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Sir John Peace
Independent Commission on Economic Growth
and the Future of Public Services in Non-Metropolitan England
c/o Local Government Association
Local Government House
Smith Square
London SW1P 3HZ
Submitted by email to nonmet_commission@local.gov.uk

26 June 2014

Dear Sir John

Response to Independent Commission on Non-Metropolitan England

We write on behalf of South East England Councils (SEEC) and South East Strategic Leaders (SESL). Together we promote the views and interests of all tiers of local government across the South East, representing over 8.8 million residents.

We are pleased to contribute to your important Commission and the opportunity to rebalance the national policy debate which continues to focus too much on large cities at the cost of making the most of areas like the South East which contribute far more to the economy.

Our response, attached, recommends powers, freedoms and investment needed by councils in non-city areas like the South East to realise their economic potential for the benefit of the UK as a whole. These will unlock the human resource and world-class infrastructure that our globally-competitive businesses need to thrive. A balanced approach that ensures increased investment in success alongside regenerating economies will provide even greater returns to reinvest in less successful areas across the country. Our recommendations also emphasise the importance of ensuring that national funding formula for local public services reflect both the scale of population and higher-costs of delivery in the South East. Individual councils and LEAs may respond with local perspectives, reflecting the variation and diversity within the South East.

We would be pleased to discuss any of these issues further with you.

Yours sincerely

Cllr Gordon Keymer CBE
Chairman
South East England Councils

Cllr David Burbage MBE
Chairman
South East Strategic Leaders

LGA independent commission on economic growth and the future of public service in non-metropolitan England

Submission from South East England Councils and South East Strategic Leaders – June 2014

A. What is the economy of the South East actually like?

Summary

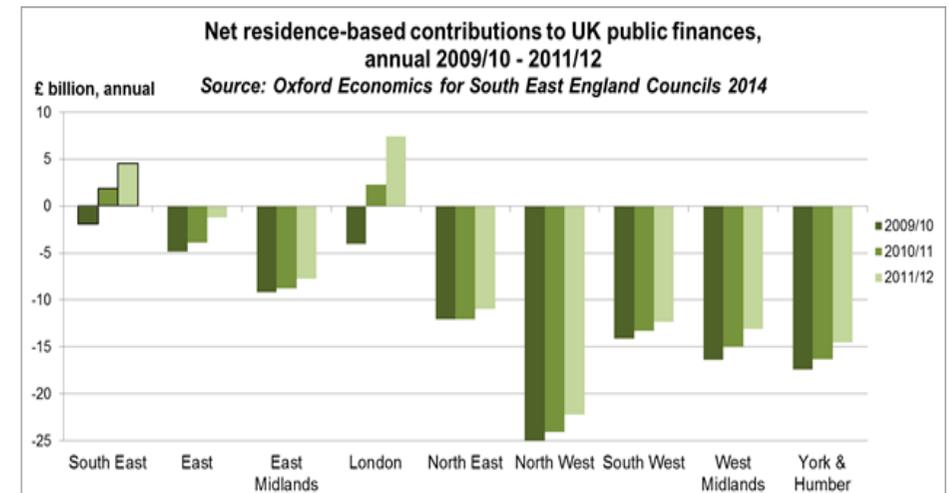
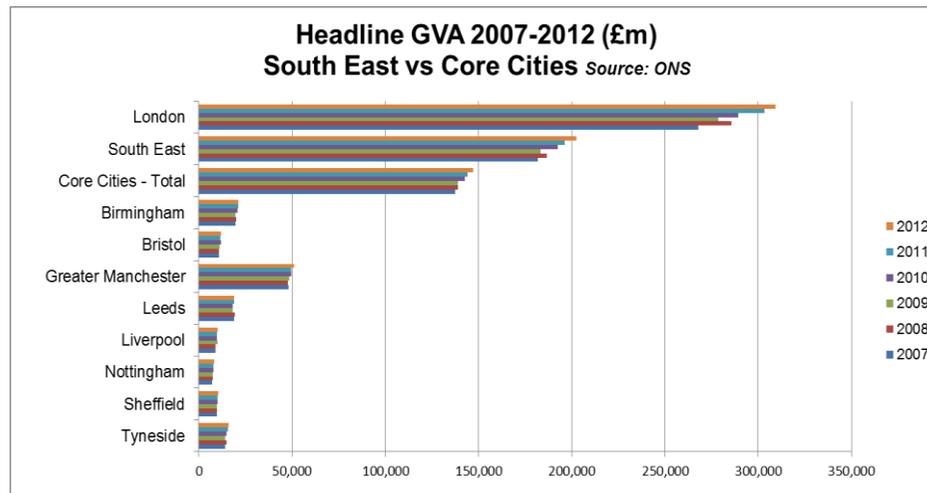
- 1.1 We welcome this Commission and the opportunity to rebalance the national policy debate which continues to focus too much on large cities at the cost of making the most of areas like the South East which contribute far more to the economy. This response focuses on strategic issues; individual councils and LEPs may respond with local perspectives, reflecting the variation and diversity within the South East.
- 1.2 **Councils in non-city areas like the South East should be given the powers, freedoms and investment needed to realise their economic potential for the benefit of the UK as a whole, unlocking the human resource and world-class infrastructure that our globally-competitive businesses need to thrive. A balanced approach that ensures increased investment in success alongside regenerating economies will provide even greater returns to reinvest in less successful areas across the country.** Focused on 10 key issues, our response sets out recommendations for Government or other partners which underpin this primary ask. Without action the key risk is not that businesses will move out of the South East to elsewhere in this country but that they will move out of the UK altogether, stifling the potential of the national economy.
- 1.3 The South East of England has no large metropolitan 'core' cities but is made up of towns, villages, rural and coastal areas and a range of smaller cities, including four of the 'key cities' group. Although there is significant economic variation across the South East, taken as a whole our economic success, productivity and businesses underpin the prosperity of UK plc and provide net returns to Government to reinvest across the country. We are also a key global transport gateway/hub for London and the rest of the UK.
- 1.4 The South East is a global player (effectively in the top 31 national economies globally) but faces stiff competition. The area's high capacity for knowledge-driven innovation means that the South East has huge economic potential. The South East and London were the only areas to deliver net contributions to the treasury in 2011-12 at £4.5bn and £7.4bn respectively; however, this is still lower than the South East's pre-recessionary levels of £13.1bn in 2007-08. We aspire to improve above and beyond these levels but changes are needed nationally to enable and support our local commitment to achieve this.
- 1.5 Although successful, the South East faces significant socio-economic challenges, including: our large elderly and ageing populations, large numbers of people living in deprived areas, high costs associated with rural dispersed populations, the impact of London on wages and property and a high reliance on the public sector for jobs in some areas. The scale of these challenges is often hidden by percentages comparisons rather than looking at absolute numbers of people. **Our recommendations to the Commission therefore also emphasise the importance of ensuring that national funding formula for local public services reflect both the scale of population and higher-costs of delivery in the South East.**
- 1.6 Section A of this response sets out what the economy of the South East is like. Following that, and to avoid repetition of key issues, we have tabulated our response to the Commission's call for information on the area's strategic economic strengths/opportunities, barriers and what more needs to be done to address them in Section B. We would be happy to discuss these issues and recommendations further with the Commission.

i) The South East's economic performance - productivity, growth and key sectors/clusters

1.7 The South East makes great financial returns to the national exchequer, but has even more economic potential and productivity to be tapped with the right powers and investment. Investing more in the South East's success will reap great returns to reinvest across the country.

1.8 The South East offers great economic returns, growth and productivity, but has more to offer:

- **High economic output (GVA) and productivity** - At £202bn (2012), the South East's total GVA is larger than all the eight core cities combined, and with 3.3% growth it grew more quickly than any other part of the country in 2011-12. However, it is still well behind London at over £300bn. At £23,000 per person (2012), the South East's workforce productivity is the second highest in England, but still behind London at £37,000.
- **Big net return to Treasury** - The South East paid £80bn more in taxes than it received in public spending over the last 10 years (2002/03-11/12), generating over £5bn more in profit to the Treasury than London (£74.8bn) and over three times more than the only other net contributor, the East (£24.8bn). All other areas were in deficit, taking more from the Treasury than they give. However, the South East's current contribution is well below pre-recession levels (£13.1bn in 2007-08 vs £4.5bn in 2011-12) and we are recovering from the recession more slowly than the capital. With the right investment and local powers we believe we have the potential to return to and improve on pre-recessionary levels.

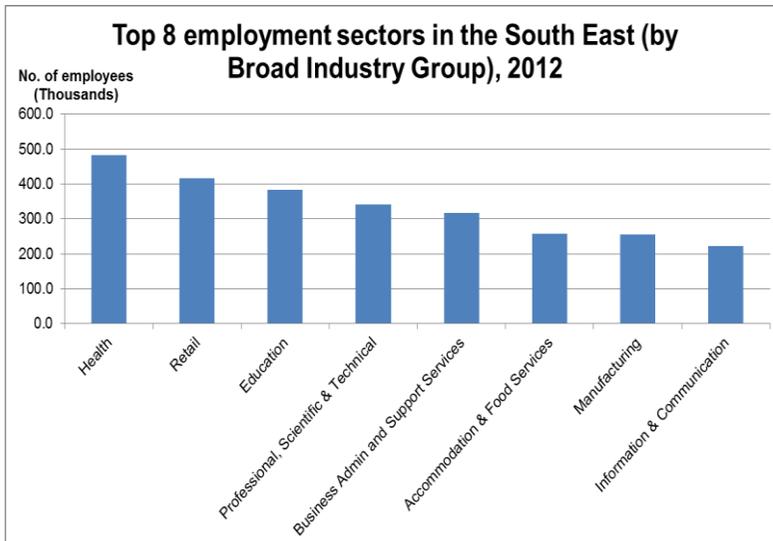


1.9 The South East is home to world class businesses, sectors and clusters, plus a large number of small/medium entrepreneurial enterprises, all of which must be nurtured to underpin local and national success:

- **Key sectors/clusters** - Although there is considerable local variation across the South East, as set out below we have a strong representation of key sectors that will underpin future economic growth and provide high-value jobs. These sectors, along with strong universities and research facilities, position the South East - and the UK as a whole - as a key global force.
- **The 2nd largest number of businesses** - The South East has England's second highest number of businesses, some 340,000 in 2013, second only to London (372,000). However growth in business numbers has been slower than London over the last two years, at only 3.6% compared to 11.4% in

the capital. Whilst home to many large, world-class, global, multinational companies, over 98% of our businesses employ less than 49 people and nearly 90% are micro-businesses employing less than nine people, both higher than national averages and reflecting our entrepreneurial workforce.

- **The 2nd largest number of jobs in England** - The South East is the second biggest labour market in England, with some 4.4m jobs in 2011 (London highest with 5m). Some 84% of employment is in the private sector, the largest proportion in England, although there are significant local variations with some areas, particularly near the coast, with higher proportions of public sector jobs. However, despite job growth in the last two years, population growth means that job density (i.e. the number of jobs per person) has not increased, remaining at 0.8 jobs per resident, only just higher than the national average and lower than London and the South West.



Across these sectors, the South East hosts a significant number of global companies including:

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|---------------------------|-------------------|
| <i>BP</i> | <i>ExxonMobil</i> |
| <i>McLaren</i> | <i>BAE</i> |
| <i>BMW</i> | <i>Toyota</i> |
| <i>Pfizer</i> | <i>Novartis</i> |
| <i>Canon</i> | <i>SABMiller</i> |
| <i>Procter and Gamble</i> | |
| <i>Centrica</i> | <i>Ericsson</i> |
| <i>Electronic Arts</i> | |

LEPs across the South East have recently highlighted key globally-competitive sectors that are important to economic growth, including:

| | |
|--|------------------------------------|
| <i>Life sciences</i> | <i>Physics related specialists</i> |
| <i>Engineering and electronics</i> | <i>Motorsports</i> |
| <i>Telecommunications and computer</i> | <i>Hardware and software</i> |
| <i>Marine</i> | <i>Aerospace and defence</i> |
| <i>Advanced manufacturing transport</i> | <i>Logistics</i> |
| <i>Low carbon and environmental technologies</i> | |
| <i>Tourism</i> | <i>ICT and digital media</i> |
| <i>Pharmaceuticals</i> | |
| <i>Professional, financial and business services</i> | |
| <i>High performance / advanced technology</i> | |

- **Key clusters** - The South East's economy is extremely diverse and boasts many world class assets, including strong universities and research centres. Examples of key clusters highlighted in LEPs' recent Strategic Economic Plans include:
 - The Solent is home to a world class maritime and marine research base. Southampton Port is not only the busiest cruise port but also the largest vehicle handling port in the country, generating £1.2bn output per annum, and with significant expansion plans.
 - Oxfordshire is in the top five Technology Innovation Ecosystems in the world, with 1,500 high-tech firms employing around 43,000 people. An epicentre of technology clusters with several leading research facilities, the county is set to be a global leader in Big Science (large-scale facilities, supported by funding from government or international agencies).
 - Milton Keynes is at the cutting edge of exploiting technologies in advanced materials and energy to help businesses increase productivity.
 - Across Swindon and Wiltshire, transition to a low carbon economy is expected to drive change, creating new opportunities in a variety of sectors including energy generation, manufacturing and sustainable construction.

ii) Infrastructure to underpin the South East's globally competitive economy & businesses

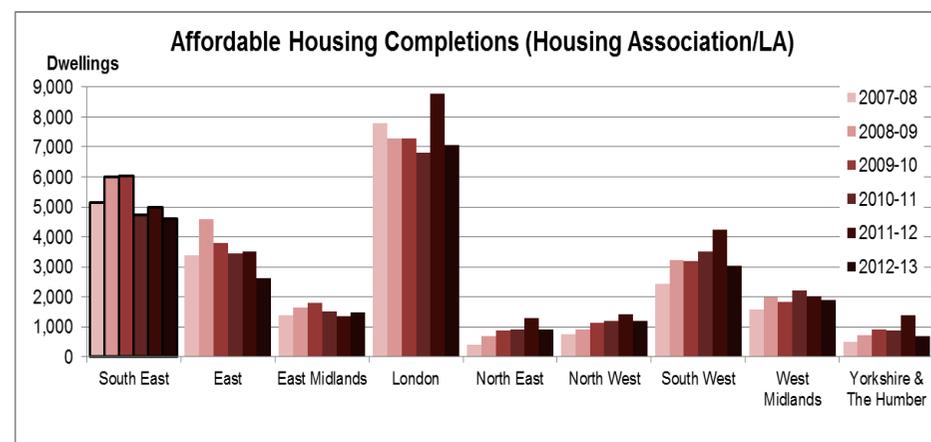
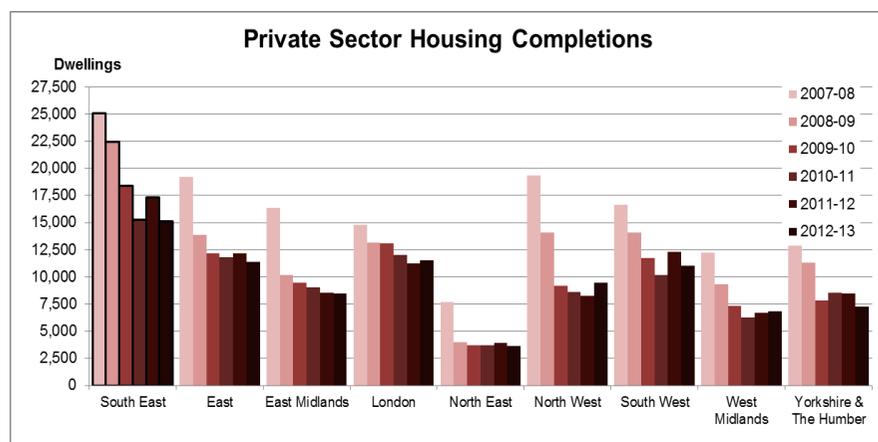
1.10 *We cannot describe the economy of the South East without also considering transport infrastructure given our international gateway role and the dependence of businesses UK-wide on effective infrastructure in the South East.*

1.11 **Transport investment in the South East will maintain global and national transport gateways, as well as supporting global economic competitiveness:**

- **The South East is a national economic gateway** – A major factor in the South East's economic success is our role as the UK's main gateway to the rest of the world. UK businesses rely heavily on routes through the South East to help them access overseas markets and supply chains, for example:
 - Gatwick is the UK's second biggest airport (34m passengers in 2012).
 - The Channel Tunnel (19m tonnes of rail and lorry freight in 2013; 1.4m trucks and 2.5m cars in 2013 plus 10.1m high speed rail passengers).
 - Key ports including Southampton, Portsmouth, Folkestone and Dover.
 - In addition, the UK's largest airport Heathrow (70m passengers in 2012) sits on the London/ South East border and relies extensively on transport links from and through the South East.
- **Strategic corridors in the South East support trade and commuting travel for businesses UK-wide:**
 - From the South East a total of 421,272 commuters travel daily into London.
 - At the same time, 153,140 commuters travel out of London to work in the South East.
 - Some of the UK's busiest motorways, including the M25, M4, M3 and M40, run through the South East. Motorways in the South East carry 25% of all motorway traffic in England, equating to some 22.4 billion vehicle kilometres.
- Although existing road and rail assets ensure the South East has the basis of an effective transport network, growing demand has put much of this **ageing infrastructure under significant pressure**. Many parts of the network are operating at or beyond capacity – for example the South East has the highest levels of road congestion (we support Government's aim to raise the UK's road quality ranking from 24th in the world) and the most overcrowded trains in the UK. The lack of local resources, national funding and devolved financial powers to tackle these challenges risks businesses moving overseas to get the globally-competitive transport links they need.

1.12 The South East builds the most homes, helping house workers for the economy, but affordability and slow delivery of locally-agreed development need to be tackled:

- **The South East consistently builds more homes than any other part of England** - A total of 19,700 private sector and affordable homes were built in the South East in 2012-13, some 1,100 more than the next highest, London. However, this is a significant fall from the South East's peak of over 30,000 homes in 2007-08 and there are concerns that locally approved plans are not being delivered quickly enough by developers.
- **Housing affordability is a key challenge in the South East** - With average house prices in the South East around 11 times average earnings, the drop of over 1,300 affordable home completions p.a. since 2009-10 is of particular concern.



1.13 Other critical infrastructure must keep up with the needs of our globally-competitive economy:

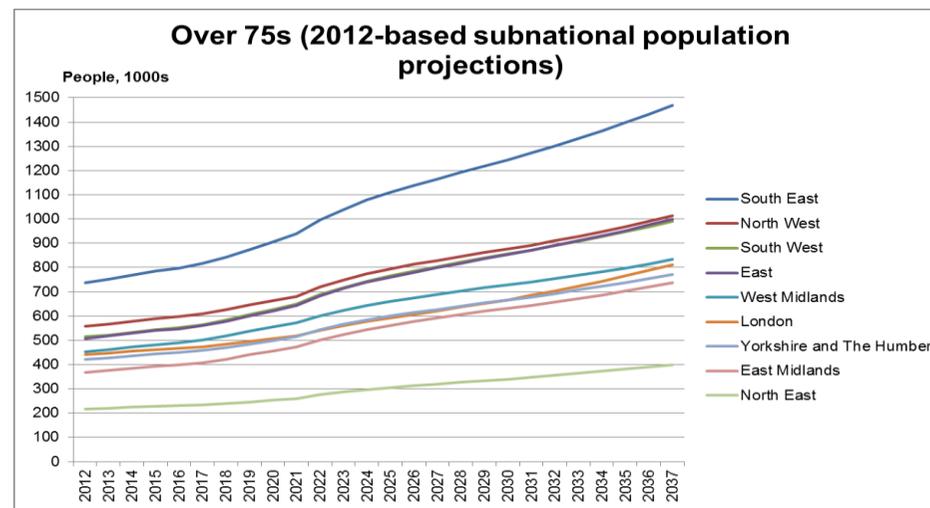
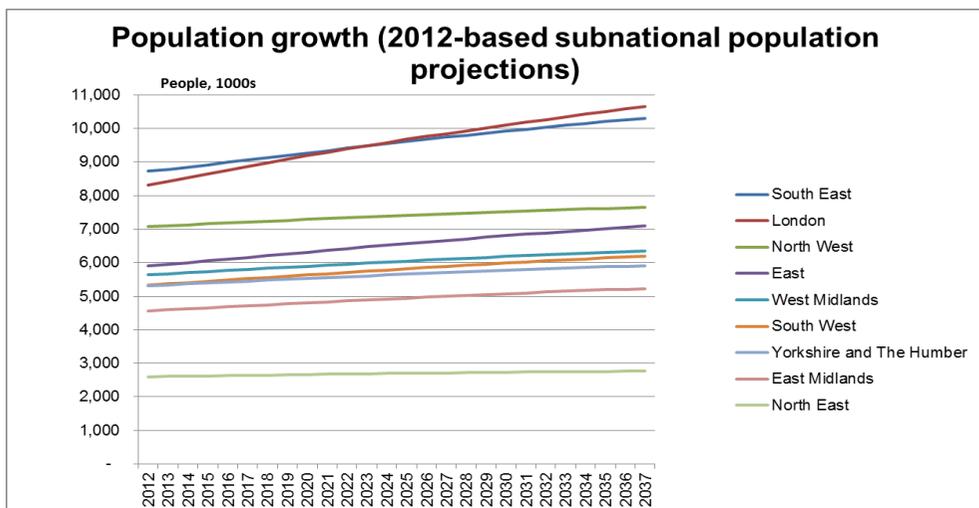
- **The economic and human costs of flooding have been substantial, damaging our own economy, hindering national growth and global competitiveness and badly affecting our 8.8m residents.** Examples of negative impacts of recent flooding on businesses are highlighted below:
 - The cost of flooding on Surrey's local economy has been significant, with current estimates in excess of £100m; flooding cost Oxfordshire's economy around £50m per week.
 - At £63m, the long-term capital costs of repairing damaged roads and flood defences in Hampshire amounts to nearly half (46%) of the county council's total budget for highways, transport, planning and waste; the Royal Borough of Windsor and Maidenhead estimates that the damage to its highway infrastructure exceeds £2m and that the flooding cost its tourism industry in excess of £1m.
- **Need for robust, affordable, world class utilities** – Our millions of businesses and residents require robust, competitive and affordable broadband, water, electricity and gas infrastructure. Forward planning is essential to deliver infrastructure to support planned business, economic and housing growth.

iii) **Socio-economic issues and challenges in the South East**

1.14 *As home to England's largest population the South East has a vast workforce but also large-scale social challenges and high delivery costs, resulting from our proximity to London and dispersed population. Adequate investment in services is vital to ensure the South East's large and ageing population is an asset and not a challenge to economic growth.*

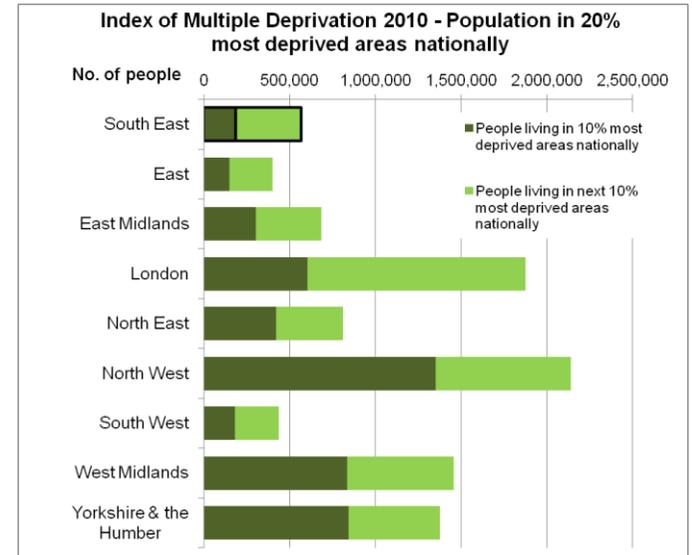
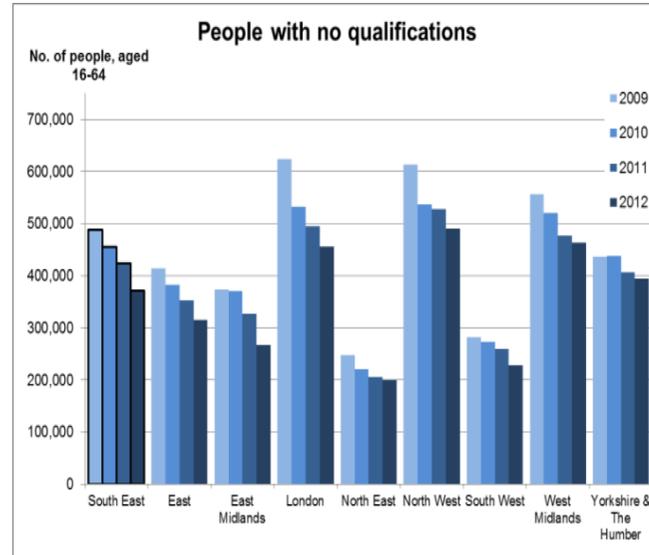
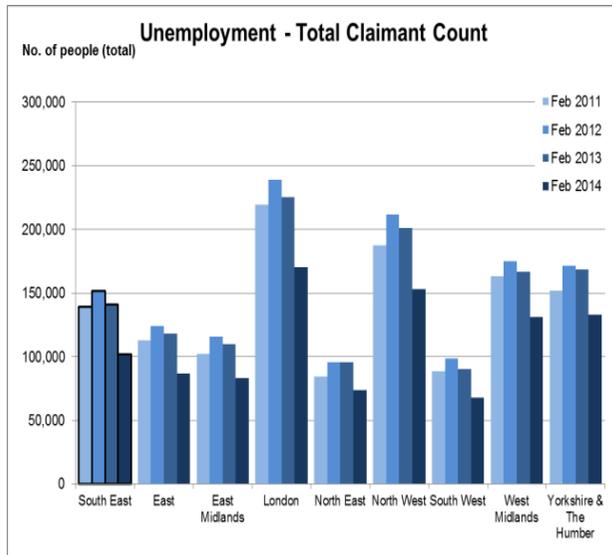
1.15 **The South East has England's largest population as well as the largest and fastest growing group of older people, presenting opportunities and challenges, particularly given higher-costs of delivery:**

- **England's largest, ageing and growing, population** - At 8.8m the South East has the largest population in England, projected to grow by 1m over the next 15 years and increasing to a total of over 10m by 2032. The South East has England's largest elderly and ageing populations - by 2024 those aged 65+ will increase from 1.6m to over 2m and those aged 75+ will increase from nearly 800,000 to well over 1m. The impact on services is exacerbated by increasing complexity of health and care needs. Our large population presents opportunities for labour supply and business markets (for example the 'grey pound') but rising service demands also place pressure on public budgets, including resources for care and support services.
- **Sparsity and high costs of delivery** - The South East contains many rural areas and small towns and villages. Independent analysis by Local Government Futures (2011) concludes "there is a substantial cost penalty faced by predominantly rural authorities in providing services to communities across their large geographical areas. It also demonstrates that the provision for sparsity within the formulae is very small compared to the size of the actual cost penalty." This was reiterated by the Environment, Food and Rural Affairs Committee 2013 Report on Rural Communities: "... central government failed to recognise the 'rural premium'—the additional cost of delivering services in sparsely populated areas." Many parts of the South East also have a high cost base, given their proximity to London - pushing business rents and wages higher and increasing the overall cost of public service delivery, which can have a knock-on effect on businesses' ability to attract a high calibre workforce. This high cost base puts even further pressure on councils' limited budgets, potentially restricting resources available to support economic growth.



1.16 The South East's large population size masks significant socio-economic challenges where percentage comparisons are used:

- **Unemployment** - Reflecting national trends, the number of unemployment claimants in the South East fell by a quarter over the last year to around 102,000 (February 2014), but this is still considerably higher than the North East, East Midlands, East and South West. Many analyses hide the significant total by looking at percentages rather than actual numbers. Unemployment claimant levels for under-25s are a concern - although falling by 11,000 over the last year, there are still around 24,600 young unemployed, with above national average rates in 11 Districts/ Unitaries.
- **Skills** - Skill levels are generally high in the South East, giving a great workforce resource for businesses (e.g. 2m residents have a degree or higher qualifications). However, although there was a welcome reduction of 51,000 people between 2011 and 2012, around 372,000 South East residents still have no qualifications, a far greater number than the North East, East Midlands, East and South West.
- **Deprivation** - The South East saw a relative increase in the number of people living in deprived areas between 2007 and 2010 compared to other parts of England, with 565,000 people living in areas classified in the 20% most deprived in the country. Over 484,000 children and older people live in income deprivation in the South East, the 4th highest total in England.



B. The South East's comparative economic advantages, what's holding it back and what actions are needed?

- 2.1 SEEC and SESL identify three strategic success factors which must be addressed to support the future economic success of the South East, for the benefit of the whole country. We seek the Commission's support in championing these three factors:
- 1) **Greater devolution and funding for locally accountable economic growth, maximising the potential of successful non-city areas to underpin national prosperity** - investing in the success of non-metropolitan areas as part of a balanced national investment portfolio will reap rewards to reinvest in less successful areas across the country.
 - 2) **Robust and resilient infrastructure to sustain and grow the South East's globally competitive economy** - this is vital to retain the South East and UK's global attractiveness to businesses.
 - 3) **A strong human resource to underpin globally competitive businesses** - strong employability, skills, entrepreneurialism and innovation will underpin future economic success.
- 2.2 Taking each of these factors in turn, in response to the Commission's call for evidence questions the table below sets out the South East's comparative advantages (strengths), what's holding the South East back (barriers) and action needed by Government or other partners.

| What are non-metropolitan England's comparative advantages? [STRENGTHS] | Conversely, what's holding non-metropolitan England back that could be addressed by taking action? [BARRIERS] | Who would need to take what action to address those issues? [ACTIONS] |
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| Key strategic success factor 1 - Greater devolution and funding for locally accountable economic growth, maximising the potential of successful non-city areas to underpin national prosperity | | |
| <p>The South East has a highly-productive globally-competitive economy with key sectors and clusters, in total worth some £202bn GVA in 2012, more than the core cities combined and second only to London (£300bn). There is local commitment to sustain and grow this, seizing future opportunities.</p> | <p>At present councils in the South East lack the financial powers and freedoms many cities now have, including limited borrowing capabilities, which constrain their ability to invest or encourage local economic growth ambitions. This undermines the potential success of UK plc.</p> <p>Only taxes worth a tiny 1.7% of GDP are not directly set by central government in England and caps on council tax rises are eroding even this. The UK is an extreme outlier in international comparisons - local government in Sweden raises 16.1% of GDP, in Italy 6.5% and in France 4.6%.</p> | <p>Genuine devolution of finance and powers to local councils is key to maximising the South East's economic potential for national benefit. This means giving South East councils devolution opportunities that build on those already enjoyed in Wales and Scotland and access to the powers currently agreed with some English cities. Government should therefore:</p> <ul style="list-style-type: none"> • Provide City Deal powers and innovative finance to all councils. • Allow councils to have a greater share of taxes (e.g. business rates and property taxes) and financial freedoms to supplement Government funds for infrastructure. |

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| | | <ul style="list-style-type: none"> • Ensure all parts of the South East have fair access to the new Growth Fund & EU funds. • Increase Government department allocations to the Growth Fund to give it real potential to meet local economic ambitions and needs. • Amend the business rate retention scheme to ensure it does not penalise areas for creating high value jobs in the knowledge economy - at present attracting a new warehouse or retail development with low value jobs can deliver a greater increase in business rateable values than attracting a hi-tech business with a small office footprint but high value jobs. • Ensure LEPs can operate effectively and accountably to meet local needs, including giving councils shared chairmanship and allow boundary changes where necessary. • Appoint a Minister for non-city areas to demonstrate Government equal commitment to championing growth in non-metropolitan areas as in cities. |
| <p>Alongside London, the South East provides the highest net returns on investment in England, contributing some £80bn more to the Treasury than it received in public investment over the last 10 years (2002/03-11/12), the highest in England (£5bn more than London and three times more than East, the only other net contributor - all others take more than they give). This provides critical investment for the rest of the country. We have a strong local commitment to maximise our economic success, which will benefit UK plc.</p> | <p>The South East's post-recession recovery has not been as swift as London, and our latest net contribution to the Treasury is significantly below pre-recessionary levels (£4.5bn 2011-12 v £13.1bn 2007-08). With greater public and private investment, the South East could provide more to reinvest across the country.</p> | <p>By increasing investment in the certainty of South East success, whilst not ignoring regenerating economies, the Government can help councils unlock the full potential of UK growth and remain internationally competitive. Maximise South East profitability and the whole UK will benefit. Government should:</p> <ul style="list-style-type: none"> • Invest in the South East's success alongside regenerating economies, taking a 'balanced portfolio' approach to its investment priorities across the country. • Increase investment for infrastructure in the South East that underpins the UK's attraction to global businesses. |

Key strategic success factor 2 - Robust and resilient infrastructure to sustain and grow the South East's globally competitive economy

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| <p>Key transport gateway/corridors give the South East unique connectivity and play a vital role for London/UK businesses' global markets and commuting (e.g. 570,000 people commute to/from London and the South East daily). Our ports and airports provide vital gateways for businesses & their workers, freight (exports and supply chains) as well as lucrative leisure and holiday travel. Over 34m passengers use London Gatwick each year.</p> | <p>Many parts of the South East's transport infrastructure are overstretched, with congestion, delays and unreliable journey times. We lack local resources or sufficient national investment to invest in critical strategic schemes, but do not have the devolved financial powers that many city areas benefit from to fill this gap. Without investment in key transport infrastructure many globally-competitive businesses may look to move overseas.</p> | <p>SEEC & SESL have recently recommended a 10-point programme of transport investment across the South East which offers national benefits. Our report 'Mind the Gap' recommends Government should:</p> <ul style="list-style-type: none"> • Increase national transport investment, including a fair share for high-return South East projects that will boost economic growth and generate funds for regeneration UK-wide. • Allow a greater share of business rates and other taxes for councils to help fund new infrastructure. • Work with councils and other partners to establish a new collaborative, co-ordinated approach to strategic transport investment decisions. |
| <p>The South East builds the most homes - some 19,700 private sector and affordable homes in 2012-13, 1,100 more than the next highest, London. These are a key part of the infrastructure to support businesses' workforce needs.</p> | <p>Despite the South East building the most homes, many planning permissions have not been implemented by developers, which can hinder delivery of locally-agreed housing and growth plans. There has also been a drop of over 1,300 affordable homes completions pa since 2009-10. Both factors are of concern for sustaining a strong and diverse workforce to meet business needs, particularly in a high cost area like the South East (average house prices are around 11 times average earnings) and given the large number of statutory environmental constraints (e.g. Special Protection Areas, National Parks, AONB) that limit land available for development.</p> | <p>To improve delivery of locally-agreed housing plans, we call for Government to:</p> <ul style="list-style-type: none"> • Provide local discretionary 'use it, lose it, pay for it' planning powers (e.g. allowing council tax on undeveloped land to encourage building). • Work with local councils and other partners to improve construction industry capacity, including skills. <p>To help improve delivery of affordable housing to meet business workforce needs, Government should:</p> <ul style="list-style-type: none"> • Ensure section 106 developer contributions for affordable housing remain under local control to help meet housing needs. • Remove the Housing Revenue Account borrowing cap to maximise council house building potential. |
| <p>Superfast broadband provides key opportunities for our high-tech/creative/knowledge-driven economy.</p> | <p>100% superfast broadband coverage is not yet assured in the South East, given our dispersed rural population and lack of private sector investment in many hard to reach areas. Action is needed to fill</p> | <p>To ensure businesses have the necessary IT infrastructure to underpin globally-competitive high-tech sector growth, Government should:</p> <ul style="list-style-type: none"> • Provide adequate funding for 100% superfast broadband rollout across all areas, including hard |

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| | <p>gaps and to address local perceptions that lack of competition in the market is hindering progress.</p> <p>Looking ahead, meeting current targets will not be enough to retain the South East's internationally competitive edge in coming years, so early action is needed to prepare for future higher-speed broadband infrastructure.</p> | <p>to reach businesses and communities in the South East where the communications industry itself is not investing effectively.</p> <ul style="list-style-type: none"> • Ensure effective competition in the market, to provide affordable superfast broadband provision across the South East and drive forward plans for next-generation higher-speed provision. |
| <p>Businesses rely on effective and resilient utilities infrastructure (water, electricity, gas) which are currently just keeping pace with the high and growing demands in the South East. Local councils are also driving forward action to provide reassurance to businesses that flooding will not impede their operations.</p> | <p>Water, electricity and gas supply networks need continued investment to keep up with demand from the South East's large and growing population and business needs, but there is concern about rising costs for businesses and other consumers and the accountability/transparency of utility providers' investment plans.</p> <p>The economic and human costs of recent flooding have been substantial damaging the South East's economy, hindering national growth and global competitiveness and badly affecting our 8.8m residents.</p> | <p>In putting in place plans to ensure sustainable supplies to meet increasing needs for water, electricity and gas, Government and utility industry regulators must ensure utility providers operate cost effectively and with accountability to consumers.</p> <p>To ensure effective investment in flood defences/alleviation, Government should:</p> <ul style="list-style-type: none"> • Honour its promise that 'money is no object' for urgent repair and recovery. • Fix the funding formula to invest for the future, ensuring non-city areas such as the South East receive adequate protection. • Ensure Treasury backing for major cross-boundary schemes. • Ensure water companies do better in taking responsibility for tackling flooding causes and impacts, especially where sewage egresses. • Help create more flood resilient communities, for example progressing Sustainable Drainage Systems (SUDS). |
| <p>The South East has a generally good quality of life and high quality environment, making it an attractive location for businesses and for people to live and work and generating positive health benefits.</p> | <p>If the balance of development and environmental protection is not managed effectively, this may present risks to the South East's natural environment and quality of life which could make the region less attractive as a place for people to live and work, or for businesses to invest, potentially also impacting on people's general health and wellbeing.</p> | <p>The Government should invest and support green infrastructure and ensure that councils are able to continue providing democratic leadership to local development, including local plans, ensuring a sustainable balance between development and environmental protection.</p> |

Key strategic success factor 3 - A strong human resource to underpin globally competitive businesses

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| <p>At 8.8m people the South East has England's largest population, growing by 1m over the next 15 years and increasing to over 10m by 2032 - this provides a large workforce, a large demand for services and strong pool of volunteers.</p> | <p>We do not underestimate the value of our large number of residents over the age of 65, including in paid or unpaid roles in business and the community. However, it is also the case that our very large elderly and ageing population (1.6m 65+ growing to over 2m by 2024, and 800k 75+ growing to well over 1m by 2024, both the largest in England) places significant pressure on public services, reducing money for other priorities such as supporting economic development.</p> <p>Councils need resources and powers to ensure the efficient and effective delivery of services needed for our ageing population. At present funding allocations for care and support services do not adequately reflect population size or the additional costs of delivery in high-cost areas, like the South East. The financial implications of the Care Act, including the care cap, have also yet to be taken into account, costs which will be higher in the South East due to our large number of self-funders.</p> | <p>To ensure our ageing and growing population is an asset rather than a barrier to growth, Government should:</p> <ul style="list-style-type: none"> • Ensure funding formula takes account of areas with large ageing populations. Higher costs of delivering in dispersed areas (the 'rural cost premium') should also be reflected in formula. • Ensure funding reflects the additional cost implications of the Care Act in areas with large numbers of self-funders like the South East. • Support integration of health and care at the local level, to provide more efficient effective service delivery by councils and partners. • Ensure the potential of the older workforce to contribute to the economy either through paid employment or volunteering is fully realised, for example ensuring the Work Programme provides adequate support and opportunities. |
| <p>The South East has a highly skilled population (over 2m residents with degrees or higher qualifications), plus a strong innovative and entrepreneurial workforce, reflected by the high representation of knowledge-based sectors, global multinational companies, world-class universities and high number of self-employed people/SMEs/micro businesses.</p> | <p>Despite our high skills base, we also have a high number of unemployed people (102,000 in February 2014), 372,000 people with no qualifications (both figures higher than North East, East Midlands, East and South West), and 26,000 young people unemployed.</p> <p>Businesses report a mismatch between skills provision and the workforce they need to grow, driven by a skills system built on wrong incentives. To maximise intake and get funding, too often education providers respond to pupil-driven demand for courses, rather than the needs of businesses and</p> | <p>To ensure the South East's workforce has skills and employability to meet the needs of our globally-competitive economy, Government should:</p> <ul style="list-style-type: none"> • Devolve control of skills budgets to local areas to better meet business needs, and support local efforts to improve labour market intelligence to help education providers respond to business needs. • Continue to promote and support business engagement in schools, helping give our future workforce a better understanding of employment/ apprenticeship opportunities and the skills needed to succeed. • Strengthen the role of councils in driving school |

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| | <p>the economy. Many employers report problems with young people, who lack basic employability skills and are not 'work ready' i.e. leave school without the necessary behaviour / attitudes to succeed at work.</p> | <p>improvement, so that local authorities are able to support all schools to deliver a minimum standard of independent careers information, advice and guidance; and ensure education providers have a greater focus on employment outcomes/prospects of students.</p> |
| <p>If given the right local tools and investment opportunities, the strength of the South East's economic base provides opportunities to tackle deep-seated long term deprivation that exists in parts of the area.</p> | <p>Over half a million South East residents live in the 20% most deprived areas of England, and 484,000 children and older people live with income deprivation, the 4th highest total in England. Deprivation remains a key challenge to address through regeneration as well as other actions set out elsewhere in this response (e.g. skills/employability and infrastructure improvements). Government analysis often focuses on percentages of population in deprivation which can overlook the large numbers of people affected in the South East, the most populous part of England.</p> | <p>To ensure all parts of the South East can seize the potential benefits of economic success and tackle long-term deprivation, Government should:</p> <ul style="list-style-type: none"> • Ensure continued investment and support for locally-led regeneration. • Ensure funding allocations reflect the real total numbers of people affected by deprivation, rather than percentages, and also reflect the higher costs of tackling issues in the high-cost and dispersed South East. • Ensure continued Government investment and support for council-led action such as the Troubled Families programme which is working with the most troubled, and often deprived, families. • Ensure council influence over national employment support programmes, such as the Youth Contract and the Work Programme, to ensure they meet the needs of local areas effectively and efficiently. |

About South East England Councils and South East Strategic Leaders:

South East England Councils (SEEC) was established in 2009. It is a membership organisation representing all tiers of local authority. The SEEC area covers Berkshire, Buckinghamshire, East and West Sussex, Hampshire, Isle of Wight, Kent, Oxfordshire and Surrey. SEEC's objectives are:



- To strive for a **fair funding deal** for the South East.
- To promote the South East's position as a **leading global economy**.
- To act as **single democratic voice** for South East interests.
- To **monitor the pulse** of the South East.

SEEC is chaired by Cllr Gordon Keymer CBE, Leader of Tandridge District Council.

For more information see www.secouncils.gov.uk

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South East Strategic Leaders (SESL) is a partnership of upper tier authorities committed to nurturing the engine room of the UK economy and promoting public service excellence. SESL supports its members to create the conditions within which individuals, communities and businesses thrive. SESL aims to:



- **Influence** – speaking with a stronger, united voice for South East strategic councils.
- **Inform** – producing robust evidence relevant to practice.
- **Inspire** – connecting people, sharing ideas, sparking innovation.

SESL is chaired by Cllr David Burbage MBE, Leader of Royal Borough of Windsor and Maidenhead.

For more information see www.sesl.org.uk

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