolution desired

3.1 Does the White Paper address the frustrations that many areas have felt in previous rounds of negotiation for local devolution deals, allowing them to chart a course towards the highest level of devolution that works for them?

3.2 To answer this question, we must understand the source of frustrations that many areas have felt and therefore what form of devolution the South East wants.

### 3.3 The South East 1,000 biannual regional monitor

3.3.1 Our most recent polling of business decision-makers, councillors, and members of the public demonstrates that **less than 2 in 10 members of the public (19%) feel they have a say over important decisions that affect their areas**; the number is less than 3 in 10 for businesses (29%). On the other hand, a clear majority (71%) of Councillors feel they have a say over such decisions (see Figure 1).

	TOTAL	AGREE 58%	DISAGREE 20%
<b>I FEEL A STRONG CONNECTION TO MY LOCAL AREA</b>			
Public	47%		23%
Businesses	59%		23%
Councillors	91%		4%
	<b>TOTAL</b>	<b>76%</b>	<b>9%</b>
<b>I GET ON WELL WITH MY NEIGHBOURS</b>			
Public	73%		10%
Businesses	75%		10%
Councillors	90%		4%
	<b>TOTAL</b>	<b>65%</b>	<b>16%</b>
<b>I FEEL LIKE I BELONG WHERE I LIVE</b>			
Public	56%		18%
Businesses	65%		18%
Councillors	91%		5%
	<b>TOTAL</b>	<b>30%</b>	<b>45%</b>
<b>I FEEL LIKE I HAVE A SAY OVER IMPORTANT DECISIONS THAT AFFECT MY AREA</b>			
Public	19%		50%
Businesses	29%		50%
Councillors	71%		21%
	<b>TOTAL</b>	<b>51%</b>	<b>16%</b>
<b>I THINK THINGS NEED TO CHANGE IN MY AREA</b>			
Public	46%		16%
Businesses	54%		15%
Councillors	61%		16%

Figure 1<sup>9</sup>

3.3.2 When asked what they mean by “local,” **business decision-makers, councillors, and members of the public generally consider their village, town, or city as “local” (69%)**, compared to their immediate neighbourhood, county, or region. This has increased from 65% in our Spring 2021 and 67% in our Autumn 2021 editions. Notably, “county” is decreasing (see figure 2).

<sup>9</sup> <https://www.secouncils.gov.uk/media/2022/06/South-East-1000-SPRING-2022.pdf> (p. 6)





### What is local?

Village, town or city continues to increase as respondents clear view of "local" at 69%. (This compares to 65% spring 2021/67% autumn 2021). Notably County is decreasing.

	TOTAL	69%	UP 2%
<b>MY VILLAGE OR TOWN OR CITY</b>	Public	6%	Up 4%
	Businesses	64%	Up 2%
	Councillors	81%	Up 1%
	<b>TOTAL</b>	<b>13%</b>	<b>DOWN 2%</b>
<b>MY IMMEDIATE NEIGHBOURHOOD</b>	Public	14%	Down 4%
	Businesses	13%	Same
	Councillors	7%	Down 2%
	<b>TOTAL</b>	<b>10%</b>	<b>DOWN 2%</b>
<b>MY COUNTY</b>	Public	9%	Down 3%
	Businesses	13%	Down 3%
	Councillors	8%	Up 2%
	<b>TOTAL</b>	<b>4%</b>	<b>UP 1%</b>
<b>MY REGION</b>	Public	3%	Up 1%
	Businesses	7%	Up 5%
	Councillors	1%	Same
	<b>TOTAL</b>	<b>4%</b>	<b>UP 1%</b>

Figure 2 <sup>10</sup>

3.3.3 Asked if greater powers were to be transferred from central Government at what level they should be transferred to, the largest total number of respondents chose their local town, city, or borough (39%). The majority (64%) did not choose county (see Figure 3).

• Asked if greater powers were to be transferred from central Government at what level they should be transferred to, the majority (64%) did not choose 'county'.

	TOTAL	PUBLIC	BUSINESSES	COUNCILLORS
<b>TOWN/CITY/BOROUGH</b>	<b>39%</b>	35%	37%	54%
<b>COUNTY</b>	<b>34%</b>	33%	39%	33%
<b>THE SOUTH EAST REGION</b>	<b>20%</b>	24%	21%	5%
<b>OTHER</b>	<b>5%</b>	7%	4%	1%
<b>DON'T KNOW</b>	<b>2%</b>	1%	0%	6%

Figure 3 <sup>11</sup>

3.3.4 When asked at what level they thought planning and building decisions that affect their community should be taken, the majority (56%) of respondents to the South East 1,000 said 'local' – by their local district or borough council (see Figure 4).

	TOTAL	PUBLIC	BUSINESSES	COUNCILLORS
<b>LOCAL: MY LOCAL DISTRICT OR BOROUGH COUNCIL</b>	<b>56%</b>	49%	51%	87%
<b>COUNTY: THE COUNTY COUNCIL</b>	<b>20%</b>	21%	23%	11%
<b>REGIONAL: AN AUTHORITY COVERING THE SOUTH EAST REGION</b>	<b>11%</b>	12%	17%	2%
<b>NATIONAL: CENTRAL GOVERNMENT AGENCY OR DEPARTMENT</b>	<b>5%</b>	6%	6%	0%

Figure 4 <sup>12</sup>

<sup>10</sup> <https://www.secouncils.gov.uk/media/2022/06/South-East-1000-SPRING-2022.pdf> (p. 6)

<sup>11</sup> <https://www.secouncils.gov.uk/media/2022/06/South-East-1000-SPRING-2022.pdf> (p. 5)

<sup>12</sup> <https://www.secouncils.gov.uk/media/2022/06/South-East-1000-SPRING-2022.pdf> (p. 7)



- 3.3.5 Our polling makes clear that those living and working in the South East **feel a strong connection to their local area yet feel they have little control** over what happens there. Devolution could help remedy this by making decision-making more localised.
- 3.3.6 **To chart a course towards the highest level of devolution** desired by residents, Councillors and businesses in the South East, **any approach should decentralise power downwards** to become as locally led as possible, rather than moving decision-making powers further away from communities.
- 3.3.7 An over-reliance on DEMs and CCAs as encouraged in the White Paper may fail to address the frustrations felt in previous rounds of negotiation for local devolution deals for many if a broad perception that decision-making powers are not decentralised enough remains. **But what is the alternative?**

### 3.4 **South East APPG inquiry: Financing the future – levelling up in South East England**

- 3.4.1 SEC agrees with the premise of the question that we need to move towards an understanding of **what level of devolution that would work for the South East**, given the frustration experienced in previous rounds of negotiation for devolution deals.
- 3.4.2 **Published on 27 July 2022, the South East APPG’s recent inquiry: [“Financing the future – what does levelling up mean for South East England?”](#)** investigated what levelling up should look like in the South East.
- 3.4.3 The inquiry **revealed concerns amongst local government and business groups in the South East that the levelling up agenda presents a major risk to the region.** As one of the three net contributors to the Treasury, “Levelling down” by diverting funding away the South East would be incredibly harmful to the UK economy at large.
- 3.4.4 It uncovered a **unique set of challenges including pockets of deprivation, disconnected rural areas, skills shortages, the impact of Covid-19 in coastal areas and airport towns, and the higher average cost of living in the South East.**
- 3.4.5 Dr Sue Pember, Hoxex, the lead professional body for Adult Community Education and Learning, told the inquiry: “*The South East in adult education actually doesn’t get the prime share of the funding; there’s places in the SE that get £1.70 per head compared to an average of £3.50, compared to other parts of England that are at £7.*”<sup>13</sup>
- 3.4.6 The South East also includes some of the most deprived areas in the UK; Hastings is the 17th most deprived local authority district in England.<sup>14</sup>
- 3.4.7 In a combination of written and oral evidence the inquiry heard once again that **there is no major appetite for DEMs in the South East.**<sup>15</sup>

---

<sup>13</sup> [https://www.secouncils.gov.uk/media/2022/07/2022-07-28\\_South-East-APPG-Inquiry-report-Circulation-copy.pdf](https://www.secouncils.gov.uk/media/2022/07/2022-07-28_South-East-APPG-Inquiry-report-Circulation-copy.pdf) (p. 7)

<sup>14</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/835115/loD2019\\_Statistical\\_Release.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/835115/loD2019_Statistical_Release.pdf)

<sup>15</sup> [https://www.secouncils.gov.uk/media/2022/07/2022-07-28\\_South-East-APPG-Inquiry-report-Circulation-copy.pdf](https://www.secouncils.gov.uk/media/2022/07/2022-07-28_South-East-APPG-Inquiry-report-Circulation-copy.pdf) (p. 9)

- 3.4.8 The inquiry recommended that higher levels of devolved powers should not require further centralisation and DEMs where it is not desired – discussing the need for a “Level 2+” option of higher levels of powers and functions available to areas without DEMs.
- 3.4.9 The inquiry also heard that the view of many local authority leaders in the region is that the ultimate issue of **local government finance was noticeably absent from the levelling up agenda.**
- 3.4.10 The decline of direct government funding for councils and increased use of funding pots has meant an overemphasis on one-off capital funding projects, rather than long-term projects that require consistent revenue like adult skills provision.
- 3.4.11 Cllr Tony Page, Deputy Leader of Reading Borough Council, reported the impact of competitive pots as detrimental to cooperation with neighbouring authorities – vital for progress on cross-border levelling up issues like transport infrastructure.
- 3.4.12 The pots were criticised for not allocating funding to local authorities based on need, but rather to councils with more effective and expensive consultants writing their bids.
- 3.4.13 The unpredictable nature of funding pots – being created seemingly ad hoc at the Ministerial level and influenced by political issues of the day – was criticised by Cllr Susan Brown, Leader of Oxford City Council for making it more difficult for local authorities to plan for long term projects.
- 3.4.14 The inquiry therefore recommended that **levelling up should address the ultimate issue of local government finance in the short and long term with an emphasis on certainty and flexibility.** It offered the following opportunities to make local government finance more predictable, sustainable, and to give local authorities greater control over their finances in order to support the delivery of levelling up missions:
- *“In the short term, the ability for local authorities to introduce tourism taxes, would be particularly welcomed by coastal areas and tourism hotspots that were some of the worst hit by Covid-19.*
  - *In the medium term, greater flexibility to control council tax, business rates, property-related taxes, and specific local levies would stabilise local authority revenue streams to spend on levelling up, by increasing the funding available or allowing councils to encourage inward investment by lowering taxes.*
  - *In the long term, the Government should eliminate or significantly cut the number of funding pots, with a renewed focus on direct central Government funding to councils with an emphasis on consistent revenue streams, rather than one-off capital projects.”<sup>16</sup>*
- 3.4.15 The White Paper does not satisfy the desires of local authorities and business groups in the South East who believe that **reform of local government finance should be a central part of achieving the highest desired level of devolution in their areas.**

---

<sup>16</sup> <https://www.secouncils.gov.uk/south-east-appg-publishes-inquiry-report-on-levelling-up> (p. 15)

- 3.4.16 Without committing to addressing the unpredictability, unsustainability, and the lack of control local authorities have over their own finances to deliver on the levelling up missions, **frustrations are likely to remain** as devolution deals are negotiated.
- 3.4.17 Whilst the South East APPG's inquiry went a step further in defining what devolution as part of the levelling up agenda should look like in the South East – **practical action is needed** for the region to work with Government to realise its ambitions, as the forthcoming Levelling Up Director for the region is appointed.

### 3.5 **Resetting the South East: Levelling Up after Brexit, Climate Change and Covid**

- 3.5.1 Our SEC-commissioned [report](#) by think-tank Localis, published on 22 March 2022, made **practical recommendations** to encourage local authorities in the South East to come together in response to the White Paper's commitment to devolve the highest level of devolution powers desired to areas in England.
- 3.5.2 The report was initiated with three research roundtables, held by Localis and SEC and attended by local, regional, and national stakeholders in February 2021 on "Global Britain", "Net Zero", and "What can Levelling Up do for South East Councils?".
- 3.5.3 The report found the language of **levelling up alienated local leaders in the South East by portraying the agenda as a zero-sum game pitting North against South**. It made recommendations to make levelling up work for the South East – including making Transport for the South East (TfSE) a statutory body and empowering councils with financial powers to raise money in surplus generating areas of the country.
- 3.5.4 **The report called on local authorities to come together in a major "Summit for the South East"** to decide upon the preferred structure of local government in the South East and set broad regional priorities for levelling up and define key regional assets.<sup>17</sup>
- 3.5.5 **The Summit for the South East is currently being finalised and is expected to be held in October 2022, with more details to be confirmed.**

### 3.6 **Frustrations addressed?**

- 3.6.1 The White Paper and the Levelling-up and Regeneration Bill are a step forward and the Government deserves credit for listening to local authorities across the country and taking steps in the right direction to devolve and decentralise power to the local level.
- 3.6.2 However, **the frustrations** that many have felt in previous rounds of negotiation for local devolution deals **will not be resolved** among local authority leadership in the South East until the levelling up agenda devolves the highest level of powers desired, to be exercised at the local level, from the bottom-up, **most likely without a DEM and with the ultimate issue of local government finance addressed head on.**

---

<sup>17</sup> [https://www.secouncils.gov.uk/media/2022/03/046\\_Resetting-the-South-East\\_PRFF2.pdf](https://www.secouncils.gov.uk/media/2022/03/046_Resetting-the-South-East_PRFF2.pdf) (p. 18)

## 4.0 Empowering local leadership

4.1 **How well will the White Paper embed strong, safe, and resilient communities through high quality local leadership, which will allow areas to stand up for themselves and make their voice heard when seeking investment and opportunity?**

4.2 The White Paper is a step in the right direction and SEC welcomes its commitment to devolve the highest level of devolution desired to areas in England.

4.3 SEC supports the premise of the inquiry as laid out by Andrew Lewer MP, Chair of the Devolution APPG, that devolution and decentralising power to the local level will help create the conditions for sustainable growth, better public services and a stronger society.

4.4 **A large part of this is listening to local leaders**, understanding how local authorities work, which may be different in each region, and working towards devolution arrangements that empower local leadership to deliver high quality results. **The wrong approach would be for central government to impose an unfamiliar or unwanted system on local government from the top down.** This could work against local leaders and hinder their ability to stand up for themselves, make their voice heard, and promote strong, safe, and resilient communities.

### 4.5 The role of District Council leaders

4.5.1 The White Paper strongly incentivises the creation of DEMs and paved the way for the legislation behind CCAs as in the Levelling-up and Regeneration Bill. Whilst in its current form, **the Levelling-up and Regeneration Bill appears to allow the powers held by District Councils to be transferred to new Combined County Authorities (CCAs) when formed without their consent.**<sup>18</sup>

4.5.2 Our report by Localis pointed out that **“District councils, all but excluded from the Levelling Up White Paper, are left with extremely limited powers** through which they can channel their estate and funding towards local economic growth.”<sup>19</sup>

4.5.3 In his oral evidence to the South East APPG’s recent inquiry, the White Paper was described by **Cllr Peter Fleming OBE, Leader of Sevenoaks District Council on behalf of the District Councils Network as a “double whammy” of less powers and less funding.** He emphasised that: *“District councils that have already seen direct Government funding go feel that a lot of the narrative is about pushing the end of District Councils and a levelling up to a mayoral model where they can get 30 or so people into a room.”*<sup>20</sup>

4.5.4 Considering the evidence presented to the inquiry, the final report recommended that the Government should **recognise the value in the closeness to communities** and

---

<sup>18</sup> <https://www.lgcplus.com/politics/devolution-and-economic-growth/new-combined-authorities-could-take-district-powers-without-their-consent-13-05-2022/>

<sup>19</sup> [https://www.localis.org.uk/wp-content/uploads/2022/03/046\\_Resetting-the-South-East\\_PR2.pdf](https://www.localis.org.uk/wp-content/uploads/2022/03/046_Resetting-the-South-East_PR2.pdf) (p. 15)

<sup>20</sup> [https://www.secouncils.gov.uk/media/2022/07/2022-07-28\\_South-East-APPG-Inquiry-report-Circulation-copy.pdf](https://www.secouncils.gov.uk/media/2022/07/2022-07-28_South-East-APPG-Inquiry-report-Circulation-copy.pdf) (p. 9)

neighbourhoods played by lower tier councils, and ensure they are listened to in devolution negotiations across the South East.<sup>21</sup>

- 4.5.5 In retrospect, considering its emphasis on the role of new county deals, DEMs, and the continued use of funding pots rather than direct funding, it could be said that the Levelling Up White Paper has encouraged the opposite of embedding high quality local leadership, when considering the direction of travel for the role of lower tier councils.

#### 4.6 **Local government finance and leadership**

- 4.6.1 Councils have demonstrated during the Covid-19 pandemic, Brexit challenges, and climate change and cost of living crises that if you put faith in local leaderships they can deliver. This should be a reminder to Government that devolving powers and responsibilities to local authorities can deliver better results for local residents.

- 4.6.2 As mentioned, the South East APPG's inquiry revealed the **detrimental impact of the Government's reliance on competitive funding pots** rather than long-term revenue-based funding.<sup>22</sup> This harms the ability of local leadership to level up their areas by:

- Allocating funding based on the quality of resource-intensive bids rather than need, which means councils who can afford to spend more resources (time, staff, and spend) on consultant bid-writers have an unfair advantage compared to those in different financial conditions.
- Disincentivising cooperation between councils on cross-border levelling up issues e.g., transport infrastructure, by forcing local authorities to compete against each other.
- Disproportionately allocating funding for one-off capital funding projects rather than long-term spending requirements based on local need that requires consistent revenue, e.g., adult skills provision.
- Making it more difficult for local authority leaderships plan for the long term – damaging the likelihood of effectively delivered medium and long-run levelling up projects – by relying on an unpredictable and seemingly ad hoc approach to creating and scrapping funding pots.

- 4.6.3 The **absence of fiscal reform** in the White Paper means that local authorities would continue to lack the flexibility to have a greater say on taxes in their areas, such as the ability to raise tourism taxes.

- 4.6.4 **Without the transfer of desired fiscal powers, we can expect local authority leadership and the quality of results delivered to communities will continue to be squeezed** as crises such as the invasion of Ukraine by Russia and the cost-of-living crisis continue.

---

<sup>21</sup> <https://www.secouncils.gov.uk/south-east-appg-publishes-inquiry-report-on-levelling-up> (p. 15)

<sup>22</sup> <https://www.secouncils.gov.uk/south-east-appg-publishes-inquiry-report-on-levelling-up>

## 5.0 Improving health outcomes

### 5.1 How effectively does the White Paper address the need to improve health outcomes, and outline solutions that give local areas the right tools to do the job?

5.1.1 SEC acknowledges the critical importance of improving health outcomes as part of levelling up. It is a step in the right direction that health was included in the Levelling Up White Paper as the seventh “mission”, or medium-term ambition, under the second policy objective: **“Health - By 2030, the gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest will have narrowed, and by 2035 HLE will rise by five years.”**

5.1.2 SEC welcomes the White Paper’s acknowledgement that **health disparities across the UK are “hyper local... not confirming to simple spatial stereotypes such as urban/rural, North/South or city/town.”**<sup>23</sup> SEC would like to emphasise the importance of building on this hyper-local lens in the delivery of levelling up on health.

5.1.3 Our report [Resetting the South East](#) revealed that the perception of the South East as a wealthy: “land of greener pastures... risks undermining the potential of the levelling up agenda as a means of bettering both people and place”.<sup>24</sup>

5.1.4 Despite the perception of the South East as a wealthy region, the South East faces unique challenges with pockets of deprivation commonplace across the region. These are particularly concentrated in coastal areas like Hastings, East Sussex, the 17<sup>th</sup> most deprived local authority district in England.<sup>25</sup> There is a real danger that deprived areas in the South East could be “left behind” from the levelling up agenda.

5.1.5 The Chief Medical Officer’s 2021 annual report led by Professor Chris Witty highlighted the “substantially higher burden of physical and mental health conditions in coastal communities”.<sup>26</sup> The report stated that this trend was echoed by all of its case studies, **“including Hastings, the most deprived [local authority] in the South East”**.<sup>27</sup>

5.1.6 During the South East APPG’s recent inquiry: local government, business, and healthcare organisations shared their experience of health inequalities and the South East. Evidence from business and healthcare organisations made it clear that the region is much in-need of levelling up on health inequalities as much as any other region. For example:

- **Enterprise M3 Local Enterprise Partnership** shared that: *“Some of the communities on the South coast, for example, are ‘left far behind’ with health*

---

<sup>23</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/105270/6/Levelling\\_Up\\_WP\\_HRES.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/105270/6/Levelling_Up_WP_HRES.pdf) (p. 27)

<sup>24</sup> [https://www.localis.org.uk/wp-content/uploads/2022/03/046\\_Resetting-the-South-East\\_PR2.pdf](https://www.localis.org.uk/wp-content/uploads/2022/03/046_Resetting-the-South-East_PR2.pdf) (p. 25)

<sup>25</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/835115/loD2019\\_Statistical\\_Release.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/835115/loD2019_Statistical_Release.pdf)

<sup>26</sup> <https://www.gov.uk/government/news/chief-medical-officer-annual-report-2021>

<sup>27</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1005217/cmo-annual\\_report-2021-health-in-coastal-communities-summary-and-recommendations-accessible.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1005217/cmo-annual_report-2021-health-in-coastal-communities-summary-and-recommendations-accessible.pdf)



*outcomes normally associated with least well-off areas of the North East and North West of England.*<sup>28</sup>

- **The Sussex Health and Care Partnership** raised the importance of health inequalities within regions as opposed to between them, informing the inquiry that: *“Patients in some coastal areas of Sussex, such as in Brighton and Hove, are 20% more likely to die from cancer than patients in areas such as Mid Sussex.”*<sup>29</sup>
- **Associated British Ports (ABP)** emphasised the impact of skills shortages in the South East on the healthcare workforce: *“We do not have enough technicians, engineers or health and social care professionals to meet the many vital challenges we face, from building our green maritime economy to meeting the health and care needs of our ageing population.”*<sup>30</sup>

5.2 Ultimately, working with and listening to local authorities across the South East to deliver the highest level of desired devolution, which **meaningfully decentralises power to be led from the bottom-up and includes meaningful fiscal reform without the need for a DEM**, is a crucial next step to give local authorities the right tools to do the job to level up in their respective areas.

## **FURTHER INFORMATION**

Harry Cavill

**Policy Manager, South East Councils**

*Secretariat to the All-Party Parliamentary Group for the South East.*

[harry.cavill@secouncils.gov.uk](mailto:harry.cavill@secouncils.gov.uk)

SEC Communications: [communications@secouncils.gov.uk](mailto:communications@secouncils.gov.uk)

---

<sup>28</sup> <https://www.secouncils.gov.uk/media/2022/01/Submission-Enterprise-M3.pdf>

<sup>29</sup> [https://www.secouncils.gov.uk/media/2022/07/2022-07-28\\_South-East-APPG-Inquiry-report-Circulation-copy.pdf](https://www.secouncils.gov.uk/media/2022/07/2022-07-28_South-East-APPG-Inquiry-report-Circulation-copy.pdf) (p. 10)

<sup>30</sup> [https://www.secouncils.gov.uk/media/2022/07/2022-07-28\\_South-East-APPG-Inquiry-report-Circulation-copy.pdf](https://www.secouncils.gov.uk/media/2022/07/2022-07-28_South-East-APPG-Inquiry-report-Circulation-copy.pdf) (p. 14)