

Submission from South East Councils

Public Accounts Committee Inquiry:

“Levelling up funding to local government”.

“Any council would welcome much needed funding to level up left behind areas in the South East.

However, the means by which levelling up funding is allocated to local government in England is counterproductive.

The South East of England is frequently seen as a wealthy land of green pastures lacking financial woes.

The reality is that councils here are under more pressure than ever to deliver high quality services in a region with a high average cost of living, eye watering house prices, and significant pockets of deprivation.

The whole system of “beauty contest bidding” in levelling up funding is bad for local government.

It contributes to a “begging bowl culture” where councils are required to spend too much time and money to meet the ever-changing demands of Ministers, rather than plan for the long-term to truly deliver for their communities.

We will say it once again; it’s time to recognise that the funding model for English Local Government is broken.

The answer is devolution of fiscal powers and responsibilities to councils to govern from the bottom-up, not more micromanagement from Whitehall.”

**Cllr Nick Adams-King,
Chair, South East Councils**

22nd December 2023

1.0 Introduction

- 1.1 [South East Councils \(SEC\)](#) is a cross-party, membership association that works to ensure that the South East is a great place to live, work and do business. SEC promotes the views and interests of all tiers of local government across the South East and is recognised as an affiliate of the Local Government Association (LGA). With the majority of the seventy local authorities across the region as members, we seek to provide a unified democratic voice on South East interests.
- 1.2 Our [“Towards a Greater South East” \(TAGSE\) agenda](#) has five priorities: (1) efficient Transport to keep our region moving; (2) Affordable, decent Housing to grow sustainably; (3); Collaboration for a Smarter and Greener future; (4) Adequate Skills provision to compete successfully; and (5) Practical Devolution to empower our region.
- 1.3 Twice a year, SEC publishes the [South East 1,000](#) a biannual regional monitor. SEC partners with polling agency Savanta ComRes to produce a unique monitor of public, business and civic cohorts. It is the largest regular survey of councillor, business, and public opinion in the region. The [latest edition](#) was published in late 2022.
- 1.4 SEC serves as the Secretariat for the [All-Party Parliamentary Group \(APPG\) for the South East](#), chaired by Sally-Ann Hart MP.

2.0 Response

2.1 The South East

- 2.1.1 SEC has consistently argued that local government finance needs major reform. Levelling up funding is an incredibly problematic element of the overall funding landscape.¹²³ We will say once again: It's time to recognise that the funding model for English Local Government is broken.
- 2.1.2 SEC has warned that the South East of England is at risk of unfairly losing out in the Levelling Up agenda and the recent rounds of levelling up funding did little to settle these concerns.
- 2.1.3 The Third Round of the Levelling Up Fund saw only 4 of 55 local authorities who received a share of the £1bn in funding based in the South East (Gosport, Gravesham, Isle Of Wight, Test Valley). In Round 2, the North East, a region populated by 2.6 million people, received 5.2% of the funding in this second round. The South East, populated by 9.3 million, and London, populated by 8.8 million, received 10.1% and 7.3% respectively. This means that the North East received over three times as much funding per head than the South East and London together.
- 2.1.4 The South East APPG also published a major report following an inquiry on the impact of levelling up funding on the region, which heard that funding pots have hindered the ability of councils to make strategic long-term decisions; it also demonstrated how the levelling up agenda has not fairly considered inequalities within regions, pockets of deprivation, and the higher-than-average cost of living in the South East.⁴ The “cookie cutter” metrics used to evaluate need from the top-down has resulted in allocations of funding that fail to reflect local need.

2.2 The Fundamentals

- 2.2.1 The whole system of “beauty contest bidding” is bad government. Levelling up funding further contributes to a “begging bowl culture” through a wasteful, inefficient, bureaucratic, over-centralised, unpredictable, short-termist, demoralising, time-consuming and frustrating way of allocating money to councils.

2.3 Inefficient: Time & Money Wasted

- 2.3.1 Too many of our members have seen tens of thousands of pounds and hundreds of staff hours wasted on competitive bids that have been rejected.

¹ <https://www.secouncils.gov.uk/south-east-councils-respond-to-levelling-up-fund-round-2>

² <https://www.secouncils.gov.uk/south-east-councils-submit-to-left-behind-neighborhoods-appg-inquiry-into-levelling-up>

³ <https://www.secouncils.gov.uk/south-east-is-being-wilfully-ignored-by-government>

⁴ <https://www.secouncils.gov.uk/south-east-appg-publishes-inquiry-report-on-levelling-up>

Millions must be spent across the UK on creating speculative project plans, with consultants and designers being the only winners. Very many of these will never get funded.

- 2.3.2 One member mentioned the overly bureaucratic paperwork and the need for consultants to help with the bids, the huge amount of officers and other partners' time was taken in drawing up the bids, only for them to be rejected – emphasising that this was not a good use of public money and demoralising for all involved.

2.4 **Counter-Productive Timescales**

- 2.4.1 Levelling up funding has been said amongst our members to be “Too little, too late, unpredictable and too demanding.” Our members have reported that the timetables set in applying for levelling up funding bids have been extremely tight.
- 2.4.2 Due to the arbitrary time-pressure asserted, given that they are also reliant on external partners to deliver on what are frequently multi-stakeholder projects, in cases our members have been swayed to submit “oven ready” schemes, which would not have been their first choice (in terms of what is best for communities) had more time been made available.
- 2.4.3 Other local projects, we have been told, would be entirely feasible and beneficial to a whole community, if they were not required to be linked to nonsensical timescales. Deadlines set by government bodies are often subject to major slippage, so the money is late being confirmed. Major projects cannot be delivered from concept to completion in the required e.g. two years, and sometimes even less.

2.5 **Uncertainty Harms Strategic Planning**

- 2.5.1 Having to continually bid for money then tailor the bid meet the Government's desired outcomes is no way to run a council; it leads to short termism and the wrong outcomes for the local area. Councils need to be able plan strategically and should be properly funded to make decisions for their local communities.
- 2.5.2 A member added that levelling up funding creates a sequential style of working, creating an “endless stream of hoops” and slowing down the delivery of projects and services. These appear to be driven by the hot political issue of the day.
- 2.5.3 Councils have lasted longer than Prime Minister's and their Cabinets in recent years. They would benefit from work in streams rather than sequences of issues that constantly change. A point of frustration is where councils receive criticism for their speed of delivery, despite the immensely difficult position they are put

in a result of excessive Whitehall micromanagement and insufficiently devolved powers combined with constantly skewing central government objectives.

2.6 **Over-Centralised & Far from Communities**

2.6.1 The general perception of many councillors we speak to is that the bids for levelling up funding are assessed by Civil Servants who have little idea of what is actually needed in a local area. Councillors are closest to their communities as well as being elected by them and know best.

2.6.2 Indeed, our South East 1,000 Regional Monitor polling backs this line of thought with Savanta ComRes has repeatedly showed a greater level of trust in local councils to make decisions for their local area rather than in central government. In the latest edition confidence in Councils (50%) is double that in central Government (25%).⁵

2.7 **The Need for Fiscal Devolution**

2.7.1 Transformational improvements in local government finance could improve the capability of local authorities to level up in the long term.

2.7.2 The Levelling Up Agenda has thus far focussed excessively on “easy wins” through prioritising Level 3 Mayoral Combined Authorities. There is little interest in the application of this “cookie cutter” approach that may work for the Greater Manchester Combined Authority but not in the South East. Directly Elected Mayors (DEMs) are not generally sought after in the South East of England.

2.7.3 Instead, a broader devolution of revenue raising powers and responsibilities where councils hold the primary expertise such as planning should be given greater weight – for a more effective and efficient route to bottom-up, multi-partner local growth and the strategic long-term delivery of projects and services for the good of local communities.

2.7.4 With Localis thinktank, SEC is establishing a **South East Finance Commission** to investigate how appropriate fiscal levers could help the region to self-fund investment to most effectively level up in the long term and provide valuable insights for the Government as it explores a myriad of devolution models.

⁵ <https://www.secouncils.gov.uk/media/2022/11/South-East-1000-Doc-Autum-2022.pdf> (p. 7)

FURTHER INFORMATION

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