

FEBRUARY 2024



South East Councils
Deliver Better Together

SOUTH EAST 1,000

REGIONAL MONITOR

Savanta:
ComRes

#SECSouthEast1000

SOUTH EAST COUNCILS COMMENTARY – THE CHAIR’S VIEW

South East Councils (SEC) publishes the latest *South East 1,000 Regional Monitor* at the start of a year that will see a General Election. While commentators will be busy speculating on potential electoral outcomes, those leading councils will be focused on the actual issues the parties debate.

SEC has consistently called for a thorough review, and meaningful reform, of local government finance - we repeat that call now as national party manifestos are finalised and parliamentary candidate campaigns planned.

National politicians of all hues should not forget the herculean contribution of local councils in local communities across every region of the UK during the unprecedented Covid Pandemic. Coordinating a local pandemic response, then managing local economic recovery, impacted substantially upon local authority resources.

Findings in this *South East 1,000* show that the public value and trust local councils with 52% of all respondents expressing confidence in local government making decisions for their local area compared to only 29% for central government.

The challenge to national political parties preparing to put out their General Election stall is to clearly indicate how they would support local authorities to plan and prepare for a future that can be more secure, and prosperous, for the residents and businesses within the communities we serve.

SEC's *Regional Monitor* with its unique polling cohorts approach, is a firm evidence base, that can be utilised to underpin efforts to make the South East region a great place to live, work and do business.



Cllr Nick Adams-King, Chair, South East Councils (SEC)

SOUTH EAST 1,000

South East Councils (SEC) publishes the *South East 1,000*: an indexing of local stakeholder views.

Areas of opinion research focus mainly on:

- Skills
- Transport
- Communities
- Infrastructure
- Decision-making

Questions on current pressing 'topical' issues are also probed during fieldwork.

Based on responses from around 1,000 adults, across three separate cohorts, the *South East 1,000* is one of the largest and authoritative regular surveys of local opinion in England.

METHODOLOGY

Savanta ComRes interviewed 1,035 people between 15th November 2023 and 9th January 2024. Three separate cohorts were probed:

- 521 Members of the Public (18+)
- 250 Business decision makers
- 264 Councillors

Public data was weighted to be representative of South East England adults by Age, Gender and County Business data was weighted to be representative of South East England by Industry & Sector type Councillor data was weighted by Council type, Council control, Party and Gender. Savanta ComRes is a member of the British Polling Council and abides by its rules. Full data tables available at www.comresglobal.com

GUEST COMMENTARY – THE THINK TANKER’S VIEW

This year guarantees us election fever and speculation aplenty. The one date we are sure of – May 2nd – sees local elections take in Mayoral Combined Authorities and London, most of the northern metropolitans, a swathe of unitaries and a third of district councils. Pundits will seek to extrapolate what these polls on supposedly vital local issues may portend for the General Election we can likely pencil in for autumn. Local democracy rarely comes into the coverage.

We can safely forecast change is coming in the next political cycle. Meanwhile, the parlous state of local public finances will dominate the news cycle – whether, as recently with the county council collective push for a sector bailout, the widescale failure to audit councils and enforce governance, or the blowback of a failed housing system in the form of temporary housing and homelessness provision putting councils on the brink of bankruptcy.

Another reason to be less than cheerful (part three) is the knock-on effect of health service backlogs on local economies and the public and private sector workforce. If this sounds too taxing, localists should be optimists on the basis that pessimists are ten a penny. We have a duty in any case to recognise the hidden and boundless potential in both people and places - of which the South East region will continue to abound in.



Jonathan Werran, CEO, LOCALIS Think Tank

SOUTH EAST 1,000

DEVOLUTION

SEC has been keen to track public, business and councillor opinion on Devolution. The core issue is at what level key audiences believe powers and competencies should be at. The Levelling Up and Regeneration Act created a devolved governance model; a Combined County Authority, where a convincing case for 'more powers' can be pitched by a combination of upper tier authorities. However, local Districts were not accorded a formal status to be founding participants. When asked if powers and competencies were to be devolved away from central Government at what level they would most like to see these powers transferred to, **the clear preference (44%) of all respondents was to town, city or borough level.** This is an increase of 5% on the same question in the previous monitor.

Given the strong push, and incentives, by ministers for County authorities to be a foundation, support for devolution at a county level has decreased in the South East. **Only 25% of all respondents chose the county option.** This is a notable decrease of 9% on the same question in the previous monitor.

	TOTAL	PUBLIC	BUSINESSES	COUNCILLORS
Town, City or Borough	44%	35%	38%	66%
County	25%	26%	28%	21%
The South East region	24%	31%	29%	6%

FUNDING & FINANCE

Since its inception in 2020, the *South East 1,000 Regional Monitor* has found increasing numbers of respondents holding the view that certain taxes, levies, or charges should not be set or managed at the national level but rather the local or regional level. Prior to the significant economic shock of the Covid-19 pandemic there had been many questions on the adequacy of local government financing. The slew of section 114 notices issued in the past few years is testament that councils are facing unprecedented pressures, indeed some are now in financial distress.

With several former ministers among over forty MPs signing an open letter to the Prime Minister demanding extra funding for local councils, the funding and financing of English Local Government may now become a key issue as the months pass towards the next General Election. For the record, SEC has advocated that Councils should be encouraged to actively explore innovation in revenue raising.

		Should be set and managed at LOCAL level	Should be set and managed at a REGIONAL level	Should be set and managed at NATIONAL level
Vehicle Excise Duty (Car tax)	TOTAL	13%	14%	61%
	Public	15%	14%	53%
	Businesses	15%	17%	58%
	Councillors	6%	11%	79%
Apprenticeship training Levy	TOTAL	24%	24%	32%
	Public	21%	22%	30%
	Businesses	23%	25%	35%
	Councillors	30%	27%	34%
Business Rates	TOTAL	43%	21%	25%
	Public	32%	20%	30%
	Businesses	35%	26%	29%
	Councillors	71%	17%	10%
Stamp Duty (House tax)	TOTAL	22%	20%	45%
	Public	20%	19%	43%
	Businesses	23%	21%	44%
	Councillors	25%	20%	50%
A local tourist tax (Hotel tax)	TOTAL	42%	23%	18%
	Public	33%	24%	19%
	Businesses	35%	23%	26%
	Councillors	66%	21%	8%

COUNCIL COSTS

Like their peers across England, local authorities in the South East have faced – and will continue to – a range of cost pressures including rising inflation, wage increases, and energy prices. Ultimately, that means it will cost councils more to provide and deliver key services while cognisant that, by law, they are required to balance their revenue and spending. Respondents were asked what potential ‘cuts’ scenarios they were most concerned about over the next 12 months.

	TOTAL	PUBLIC	BUSINESSES	COUNCILLORS
Councils raising council tax rates	49%	55%	61%	25%
Cuts to care services for older and disabled people	42%	41%	34%	50%
Cuts to support services for low-income households & homeless people	36%	36%	31%	43%
Cancelling/delays to key construction projects (e.g., schools maintenance, building new roads, filling potholes)	34%	31%	33%	41%
Cuts to care services for children	29%	24%	25%	44%
Reduction in waste and recycling collection services	29%	29%	38%	19%
Cuts to budgets of schools overseen by local authorities	28%	27%	27%	31%
Closure of public libraries	14%	14%	19%	11%
Closure of public leisure centres	13%	14%	11%	13%

SOCIAL CARE

All respondents were asked who should have primary responsibility for social care (including social work, social services, care homes and nursing homes). **The greater number of respondents overall (49%) indicated they wanted local councils to have primary responsibility for Social Care.**

	TOTAL	PUBLIC	BUSINESSES	COUNCILLORS
Local councils	49%	48%	47%	54%
Government	40%	40%	41%	38%
Private companies	4%	3%	7%	4%
Other	1%	1%	1%	3%

HOUSE BUILDING

Housing is widely seen to be a major issue for the region at the forthcoming General Election. SEC has probed views and attitudes towards building more houses. The latest Regional Monitor has found that:

- A majority of all respondents support building new homes in their area (57%) and in the South East (62%).
- It is clear that, overall, respondents do not favour housebuilding in rural areas (41%).

	TOTAL	AGREE 57%	DISAGREE 24%
Support building of new homes in my local area	Public	52%	23%
	Businesses	52%	31%
	Councillors	69%	18%
Support building of new homes in South East England	TOTAL	62%	21%
	Public	61%	21%
	Businesses	61%	23%
	Councillors	67%	19%
New homes should be built in rural areas of South East England	TOTAL	29%	41%
	Public	31%	35%
	Businesses	34%	38%
	Councillors	20%	55%
New homes should be built along coastal areas of South East England	TOTAL	32%	33%
	Public	34%	33%
	Businesses	35%	33%
	Councillors	28%	33%

SKILLS

Prime Minister Rishi Sunak revealed plans for post-16 students to typically study five subjects rather than three as part of the new 'Advanced British Standard' qualification in October 2023. The flagship policy aims to 'end the artificial divide between academic and technical education' by bringing them together into one qualification.

This edition of the *South East 1,000* has found that expanding the number of qualifications studied post-16 is unpopular. However, a majority favour allowing students to choose from both academic and technical subjects.

Local Employment Market

Respondents were asked to list their top three priorities for investment in their local employment market (multiple options were permitted).

For the sixth successive regional monitor, the 'training and development of employees' remained the top preference at 53% overall. This is up 4% from 49% in the last edition.

'Establishing better links between education providers and businesses' ranked second and is also up 4% to 44%.

Training and development of employees	53%	UP 4%
Establishing better links between education providers and businesses	44%	UP 4%
Incentives to businesses to take on more employees	42%	DOWN 1%
Increasing flexible and part-time learning provision	41%	DOWN 3%
Providing more childcare	40%	DOWN 2%
Careers advice and guidance	23%	DOWN 1%

Education

Respondents were asked whether they thought that the minimum number of subjects studied by students aged 16-19 should increase from three to five.

A larger number of respondents thought that the minimum number of subjects should continue to be three (49%), whilst a smaller number felt that the number should increase to five (38%) and 13% answered 'Don't know'.

Respondents were also asked whether they thought that students aged 16-19 should be able to study both academic and technical subjects as part of the same qualification.

- The majority (64%) thought that students should be able to study both as part of the same qualification.
- A quarter of total respondents (25%) felt that there should continue to be separate qualifications.

Skills Devolution

Respondents were asked whether the Apprenticeship training Levy should be set and managed within their local council area, at a regional level or at a national level.

Almost a third of respondents (32%) thought that the Apprenticeship training Levy should be set and managed at a national level (up 3% from our last edition).

Answers that it should be set and managed within a local area remained unchanged since our last edition, whilst those that it should be set at a regional level were down 6%, both scoring a level 24%.

Respondents were also probed on whether they would support or oppose central Government transferring more powers over 'Providing access to skills and training' to their local area.

- 74% answered that they support the transfer of more powers to their local area.
- Only 8% opposed the transfer of more powers to their locality on this policy area.

Interestingly, the highest proportion of respondents (40%) stated that their support for such a transfer of powers was 'strong' compared to 2% whose opposition was 'strong'.

COMMUNITIES

'Place-shaping' is a term widely used by policymakers, decision-takers and opinion leaders. Ultimately for SEC it is about community. Since its inception in 2020, the *South East 1,000 Regional Monitor* has sought to probe a sense of 'place', tease out views about community affinity, and importantly, gauge local identity.

What is local?

The strong sense of what is 'local' has continued to be very high with 73% of all respondents indicating 'local' means their village, town or city. (Right side column below compares with the previous monitor).

	TOTAL	73%	UP 4%
My Village or Town or City	Public	67%	Up 4%
	Businesses	61%	Down 1%
	Councillors	83%	Up 2%
My immediate neighbourhood	TOTAL	14%	SAME
	Public	16%	Up 2%
	Businesses	14%	Up 1%
My County	TOTAL	8%	DOWN 1%
	Public	9%	Same
	Businesses	16%	Up 3%
My Region	TOTAL	2%	SAME
	Public	1%	Down 2%
	Businesses	5%	Down 2%
	Councillors	1%	Same

Local affinity and identity

While nearly two thirds (63%) of all respondents *feel a strong connection* to their local area, a high level (45%) continue to *feel they do not have a say* over important decisions that affect their area.

Since the previous monitor, there has been an overall 4% increase, to 55%, of all respondents saying they think things need to change in their area. This is most notable in the Public cohort.

	TOTAL	AGREE 63%	DISAGREE 17%
I feel a strong connection to my local area	Public	51%	21%
	Businesses	56%	22%
	Councillors	92%	6%
I get on well with my neighbours	TOTAL	74%	9%
	Public	69%	10%
	Businesses	71%	12%
I feel like I belong where I live	TOTAL	69%	13%
	Public	64%	12%
	Businesses	61%	21%
I feel I have a say over important decisions that affect my area	TOTAL	33%	45%
	Public	23%	49%
	Businesses	26%	55%
I think things need to change in my area	TOTAL	55%	19%
	Public	51%	17%
	Businesses	57%	21%
	Councillors	61%	22%

LOCAL PRIORITIES

Respondents were asked to list what they saw as the top priorities for their local area from a list of ten options. **Supporting the local economy** at 50% was the overall clear preference, though this was down 2% on the previous monitor. **Affordable Housing** (43%) has been a top two choice for all respondents since the inception of the monitor in 2020.

Other options that attracted sizeable preference were **Improving local infrastructure (39%)** and **Supporting the High Street (33%)** while for a third of all respondents **Protecting green spaces (32%)** was a high priority.

DECISION MAKING

When probed on their confidence in three specific bodies making decisions for their local area over half of all respondents (52%) indicated their local council (up from 50% in the previous monitor). Confidence remains, overall, very high in local businesses with three quarters (74%) of all respondents indicating trust in local businesses to make the right decisions. *Respondents could express more than one choice.*

Less than one third overall (29%) of all respondents felt confidence in central Government making the right decisions for their area.

CONFIDENCE IN BODIES TO MAKE THE RIGHT DECISIONS FOR MY LOCAL AREA	
UK Government	29%
Local council	52%
Local businesses	74%

LOCAL CONTROL

From a suite of options, respondents were asked if they would support or oppose their local area gaining more power on specific policy areas. There was clear and strong support, overall, for more local power over the policy areas of Transport (77%), Skills (75%) and Housing (74%).

Notably, overall, **a majority (52%) of respondents probed, believed their local area should have more power over Tax and Spending.**

		SUPPORT	OPPOSE
Transport (bus services and local trains)	TOTAL	78%	8%
	Public	74%	8%
	Businesses	71%	11%
	Councillors	90%	6%
Providing Affordable Housing	TOTAL	74%	9%
	Public	67%	10%
	Businesses	68%	12%
	Councillors	92%	4%
Providing access to Skills and Training	TOTAL	74%	8%
	Public	68%	8%
	Businesses	70%	10%
	Councillors	87%	5%
Tax and spending	TOTAL	54%	22%
	Public	46%	24%
	Businesses	51%	23%
	Councillors	72%	17%

CLIMATE CHANGE, ADAPTATION & RESPONSIBILITY

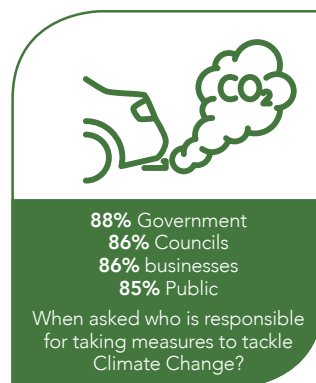
The *South East 1,000 monitor* has continually probed respondents' awareness about local Climate Adaptation – activity on preparing and planning to address the impacts of Climate Change – since its inception.

Who is responsible?

Allowing multiple choices, broadly similar numbers of all respondents thought government (88%), councils (86%), Businesses (86%) and the Public (85%) should be responsible for taking measures to tackle climate change.

Respondents were probed on what they are doing, or may be planning to do, on a personal level, to help tackle Climate Change impacts based on several named options. (Multiple choices permitted).

- **84% said they were actively recycling more.**
- **Over two thirds (68%) said they were using energy-efficient appliances and lighting at home.**
- **Only 14% said they actively planned to buy or drive an electric vehicle.**



What can help to do more?

South East Councils is interested in learning what more could help local communities address the impacts of Climate Change. Respondents were presented with several named options with multiple choices permitted.

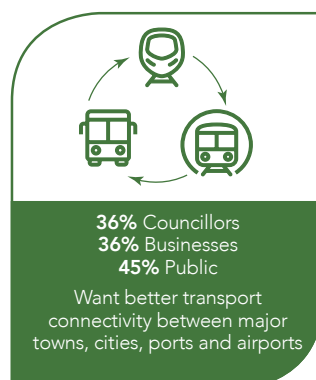
	TOTAL	PUBLIC	BUSINESSES	COUNCILLORS
Increased public transport options	41%	32%	37%	61%
More energy efficient homes being built	39%	32%	36%	55%
Financial assistance for insulating homes	35%	32%	28%	46%
More recycling facilities	33%	40%	39%	13%
Building alternative waste disposal facilities that produce fewer emissions than landfill and turn waste into usable energy	30%	31%	31%	29%
Installation of better-draining pavements to deal with floods and stormwater	27%	28%	25%	27%
More charging points for electric vehicles	20%	17%	21%	23%
Improved water storage and use	20%	21%	20%	20%
Development of a plan for heat waves and higher temperatures	12%	12%	17%	7%
Increased/improved coastal flood prevention schemes	10%	10%	9%	11%
Other	1%	1%	0%	2%
Don't know	3%	4%	1%	0%
None of these	3%	4%	4%	0%

TRANSPORT RELATED CARBON EMISSIONS

Respondents were invited to offer preferences for priorities with regards a range of transport related options. *'Reducing transport related carbon emissions to net zero by 2050'* remains the highest ranked local priority for respondents overall at 43%.

However, in this polling round it was joint first with *"A transport network that protects and enhances our natural, built and historic environments"* also on 43%.

Interestingly, *'Responding to the transport impacts of the COVID-19 pandemic'* is ranked lowest at 13%, suggesting that minds are moving on from the pandemic.

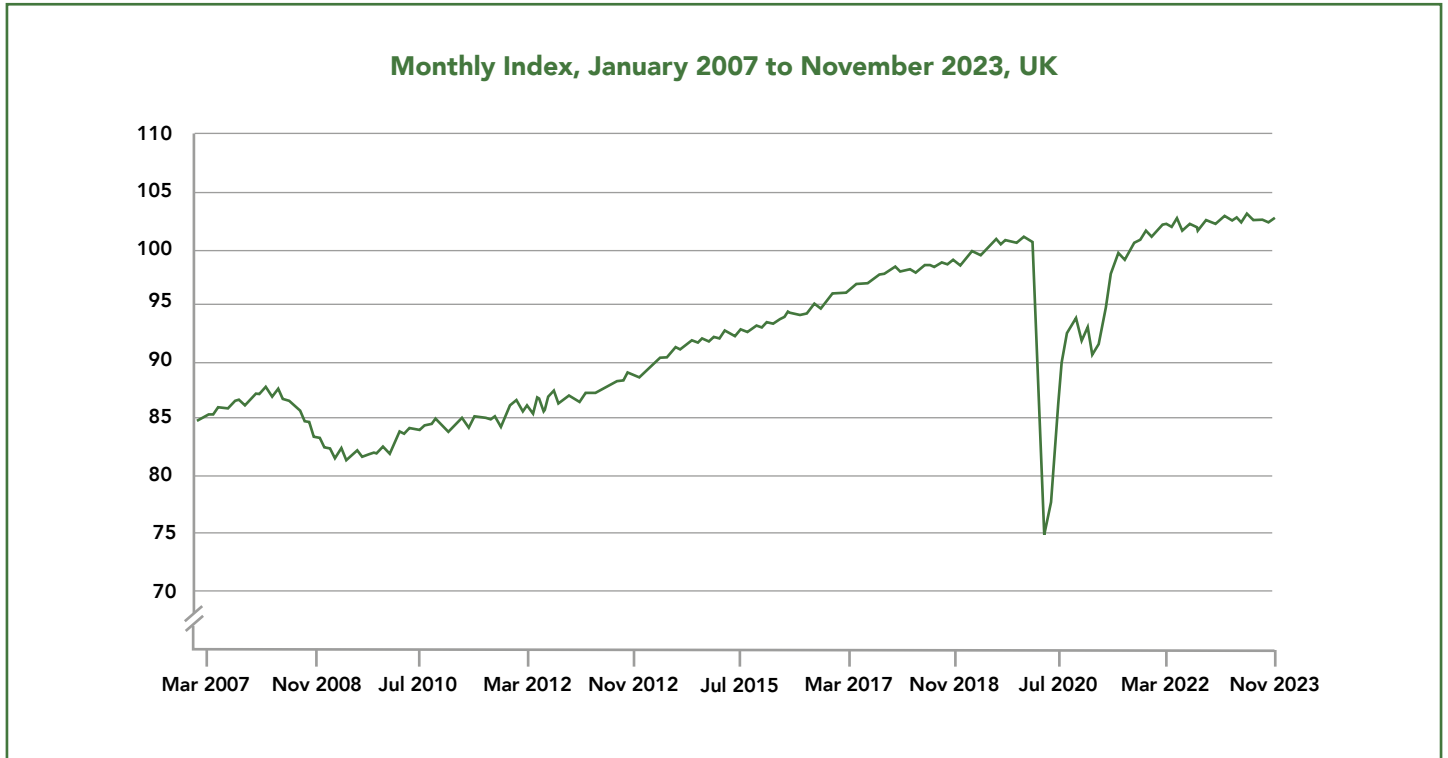




The Economist's View- Vicky Pryce- February 2024

A very eventful past half year in economics and geopolitics has determined recent trends. The continuing war in Ukraine and the Israel/Gaza conflict alongside Red Sea hostilities disrupting trade, have all added to uncertainty. The World Bank just issued its latest 2024 forecasts downgrading prospects and suggesting growth of just 2.7% for the year.

The environment for the UK to grow is inevitably constrained by these international developments. After a drop of 0.1% in Q£, UK GDP fell in October 2023, but recovered the lost ground in November. What can be said for the UK is that, at best, overall the economy is flatlining.



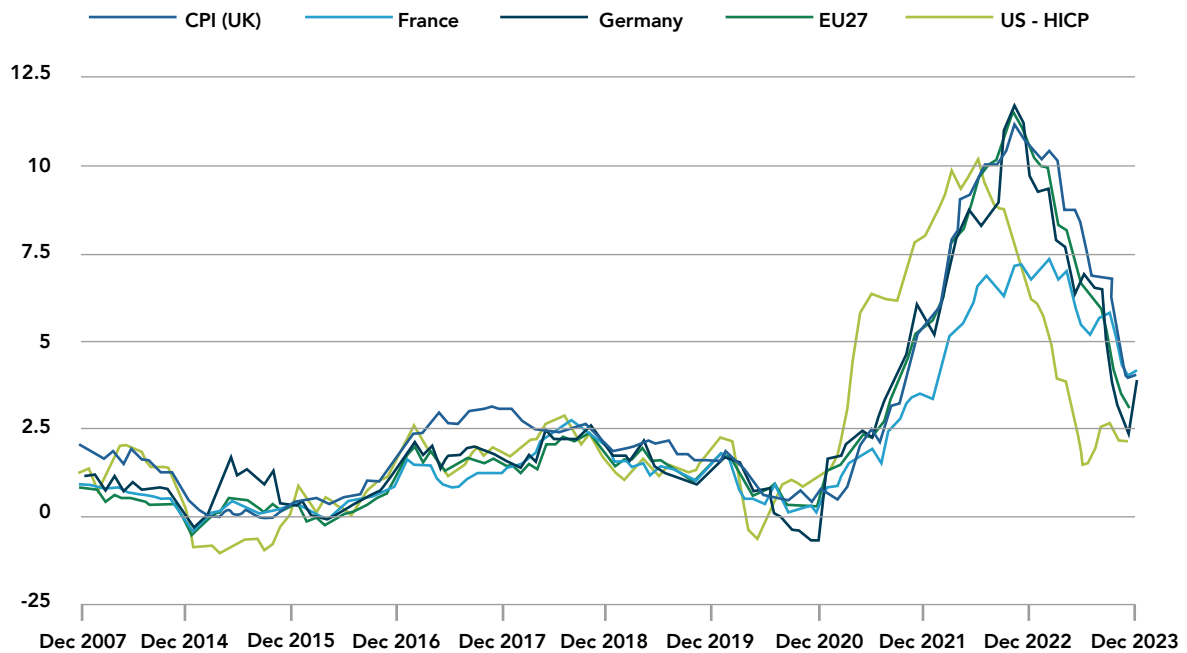
On the other hand there has been a very welcome lowering of inflation worldwide as energy prices fell from their 2022 peaks and international food prices also declined. Not all this has been reflected in shop prices yet but at least grocery prices now appear to be falling at the fastest rate on record in the UK.

There has been concern of profiteering by firms by keeping prices higher than justified by cost increases as they try to restore profit margins hit during the covid years and the energy crisis that followed. Notwithstanding these concerns, inflation has still dropped substantially here in recent months, as it has also done elsewhere, though the UK drop has been slower.

There are a number of reasons for that. The UK stepped in late with subsidies while the rest of the developed world moved in faster and more aggressively to shield consumers from rapidly rising energy and food prices. Inflationary expectations and therefore wage demands – followed by strikes - picked up therefore rather more strongly in the UK and have been longer lasting than what we have seen elsewhere.

Despite that, the UK inflation rate has now come down sharply and is hovering around 4%, way below its peak of last autumn and moving closer to the Bank of England 2% target as this chart by the Office for National Statistics illustrates.

CPI compared with selected G7 and EU annual inflation rates, December 2013 to December 2023



Occasional upward blips will happen. We saw that in December with the raising of tobacco duty and are likely to see it again. But the overall trend, barring any accentuation in international warfare, is downward. Energy prices remain way below where they were a year ago, despite some recent strengthening. In fact China, which is struggling to go back to the types of growth it used to see is now trying to stimulate its economy and a struggling property sector and is at present exporting deflation to the rest of the world.

The Eurozone is seeing prices rising across the 20 member states by less than 3% and some of its member states have also seen the odd month in deflation. Even some of the countries most affected by the energy crisis, such as the Baltic states, have seen prices fall from inflation come down from over 20% a year ago to under 1% now.

What this is suggesting is that the (in effect more than) halving of inflation that the UK government had as one of its 5 main objectives has happened as a result of international price dynamics that are outside the national financial authorities' control rather than as a result of any decisive action taken by central banks. The 14 consecutive rate increases by the Monetary Policy Committee starting with its December 2021 meeting has at least been paused. We have seen similar pauses in the US and by the European Central Bank. But the damage for both short and longer term growth may already have been done.

We have seen a serious impact on household finances through higher mortgage rates which had so far supported spending through using savings accumulated during the pandemic and on businesses through higher borrowing costs. Insolvencies are rising at the fastest rate since the financial crisis and consumers, who had so far supported spending through using savings accumulated during the pandemic are now showing themselves less willing to splash out - except it seems on foreign travel. Overall retail prospects for the months to come look increasingly uncertain after a sharp year-on-year drop in volumes in December.

The Fiscal Stance and impact on regions and councils

On the other hand the 2% cut in the NIC rate announced in the Chancellor's autumn statement and effective from January 2024 should help though it is only offsetting the stealth tax increases through the freezing of personal allowances. And the expectation now, in a General Election year is that there will be more tax cuts in the March 2024 budget, assuming the OBR gives a bit more finds a bit more headroom for the Chancellor while keeping true to his fiscal rules.

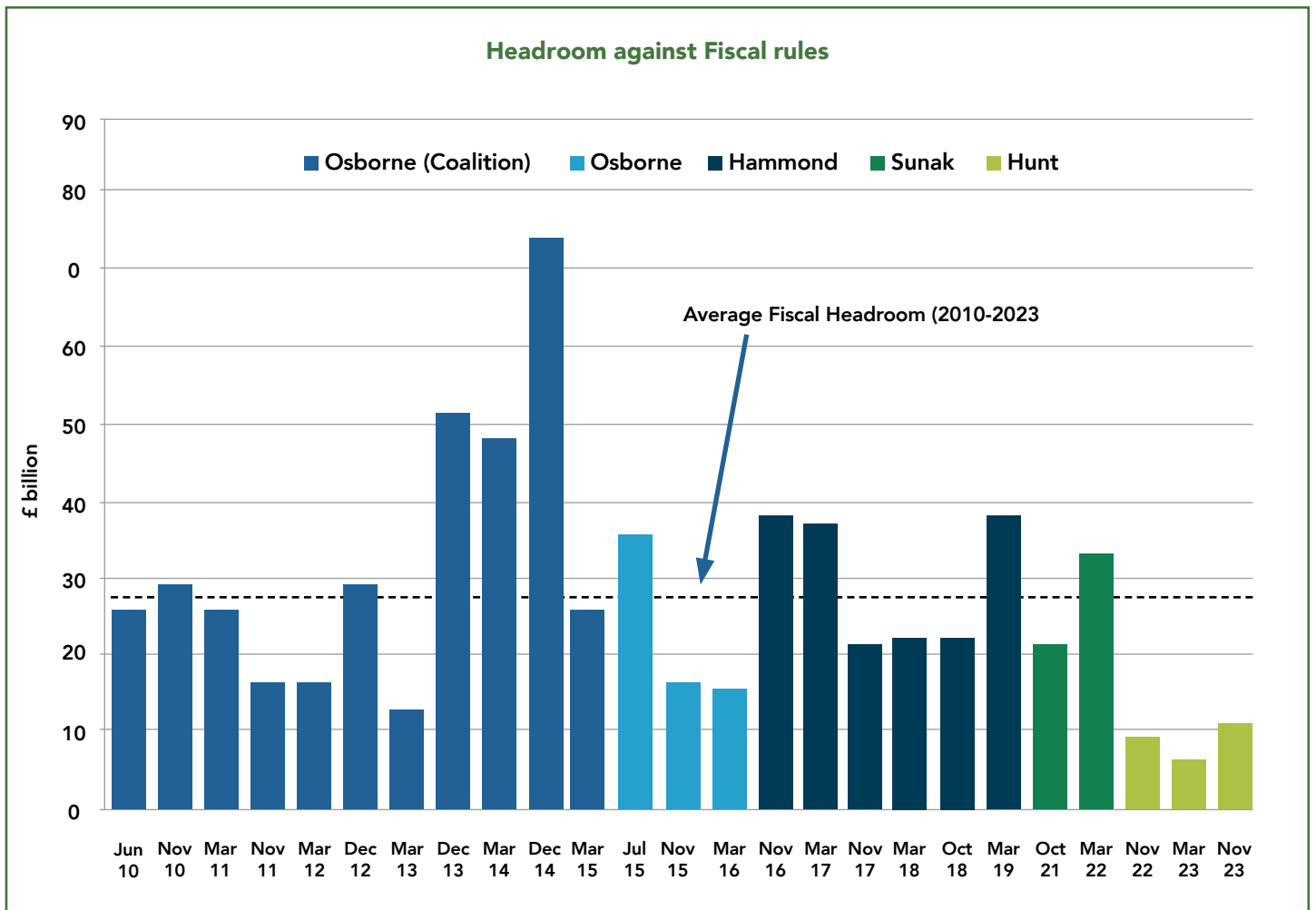
Indeed with inflation falling, unemployment staying low, mortgage rates beginning to fall, and real wages finally improving, boosted from April by a further nearly 10% rise in the minimum wage, consumer confidence seems to be also recovering somewhat, even though from a low base. Businesses which are also feeling more optimistic in general as inflation has come down may indeed take advantage of the Chancellor's decisions to make full expensing permanent and start investing again.

Despite general gloom around there is a chance in fact that 2024 may turn out slightly better than last year.

The real issue of course is how any tax giveaway budget will be financed and what it might all mean for towns, cities and regions in the wider economy. So far the regional inequalities, according to a September report by the Institute for Government, are as wide as they ever were. The IFG also highlighted that none of the Labour party missions to be pursued if they form the next Government are specifically mentioning 'regions' but they do talk about getting growth in all parts of the country.

The Autumn Statement fiscal assumptions which allowed for the headroom to appear are in fact predicted on real cuts in both current and capital spending over the forecast period after allowing for inflation, except, as they are assuming, on the NHS, education and policing. That implies substantial hits for most other departments, which is of course unsustainable given mounting pressures everywhere. And this has effectively been acknowledged by the handing of extra £600m for next financial year to English council, many of which are very publicly struggling at present, mainly to plug shortfalls in social care.

The OBR is currently apparently reworking the headroom for the Chancellor who hinted in fact that there may be another second budget layer in the year before any election. The OBR's estimate of the size of available headroom while still keeping to the fiscal rule of reducing the debt to GDP ratio by the end of the forecast period was very small, both in absolute terms and by comparison to previous periods. In any case the headroom availability and was only made possible by including a new Year five into the calculation; assuming public spending cuts in real terms; factoring in the possibility of lower interest rates; and a drop in inflation which are all lowering the borrowing costs.



The expectation is that on that basis this may allow the Chancellor some more room to manoeuvre- and that room may be bolstered by a faster than anticipated growth trajectory. and some more room may indeed be found. The start of 2024 has brought some relief with a further rise in services activity according to the latest S&P Purchasing Managers' Index.

This is good for the London and the South East which are more dependent on services overall but bad if leaves areas more dependent on manufacturing and exports in greater difficulty. Indeed the manufacturing PMI index continued its year-long decline in January.

The January IMF forecast for the UK was for growth of 0.5%, followed by 0.6% in 2024. However, forecasting growth in an election year is always problematic and there is the concern that giving away too much now may well mean austerity returning after whoever is in power next year. That could have implications for council financing arrangements, house building obligations and social and other service provisions ahead.

DELIVER BETTER TOGETHER

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