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Rt Hon Theresa May MP
House of Commons
London
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17 August 2015

Dear Theresa

Devolution will maximise South East success for UK plc

Thank you for a useful meeting on 24 July. As promised when we met, we set out here an overview of collective views on devolution from our member local authorities. While we realise many of these matters are more for your Cabinet colleague the Rt Hon Greg Clark, we hope you find this useful as an indication of the political consensus from our part of the country.

South East local authorities are keen to access meaningful and widespread devolution deals similar to those being agreed in other parts of the country, such as Manchester. Our members want to see devolution significantly extended outside the cities to encompass areas such as the South East, which can deliver major economic benefits.

Benefits of South East devolution

Devolution in the South East will bring decisions and accountability closer to more voters than current proposals in other parts of the country. The South East has the UK's largest population with 8.9m residents. This is more than the population of London and more than three times the population of Greater Manchester.

Devolution will allow South East councils the powers and greater control over income that will enable them to deliver benefits for this very large group of residents in two key areas:

- Local services – more streamlined and cost effective public services achieved by integrating back offices, reducing duplication and applying local government's proven expertise in managing costs.
- Economic growth – maximising economic potential through the ability to fund and target investment into the essential infrastructure and skills needed to support local growth.

South East context

With real strengths in Government's target growth sectors such as information & communications and professional, scientific & technical, the South East has potential to build on existing success to deliver world class, competitive clusters that will boost UK plc, delivering significant returns on public investment. Over the past 10 years the South East contributed £80bn more to Treasury than it received in public spending and recorded £203bn GVA (compared to a combined £147bn GVA from England's 8 core cities). Freeing up further local investment through devolution can deliver further dividends for the Treasury.

Potential gains from South East devolution are significant but the size, scale and variety of local authorities across the South East do add to the time taken to agree far-reaching devolution proposals. Agreeing common plans to deliver and streamline the different functions of the South East's many county, unitary and district councils is more challenging than negotiating a deal among a smaller group of councils with equal responsibilities.

For example, Hampshire is currently working on a devolution proposal covering some 2 million residents that involves 15 councils – 1 county, 3 unitaries and 11 districts. Compared to the Manchester deal involving 10 councils of equal status, Hampshire's task is more complex involving 50% more councils and covering three different tiers of council responsibilities. Kent has 1 county, 1 unitary and 12 districts, before even considering partnerships with neighbouring areas.

What will help the South East deliver?

Given the number of partners involved in devolution negotiations, South East authorities would welcome clarity from Ministers on the following:

- **4 September deadline:** The deadline for devolution proposals will be challenging for the South East given the number of partners involved in emerging proposals. It would be helpful to know what opportunities will remain open after 4 September.
- **Ground rules on what is in scope for devolution:** Significant time and resources are being devoted to preparing devolution proposals so it would be helpful to know which functions Ministers are willing to devolve and any that will not be considered.
- **Flexibility on devolved governance:** We recognise that accountability is critical to devolution but the varied nature of the South East means there is little support for elected mayors. In one area, for example, many residents see an elected mayor as tantamount to having a single large unitary council and fear the distinctiveness of their areas would be lost. We would like the opportunity to discuss what alternative governance arrangements Ministers would consider that would still permit significant devolution.
- **Ability to align public service boundaries:** We would welcome clarity on whether Ministers are willing to review public service boundaries to align these with existing council areas. At present services including NHS, LEPs and police each operate on different geographies but moving towards common shared boundaries with councils would simplify and encourage integration and co-ordination of services under democratic leadership.

What devolved powers does the South East want?

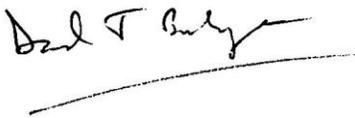
South East local authorities are keen to access funding, freedoms and powers that will enable them to deliver more streamlined services for local residents and ensure that local infrastructure investment is directed in the most beneficial way to support economic growth. We would welcome discussions on how we agree widespread delegation of the following:

- **Greater business rates retention:** The ability to retain all business rate income (not just growth) will enable South East authorities to invest in the infrastructure needed to support local economic growth. Investment priorities will vary from area to area according to local needs but examples include initiatives that will address transport congestion, match skills training to business needs and improve broadband.
In the South East full business rate retention has potential to replace current non-ring-fenced grants, allowing Government to reduce central funding provided to many South East councils.
- **Local determination of planning:** The South East has the highest housebuilding rates in the country, proving its willingness to help address housing shortages – 21,900 homes were built in the area in 2014-15. Our councils want to take full local responsibility for planning, without the need for costly and bureaucratic intervention from the Planning Inspectorate.

We would also welcome local discretion to introduce charges when housing sites remain undeveloped after grant of planning permission – for example through ‘use it, lose it or pay for it’ powers, similar to those considered in Ireland. We would also like to extend local determination to section 106 payments to balance developer viability with the need for contributions to deliver much-needed affordable homes in the South East’s high cost housing markets.

- **The ability to take on local enforcement powers from other public sector bodies:** South East authorities want local discretion to take over functions from other public sector agencies to deliver a more cost effective service targeted to specific local needs. One example is enforcement of weight restrictions on roads, where transferring powers would free up police resources and allow councils to respond directly to local concerns. The same principle can also be applied to some Environment Agency responsibilities.
- **Transport:** South East authorities want to see greater devolution of transport funding to local level, coupled with long term budgets allowing councils the certainty to plan projects that will address local needs. Tackling transport congestion and access will improve travel for both businesses and residents, as well as opening up new housing and employment sites.
In addition, some parts of the South East want more local control of bus services and a more devolved approach to managing trunk roads – several councils believe they could manage the network and improvement projects more cost effectively.
- **Health & care:** Delivering integrated health and care is a priority for South East authorities, not least because our area faces the UK’s biggest increase in older people. By 2037 we expect a 60% increase in over 65s to 2.7m and a 90% increase in over 75s to 1.5m. Councils want greater devolution of health budgets, allowing democratically elected councillors to take the lead in streamlining back offices to integrate IT, administration and health & care teams to co-ordinate the front line response to residents. Devolving the lead to councils will allow us to deliver a seamless service to residents, stripping out duplication to provide more cost effective solutions.
- **Skills:** Devolving skills funding to local level will allow councils to help commission and tailor training – particularly at FE level – to the needs of local businesses. This will help address skills gaps that are holding back economic growth and productivity gains. We would also like to see councils having powers to help shape Work Programme priorities to maximise co-ordination between national and local initiatives to get people into employment.

Yours sincerely



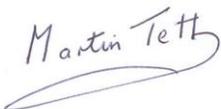
Cllr David Burbage MBE

Chairman SESL and Leader Royal Borough of Windsor & Maidenhead



Cllr Stephen Parker

SEEC Executive Member and Leader Hart District Council



Cllr Martin Tett

Deputy Chairman SESL and Leader Buckinghamshire County Council