

Response on behalf of SEEC members to LGA's call for input on Brexit concerns and priorities. Please contact nickwoolfenden@secouncils.gov.uk or admin@secouncils.gov.uk for initial enquiries.

1. Summary

- 1.1. South East England Councils (SEEC) is the cross-tier voice of local authorities in the South East of England. We are a voluntary membership body, bringing together county, unitary and district councils to promote the views and interests of all tiers of local government across the South East. The SEEC area is primarily comprised of two-tier local government and has 9 million residents – the largest population in the UK.
- 1.2. Supporting the South East's high performing economy, maintaining growth in jobs, productivity and GVA post Brexit is vital for the whole UK. The South East is the engine room of the UK's economy generating £240bn GVA in 2014. The South East offers the highest return on public investment in England, contributing a net profit of £80bn to the Treasury between 2002-12, some £6bn more than 2nd place London, profit the Government reinvests across the country.
- 1.3. South East councils are ambitious to drive forward strong economic growth for local communities and deliver net returns for Treasury now and post-Brexit. However, we are concerned about a range of issues which must be addressed to allow the South East to continue to build on current success. SEEC members are keen to ensure the impacts, and current uncertainty, of Brexit for South East businesses, residents and local government are managed. **To address concerns we ask for the LGA's help to develop opportunities that will ensure the economy and public services remain strong post Brexit:**
 - **Enhance South East economic growth to support UK PLC, helping businesses succeed** throughout the whole UK by maintaining access to European markets and minimal tariffs, and investment in infrastructure.
 - **Maintain access to project funding that would have previously come from the EU to the South East**, to ensure important community, economic, regeneration and research projects are supported, which will offer Government high return on investment to reinvest nation-wide.
 - **Give councils the ability to take on responsibilities for former-EU legislation/powers**, including where the South East can deliver some services and functions better or differently than EU standards and with less bureaucracy.
 - **Ensure current South East skills and labour shortages are not exacerbated**, and support up-/re-skilling of UK workers to fill the gaps in some sectors currently filled by EU workers.
- 1.4 South East councils are keen to support the LGA in its Brexit negotiations with Government, and would be willing to be involved in working groups or consider officer support through secondments.

2. Enhance South East economic growth to support UK PLC – helping businesses succeed

- 2.1. The South East is the economic engine room of the UK. Brexit provides opportunities to maximise and build on economic growth in the area for the benefit of the whole UK, but action is needed to support this. The South East's success and role as a major funder of public spending UK-wide is at risk of stalling if businesses that are based in the South East are not able to maximise trade with the EU post-Brexit, as well as the rest of the world.

2.2. The South East is also critical for businesses UK-wide as a major international gateway – underpinning the UK’s global competitiveness and inward investment nation-wide. Without infrastructure investment businesses face increased congestion and increased operation costs, not only in the South East but across the UK. Figures from the Freight Transport Association, for example, put the cost of traffic congestion at £1 per minute for their members. SEEC’s recent Missing Links [report](#) highlights vital strategic investments that would alleviate the added pressures across the South East, creating better productivity and fewer delays to freight transport. Without South East infrastructure investment, companies across the UK may choose to move to alternative EU locations where infrastructure is better equipped to handle demand.

2.3 **To support long-term business success in the South East post-Brexit, for the benefit of the whole UK, we ask that in its negotiations with Government the LGA ensures:**

- **Businesses are not hit unnecessarily with gold-plating of new or revised legislation or red-tape which could damage economic growth; plus minimal tariffs with the EU and rest of the world on imports and exports to allow businesses to thrive and grow.**
- **Increased South East infrastructure investment, to underpin economic success nation-wide. A balanced infrastructure investment portfolio across the UK is needed to ensure all areas grow - not only regeneration projects with lower returns, but also high-return South East projects which can support growth UK-wide.**

3. Maintain access to funding that would have previously come through the EU for the South East

3.1. South East councils, businesses and communities have found access to EU project funding such as ERDF/ESF very important in tackling a range of economic, environmental and community issues. We are keen to ensure that the South East continues to have access to such opportunities post-Brexit. Brexit also gives Government the chance to redesign and target funding better in the UK; for example to take advantage of the South East’s track record of high return on investment to the Treasury by increasing the share of funds in this area. This would benefit the whole UK economy, offering the best return on investment nationally to support public spending UK-wide.

3.2. EU project funding has been wide-ranging under current and previous funding rounds; for example:

- The South East currently receives around €532m over 7 years 2014-2020 in allocated ERDF, ESF and EAFRD funding through LEPs wholly or partly in the South East. This supports business growth and tackles socio-economic challenges. For example, £692,000 ESF funding support for a vital council-led project reducing NEETs (young people not in employment, education or training) in Hampshire. Another example is the ‘Sustainable Routes’ public-private project, where £1.3m of ERDF match-funding helped several hundred SMEs reduce environmental impacts and improve economic performance.
- Other smaller funds such as the LEADER programme also offer rural businesses and communities in the South East a share of €26.6m EU funding available for South East programmes 2014-2020. Thirteen local LEADER programmes in the South East each have funding ranging from €1.7m - € 2.1m, providing opportunities to bid for funding for enterprise projects – for example community shops – that help sustain rural communities.
- The South East has 19 world class universities. It is important that universities can access funding to maintain the skills mix needed to produce world class research and work. The EU has been an important source of such funding – for example South East universities received £100m a year in EU funding 2013/14, providing over 2,800 jobs. Specific examples include Oxford University which has currently received over €9million in the current funding round of Horizon 2020 to drive forward a variety of projects across areas including hi-tech and life sciences.
- The South East also has access to a number of competitive funds allowing the South East to work in partnership to respond innovatively to issues including demographic changes, transport links and maximising economic success. For example, €2.4m of Interreg funding is helping councils and partners establish a ‘Boost4Health’ Life Sciences Hub to enhance business innovation; and €5.9m Interreg funding helped councils in the South East set up the ‘Regions of Connected Knowledge’ project to improve transport links needed for economic success.

3.3. The loss of funding for projects in the South East would have impacts on businesses, universities and residents. It would affect the South East's ability to continue building successful businesses and communities, as well as its ability to generate profit for Treasury. At risk are valuable investments in sectors such as life sciences and hi-tech innovation, where South East strengths have potential to compete on a global scale. Brexit also provides an opportunity to reduce bureaucracy in the bidding process, freeing councils and other bidders from administrative burdens that sap limited resources for funding applications.

3.4. **We therefore ask for the LGA to look at ensuring Government maintains and targets replacement project funding better through:**

- **Moving away from the EU approach which focuses on poor performing areas, towards a balance between funding for high and low return projects – including a stronger emphasise on high-return South East projects that will have the biggest return on investment for Treasury and benefit to the UK economy.**
- **Taking account of the importance of EU funding for research and development in maintaining South East universities as some of the best in the World.**
- **Minimising bureaucracy and red-tape in any replacement funding programmes.**

4. Give councils the ability to take on responsibilities for former-EU legislation/powers

4.1. Brexit provides Government with the opportunity to give local authorities greater local control over some functions/responsibilities previously driven by EU legislation. We are ambitious to reduce centralisation of functions/responsibilities that local authorities can do better or differently, as councils have the best local knowledge on what our communities and businesses need and how to deliver those needs effectively and efficiently.

4.2. Regulations are often not catered to local needs. For example Energy Efficiency Directives imposed by the EU do not reflect the circumstances of many South East councils, who have a large amount of listed buildings, resulting in additional costs for councils. The redesign of regulations locally would enable authorities to remove EU impositions and tailor them to local needs. Greater local control would enable authorities to provide better services that are removed from EU bureaucracy.

4.3. **The LGA should work with councils to identify any unnecessary former EU-legislation that can be removed; and of that remaining, look to ensure Government transfers to councils responsibilities where great local control will help deliver better, more efficient services. For example:**

- **Review the Waste Framework Directives to create a locally-led system for councils to decide targets, tenders and how to collect waste in the best way for their communities. This should not be seen as an opportunity to reduce recycling levels, but a chance to raise standards and do it appropriately within different local communities.**
- **Public sector procurement regulations are complex, bureaucratic and cater for bids across Europe, which often slows the delivery of projects locally. To make sure local priorities are delivered on time and in line with the UK priorities, regulations need to be simpler, tailor-made for local needs.**

5. Ensure current South East skills and labour shortages are not exacerbated

5.1. The South East suffers from an existing skills and labour deficit which reducing migrant workers has the potential to increase. The SE LEP [identified](#) that more than one in five businesses suffered from a skills gap or skills shortage vacancy in 2013 in their area. In the South East there is a mismatch between provision and the skills businesses need. [Research](#) by Think tank Localis highlighted South East deficiencies in skills in a number of industries including construction and the service sector. Provisions for movement of **jobs** within Europe (rather than movement of people) could help minimise the effects of the rising skills gaps. The existing skills challenge in the South East still needs to be tackled to avoid

undermining the South East's economic success and ability to be a major funder of public spending UK-wide.

5.2. South East councils have raised concerns about filling current and future vacancies in a number of sectors that currently rely heavily on the skills and labour of EU nationals including:

- Agriculture
- Engineering
- Tourism
- Creative and digital industry
- Technology and science
- Health and social care.

5.3 Care is a particular challenge for the South East. The South East is home to 9 million people and has the highest number of residents aged 75+ (some 790,000 people), and this number is expected to increase by more than 90% to over 1.5m by 2039. South East councils have raised concerns about increasing pressures on services post-Brexit. Skills for Care data shows European workers accounted for over 8,000 staff across the social care sector in the South East in 2014. Members are concerned about how the large number (some 4,400 in 2014) of vacant social care jobs in the South East will be filled going forward post-Brexit, to avoid exacerbating current pressures on social care.

5.3. **Post-Brexit, there is a need to ensure a sufficient supply of workers for South East sectors that are currently heavily dependent on EU workers. This is vital to avoid damaging the success and profitability of many sectors, and potential impacts on the South East's ability to make net profits for the Treasury to spend UK-wide. SEEC calls on the LGA to ensure:**

- **Greater local authority influence in colleges/other training providers to target skills provision to fill skills gaps, supporting up-/re-skilling of UK workers to fill the gaps in some sectors.**
- **Allowing movement of jobs within Europe could help minimise the impact of the skills shortage. It would also be helpful to have a period of acclimatisation to allow businesses currently heavily dependent on EU workers to adjust and look at staffing plans going forward.**

6. Reciprocal relationships

6.1. Finally, many UK nationals live or own property outside of the UK in the EU. Certainty for UK nationals is key in making sure they are not disadvantaged post-Brexit by increased taxes and excess charges for services such as healthcare used in the EU.

6.2. **SEEC would ask the LGA to look at ensuring a reciprocal approach between the UK and EU to allow UK nationals to remain living in the EU.**