

AUTUMN 2020

SOUTH EAST

1,000

BIANNUAL REGIONAL MONITOR

Savanta:
ComRes



#SEECSouthEast1000

SEEC COMMENTARY – THE CHAIRMAN’S VIEW

South East England Councils (SEEC) is delighted to have partnered with leading UK polling agency Savanta ComRes and the prominent international economist Vicky Pryce to produce the new *'South East 1,000'* which will be a unique monitor of public, business and councillor cohorts from the UK's most populated region.

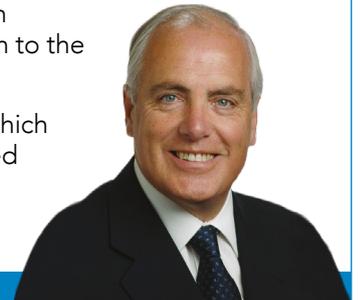
As a cross-party, cross-tier membership association, SEEC works to influence policymakers and decision-takers on matters of interest and concern to local authorities and their residents across our region. The new South East 1,000, to be published twice a year, will provide a firm evidence base to underpin those efforts.

The UK's gateway to the world and positioned on the doorstep of the EU, the South East region, with its significant clusters of commerce & industry, has long championed trade – and has been England's highest exporting region. The South East has been one of only three UK regions to be a net contributor to the UK Treasury.

Looking ahead, we need to ensure the South East has a secure economic foundation to meet challenges that will be presented by the continued impacts of Covid, the end of the Brexit transition and a growing population which is set to reach 10 million by 2030.

Government Ministers have been talking much about plans to drive a national recovery from Coronavirus as well as flagging proposals for further English Devolution and a new approach to the Planning system.

In the coming months SEEC will be looking for sound strategies that provide a framework which enables the South East to remain a premier global trading hub and gives the region's elected representatives greater ability to address growing regional infrastructure needs, be that in transport, housing, utilities or digital technology.



Cllr Roy Perry, Chair, SEEC (Former Leader of Hampshire County Council)

'SOUTH EAST 1,000'

South East England Councils (SEEC) will publish the *South East 1,000* twice a year in autumn and spring.

Areas for gauging views will be focused on:

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

There will also be 'topical' questions on pressing issues eg: an EU/Brexit trade deal and Migrant Boat crossings.

Based on responses from over 1,000 stakeholders, *the new South East 1,000* will be one of the largest and authoritative surveys of opinion about specific topics in the entire region.

METHODOLOGY

Savanta ComRes interviewed a total of 1,043 people between 4th and 17th September 2020:

- 261 Councillors
- 278 Business decision makers
- 504 Members of the Public (18+)

Councillor data was weighted by Council type, Council control, Party and Gender.

Business data was weighted to be representative of South East England by Industry & Sector type

Public data was weighted to be representative of South East England adults by Age, Gender and County

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 ECONOMIST’S VIEW

In general the South East economy is doing better than the average for the UK. However, due the mix of sectors represented across the region, the impact of the slowdown has varied from area to area; for example Brighton (tourism and hospitality focused) and Crawley (Gatwick and travel focused) have both appeared in the top ten cities with the highest unemployment increases during the lock down, while Oxford and Reading were in the bottom ten.

What happens next is key. At some stage the Treasury will begin cutting back and possibly raising taxes. The end of freedom of movement will impact on businesses in the South East and on regional university towns which may lose EU students. However, on the positive side, while all Brexit options may be a concern, the South East is likely to be less affected in the longer term by Brexit than the Midlands or the North mainly due to its diverse economy.



Vicky Pryce, Board Member, CEPR (Turn to page 9 for fuller economic assessment)

DECISION MAKING

Overall, 62% of all respondents were confident that their local council would make the right decision for their local area.

There has long been debate about whether 'Whitehall or Townhall' is the best level at which to take decisions on matters that affect a locality.

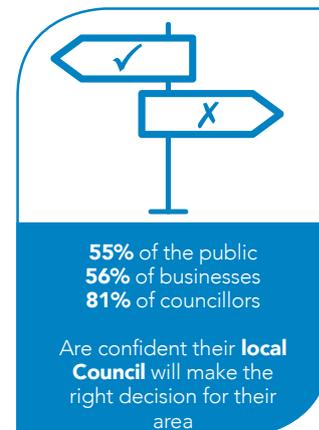
The intensification of the Covid-19 pandemic since the spring has seen much discussion generated about what decisions are being taken, by whom, and how they may be implemented.

With regards to Covid-19, local authorities have certainly risen to various challenges and continued to provide essential services and lead local recovery efforts.

Probing confidence in certain bodies making the right decisions, overall, 62% of all respondents were confident that their local council would make the right decision for their local area.

In comparison, overall, only 44% of all respondents expressed confidence in the UK Government making the right decision for their area.

While it sometimes may get a bad press, it is interesting that Business received the highest score with, overall, 67% of all respondents expressing confidence it would make the right decision.



SEEC Reflection:

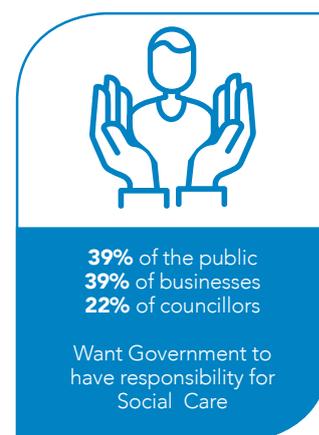
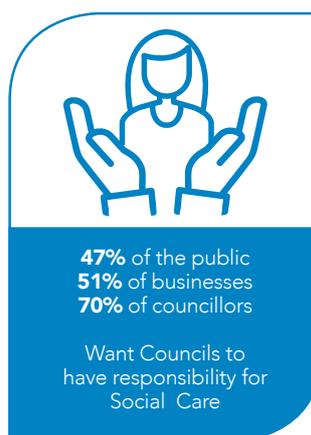
As they contemplate restructuring local government in the context of their Devolution White Paper, and usher in reforms to local planning, Ministers should take note of the affinity and confidence that local populations have with their local council.

SOCIAL CARE

A majority (54%) of respondents from the South East want local councils to have primary responsibility for Social Care.

This is opposed to around a third (35%) overall, that believe responsibility should be with central government. Only 4% overall, believed that responsibility should lie with private companies.

Finding a satisfactory solution to adequately fund Social Care is a matter that has been on the agenda of every Prime Minister over the past two decades, but it remains unresolved. With Covid-19's devastating impact upon nursing and care homes, it may be that now is the moment where Ministers decide to grasp the opportunity to fix.



SEEC Reflection:

The provision of quality, accessible social care is a nationwide challenge better tackled at the more responsive local level. As a national priority, social care should not be wholly funded through local Council Tax.

The (still relatively new) Government has an opportunity to rebalance national spending to drive forward a revamped system that harnesses local authority experience and employs a well-trained, motivated workforce to meet what will continue to be, growing demand.

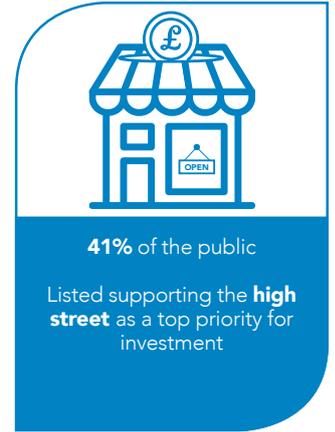
INFRASTRUCTURE

Given the opportunity to list the three top priorities for investment in their area, overall, 53% of all respondents saw supporting the local economy as the clear priority.

This was ahead of other issues such as protecting green spaces (39% overall), increasing the affordability of housing or taking green action (both 36% overall).

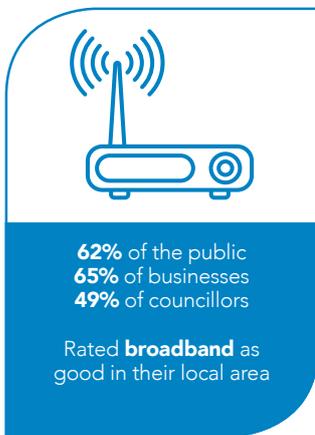
Three in five businesses (61%), half the public (49%) and over half of councillors (51%) therefore have some degree of concern about their local economy top of mind.

The option of supporting the high street as a top priority ranked fourth overall out of ten listed options put to respondents.



Given their familiarity with it, the option had greater preference with public respondents. Only 20% of councillors ranked the option highly.

While in recent years there has been a flurry of activity with 'save the high street' task forces and reports, it will be interesting to note how the impacts of Covid-19 affect future high street usage.



Overall, 60% of all respondents rated the speed and access to broadband as good in their local area.

Reliable mobile communications are essential in the modern setting with so many people on the go.

Complaints about broadband quality are a common refrain in many parts of the UK, however it would appear that the South East region is, in the view of respondents, doing pretty well.

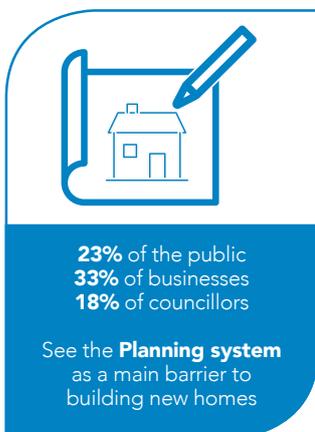
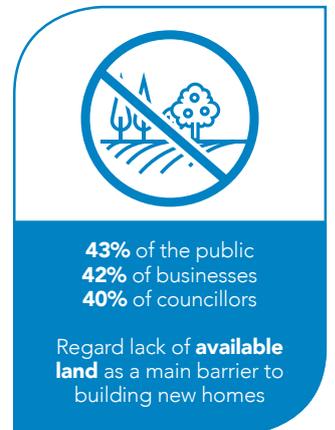
While only 11% give a 'poor' or 'very poor' rating it should be noted that certain localities in the region can, and do, endure access problems – as the "not spots" campaign of the British Chambers of Commerce (BCC) highlighted in 2019.

Overall, 42% of all respondents regard the lack of available land as a main barrier to building new homes in their area.

Businesses are significantly more likely to highlight opposition from the community as a main barrier to new homes (49%) than the public (41%) or Councillors (39%).

Opposition from the community ranked joint first place alongside lack of available land (both 42% overall).

Meanwhile Councillors are just as likely to shift the blame onto larger developers being too slow (38%), a viewpoint a small minority of businesses (13%) and the public (16%) share.



Overall, one third (32%) of all respondents regarded the Planning System as a main barrier to building new homes in their area.

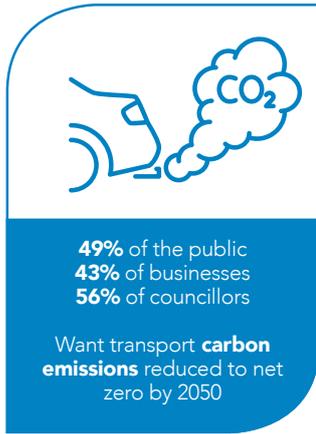
There are notable differences between businesses (42%) and councillors (18%) apportioning blame on the planning system. It may be the former is guided by experiences of submitting applications while the latter, well versed in decision making, deems the system satisfactory.

With Government consulting on reforms to planning there is an important point for Ministers to take from this – if less than one in five councillors do not see a problem with the current planning system, then why expend so much political capital to change it?

SEEC Reflection:

There is a pressing need for more affordable homes across the South East, yet 400,000 planning permissions over the last 10 years, remain unused due to developers demonstrating little sense of urgency. Ministry of Housing, Communities and Local Government planning proposals should be refocused to ensure the planning system empowers local councils to secure delivery of local housing that is accessible to their local communities.

TRANSPORT

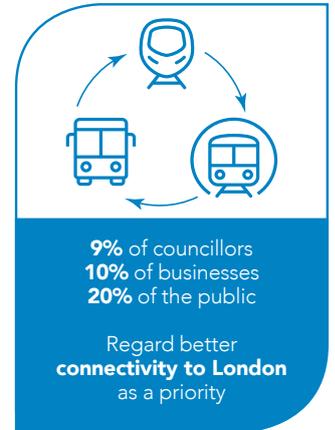


Overall, 49% of all respondents rated a reduction in carbon emissions from transport to net zero by 2050 as the highest priority in their area.

Councillors (56%) are significantly more likely than businesses (43%) to place priority on reducing carbon emissions to net zero.

Asked to list their top three priorities from named options, overall, **better integration between land use and transport planning** featured as joint second place with Councillors (47%) Businesses (41%) and the public (32%).

The joint second place was shared with a **more resilient transport network** to incidents, extreme weather and climate change impacts, with businesses (42%) the public (40%) and councillors (28%) identifying it as a high priority.



A knock-on impact of Coronavirus (also perhaps owing to green consciousness) must be reflected in the surprisingly low focus on transport connectivity with the capital – as **overall, only 15% of all respondents ranked better connectivity to London as a priority**

Certainly, in pre-covid times, swift and easy access to London was a central component in the narratives utilised for strategic transport projects whether HS2, Crossrail 2, airport rail links or road widening schemes. Is this the beginning of a turn away from the capital or a temporary fix?



A clear majority (71%) of all respondents from the South East want an increase in cycling and walking compared to how it is now.

Asked to think about changes to their lives since the COVID-19 pandemic, respondents were invited to indicate how they thought a number of specific options should increase, reduce, or stay as they are currently.

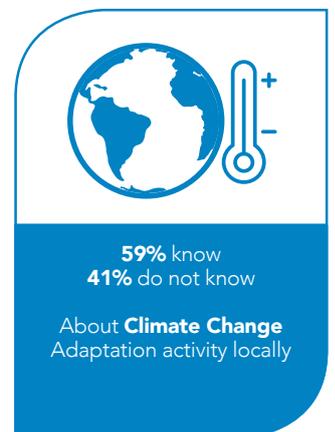
Overall, 64% of all respondents wanted car traffic levels to decrease from their current pandemic-levels, (67%) Businesses, (64%) councillors and (61%) the public.

Over half (53%) of all respondents want **public transport** to increase with councillors (70%), businesses (55%) and the public (43%) agreeing.

Overall, the South East knows about local measures on **Climate**

Adaptation – planning and preparing to address the impacts of climate change.

This is highest with Councillors (92%) and businesses (57%). However, this is not cutting through to the public, with the majority (56%) of that cohort saying they do not know much or anything about measures being taken in their local area.



SEEC Reflection:

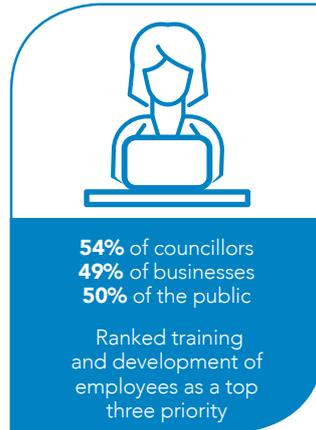
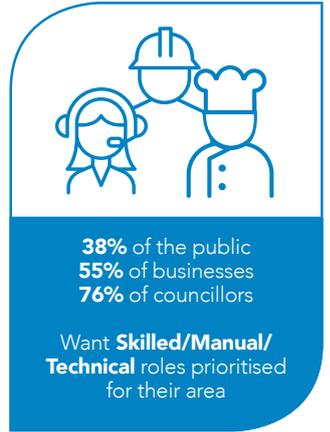
The South East's position as a nationally important economic region, is not reflected across all regional transport infrastructure. East-west journeys are challenging in a historically London-centric system. Regional sub-national transport bodies need recognition and support to address pressing road and rail network priorities alongside developing resilient links to and from the region's multiple air & sea ports of entry.

SKILLS

Overall, 52% of all respondents believe Skilled/Manual/Technical roles should be prioritised for education, training and skills investment in their local area.

Examples of Skilled/Manual/Technical roles mentioned to respondents were Engineers, Plumbers and Police Officers. (The category, which is generally accepted to mean any worker who has acquired special training, knowledge or skills, is broad and can also include software developers, transport operators and paramedics).

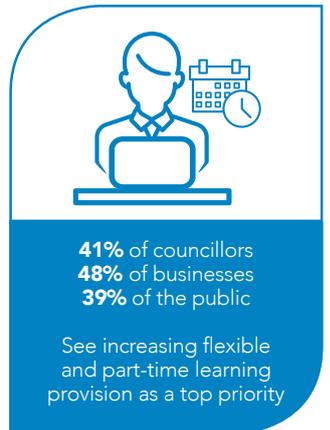
21% of respondents, overall, felt semi or unskilled roles such as cleaners, retail and agricultural workers should be prioritised while 10% of respondents, overall, favoured professional/managerial roles such as lawyers, teachers or architects. Less than one in ten respondents, overall, wanted clerical roles such as administration, HR and finance prioritised for investment.



Asked to list their top three priorities from named options **over half of all respondents (51%) ranked incentives to businesses to take on more employees alongside training and development of employees (51%).**

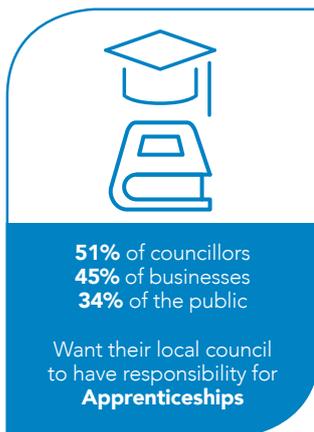
Incentives to business was the highest ranked priority for the public (52%), while training and development of employees was favoured by businesses (49%).

The highest ranked priority for Councillors was establishing **better links between education providers and businesses (61%).**



Under a third of respondents (31%) ranked the provision of more **childcare** while, perhaps surprisingly, less than one on five respondents ranked **careers advice** and guidance (19%).

An interesting finding, given that the Prime Minister has announced a new approach to Adult education and training is that, overall, **42% of respondents rated increasing flexible and part-time learning provision as a top priority.**



The South East is split on opinion over where **responsibility for apprenticeships** should sit with, overall, 41% saying local councils and 40% favouring central government.

45% of businesses favour apprenticeships sitting with their local council compared to 34% of the public. Over half of Councillors (51%) are favourable.

SEEC Reflection:

As every local area has specific skills needs, a centralised, uniform approach will not optimise local potential.

The forthcoming Spending Review can lay firm foundations for the Prime Minister's planned new approach to training by recognising that training/re-training initiatives should be driven from, and by, the locality of those it aims to help.

With realistic devolution of funding and competencies, local councils could collaborate effectively with independent providers to design and deliver training tailored to local economies and local communities

COMMUNITIES

The term 'place-shaping' has been used widely, and seen to mean many things, by policymakers and opinion leaders since mentioned in the 2007 Lyons local government review. Of course, any 'place' has, needs, or will be a community. Over time, the South East 1,000 will seek to probe a sense of place and tease out views about local affinity and identity.

Local affinity, belonging & identity

Overall, respondents clearly have a sense of connection with their existing local area.

Close to two-thirds (64%) feel a 'strong' connection.

- Three-quarters (76%) say they get on well with their neighbours
- 69% say they feel like they belong where they live.

However, there is a suggestion of a lack of control over what happens with 41% overall, disagreeing that they have a say over important decisions. This is highest with the public (48%) closely followed by businesses (45%). Over half of all respondents say that things need to change in their area – this being expressed by one in six councillors (61%).

I FEEL A STRONG CONNECTION TO MY LOCAL AREA	AGREE 64%	DISAGREE 15%
Public	51%	20%
Businesses	59%	17%
Councillors	93%	4%
I GET ON WELL WITH MY NEIGHBOURS	AGREE 76%	DISAGREE 8%
Public	70%	11%
Businesses	71%	9%
Councillors	93%	2%
I FEEL LIKE I BELONG WHERE I LIVE	AGREE 69%	DISAGREE 12%
Public	61%	14%
Businesses	65%	16%
Councillors	89%	4%
I FEEL LIKE I HAVE A SAY OVER IMPORTANT DECISIONS THAT AFFECT MY AREA	AGREE 37%	DISAGREE 41%
Public	24%	48%
Businesses	32%	45%
Councillors	67%	25%
I THINK THINGS NEED TO CHANGE IN MY AREA	AGREE 54%	DISAGREE 17%
Public	50%	18%
Businesses	54%	15%
Councillors	61%	18%

Living with Covid-19

Respondents were asked to indicate which, if any, government-initiated measures to counter the economic impacts of Covid-19, they had done since the spring;

- 50% of respondents had taken part in the 'Eat out to help out' scheme
- 14% had participated in the Chancellors Furlough scheme
- 7% had taken out a Coronavirus Business Interruption Loan (CBILS)

However, almost four in ten respondents indicated they had done none of these.



8% of councillors
15% of businesses
16% of the public

Had participated in the furlough scheme

Financing Local government

Overall, respondents want to see some taxes and levies managed or raised in their local area.

Almost a half (48%) believe **Vehicle Excise Duty** (car tax) should be within their area. This scored well across all three cohorts: councillors (63%), businesses (50%) and the public (38%).

- 43% overall, want the **Apprenticeship Levy** kept locally.
- 44% overall, believe that Business Rates take should stay within their area.

It is notable that on questions about Vehicle tax, Apprenticeship levy and Business rates that the level of respondents that disagreed was low – never above 29%.

An interesting finding was that almost half of all respondents (47%) wanted Air Passenger Duty (APD) retained locally – this despite the fact that only a few council areas will have an airport. Less than one third (29%) disagreed.

However, respondents were also clear on what they would not want to see under local control:

- 47% overall, were against Stamp Duty being managed or raised locally
- 41% overall, were against a Tourist or Hotel Tax locally.

VEHICLE EXCISE DUTY (CAR TAX)	SUPPORT 48%	OPPOSE 28%
Public	38%	29%
Businesses	50%	28%
Councillors	63%	24%
APPRENTICESHIP TRAINING LEVY	SUPPORT 43%	OPPOSE 23%
Public	35%	23%
Businesses	43%	25%
Councillors	58%	20%
BUSINESS RATES	SUPPORT 44%	OPPOSE 24%
Public	37%	24%
Businesses	42%	26%
Councillors	59%	22%
STAMP DUTY (HOUSE TAX)	SUPPORT 24%	OPPOSE 47%
Public	20%	46%
Businesses	25%	47%
Councillors	31%	49%
AIR PASSENGER DUTY (FLIGHT TAX)	SUPPORT 47%	OPPOSE 29%
Public	41%	31%
Businesses	53%	24%
Councillors	52%	28%
A LOCAL TOURIST TAX (HOTEL TAX)	SUPPORT 33%	OPPOSE 41%
Public	32%	38%
Businesses	32%	41%
Councillors	39%	45%

SEEC Reflection:

Councils play a huge role in the lives of residents and communities. Managing a diverse range of responsibilities places a significant burden on representatives and officers engaged in local authority financial planning.

Throughout Covid-19, Councils have been paramount; leading delivery of essential services and guidance. However this has brought substantial additional cost; adding pressure to local authorities facing Covid impacted local incomes.

The annual determination of funding to local government from central government is a process often leaving Councils lacking certainty, until the last moment, on how local services will be funded in the coming year.

As Government contemplates a national recovery from Coronavirus a new approach to local government financing must be a core component.

Ideas abound with some citing other countries systems as models. However each English region has different needs and requirements. In the South East consideration could be given to a Finance Commission, similar to that chaired by Professor Tony Travers to explore what fiscal responsibilities the capital region needed to deliver public services and invest in infrastructure.

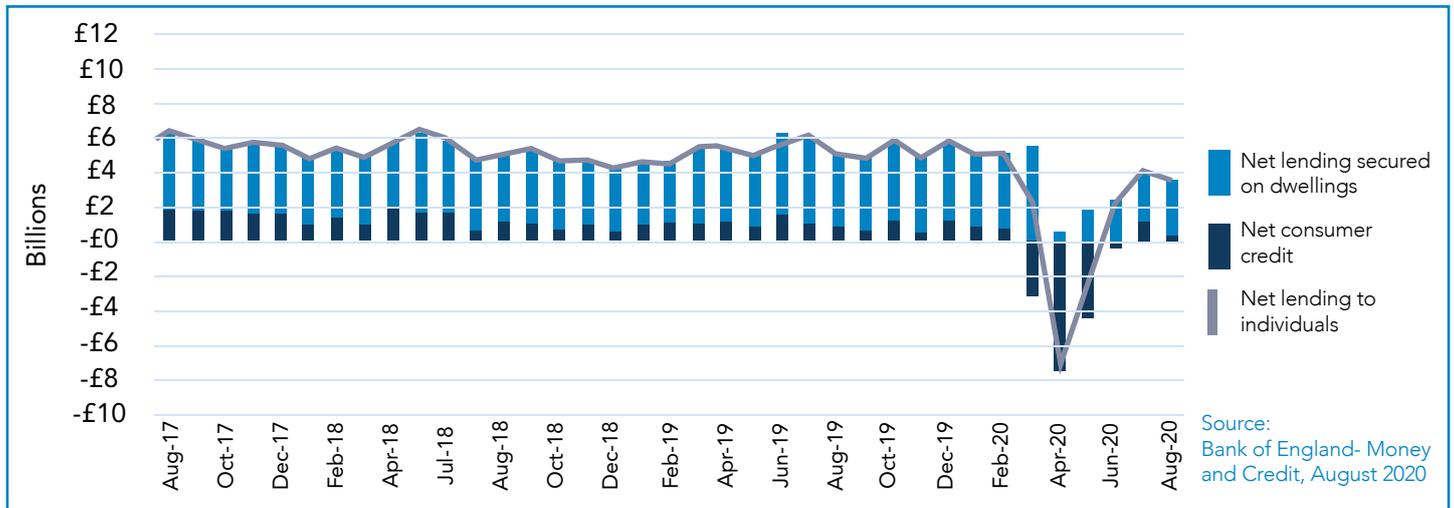
ECONOMIC VIEWPOINT

Vicky Pryce, Centre for Economic & Business Research

Although many businesses have been negatively affected with several sectors still unable to operate properly or remaining closed, recent economic indicators have been positive overall.

- The second quarter GDP has been confirmed as having fallen by a slightly downward revised 19.8% but the fall in the quarter was all in April.
- Since then the economy has been recovering, hesitantly at first but with accelerating monthly rises since in manufacturing, construction and services.
- Retail sales have been rising particularly online and interest rates close to zero (mooted to soon fall to negative by some Bank of England rate setters) have helped.

Net lending to individuals (£ billion)

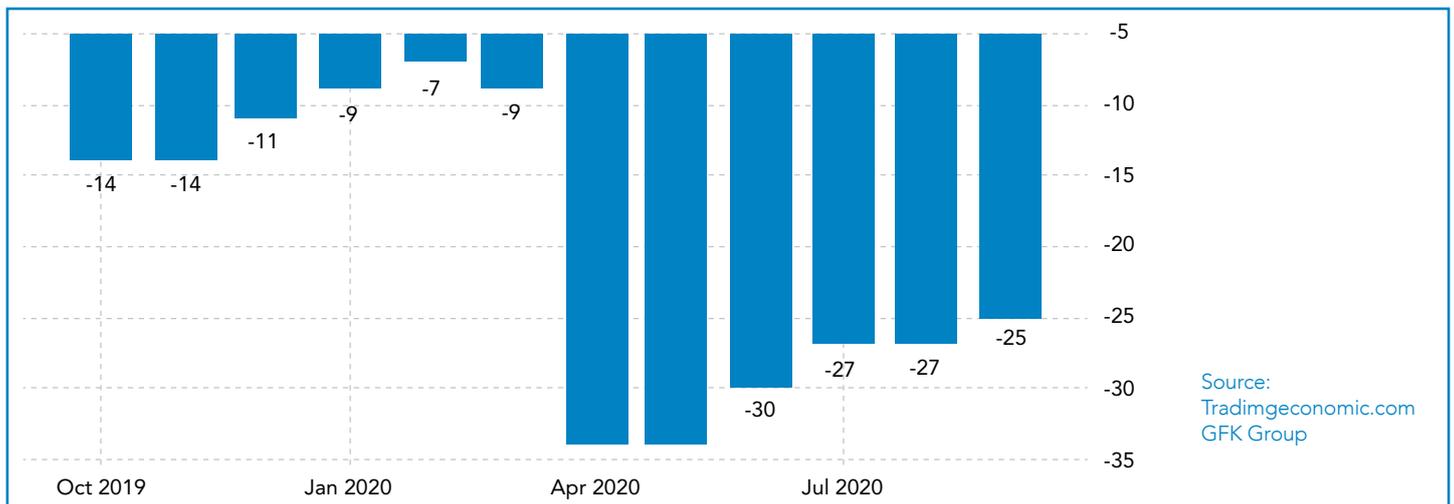


Interest Rates have already encouraged a huge boom in housing transactions and the latest overall lending to individuals reflects this with mortgage approvals the highest since 2007 keeping prices high, even in London. Prices rose by a further 1% in September and 4% up year on year, the fastest rate in 4 years.

Confidence

Consumer confidence had been improving, 'albeit rather gently from the earlier losses and estimates for Q3 are of a rise in GDP of some 10%. Hopes were that this would continue into Q4 before the economy resumes earlier growth paths in 2021.

United Kingdom Consumer Confidence



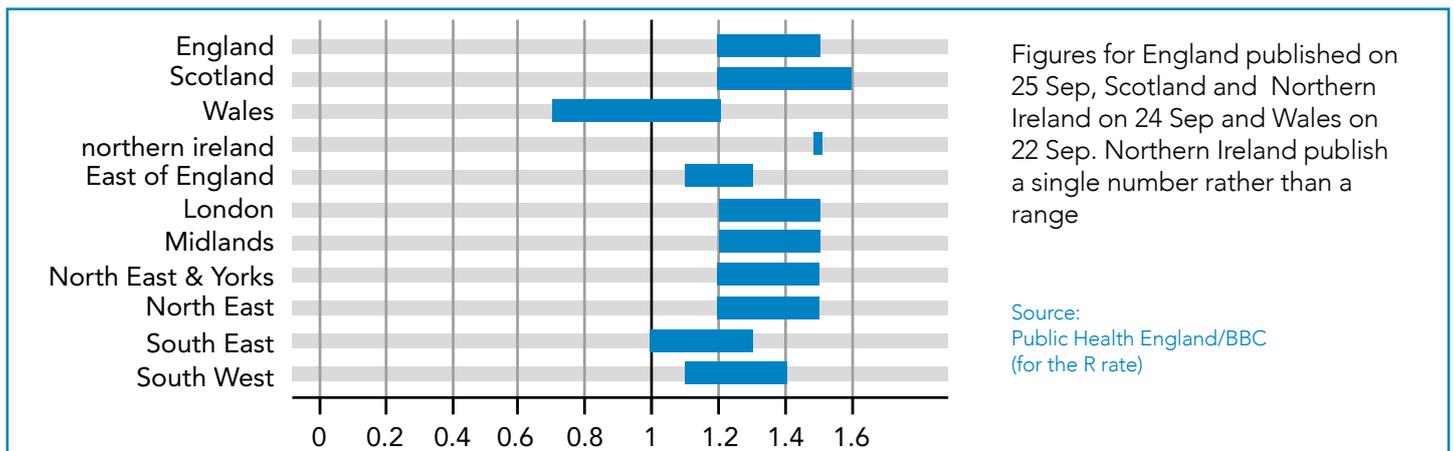
However, the resurgence of cases as autumn approached may put pay to that.

The main area of concern is the impact on confidence of new restrictions – both national; such as the rule of six and the earlier closing times for bars, pubs and restaurants and the tighter local rules, already affecting millions of people across the UK. Concern about jobs, already mounting, given the approaching end of the furlough scheme and the rather less generous follow-on jobs package announced in September, will increase.

The government stimulus packages, already resulting in borrowing in the first five months of the year of £227b, some £170b more than for the whole of last year, have so far kept people off the unemployment register. Many companies were also sustained through VAT postponements, business rate holidays, the stamp duty cut, grants for smaller premises, VAT cuts for tourism and hospitality as well as a system of coronavirus support loans that have already encouraged some £57b of borrowing by both small and larger firms to see them through the crisis. A lot of those measures have now been extended for longer and the terms have become more generous. But for many firms, particularly in the hospitality sector, the outlook remains gloomy.

Regions are affected in different ways. The **South East** has remained at the lower end of the coronavirus reproduction rate as the chart below demonstrates.

R number estimates in the nations & regions *(Range of Covid-19 reproduction numbers)*



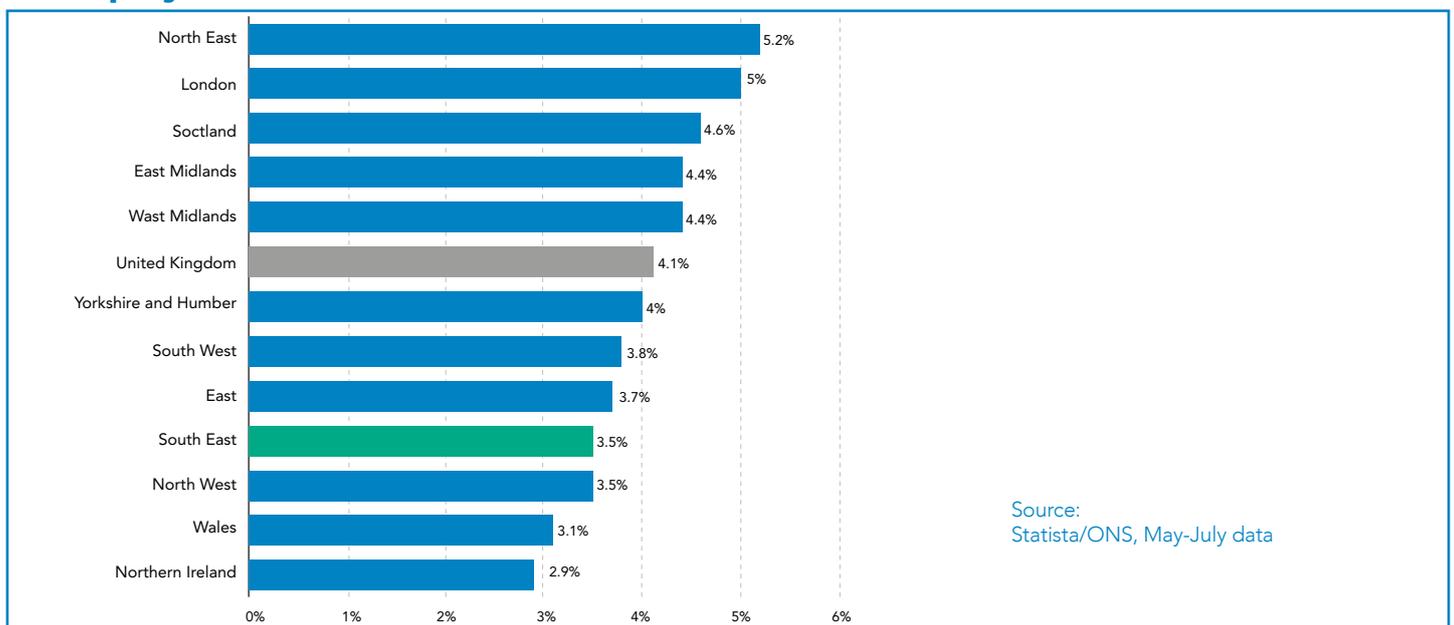
In general, the South East economy is doing better than the average for the UK. However, because of the mix of sectors represented in the South East the impact of the slowdown has varied from area to area and from city to city.

Take Unemployment as an example:

Brighton (tourism and hospitality focused) and Crawley (Gatwick travel focused) have all appeared in the top ten cities with highest unemployment increases during the lockdown while Oxford and Reading were in the bottom ten.

However what happens next will matter hugely. The earlier estimates for growth were very much dependent on there not being an extra Covid spike and lockdown – which is proving to be difficult to sustain either in the UK or in Europe which remains by far our largest trading partner.

Unemployment rate UK-latest



The world is recovering, particularly China but the forecasts are still for a fall of 4.5% this year in the world economy followed by a 5% bounce-back next.

For the UK the expectation is a 10% drop in 2020, one of the sharpest in the developed world due to the economy's greater reliance on services, followed by a 7.6% rebound next year according to late September forecasts by the OECD.

Worries about the trade negotiations with the EU remain:

- We know the car sector and aerospace will be badly hit even if there is a basic Free Trade Agreement in place by the end of the transition period.
- It may become a giant lorry park if no agreement is reached, but Kent will in any case see traffic congestion increase as the process of needing an exports licence will slow Ports operations down costing businesses £20bn per annum according to earlier estimates by HMRC.
- The financial sector is suffering from high loan loss provisions and reduced profitability.
- Business services are likely to be under pressure for some time to come.

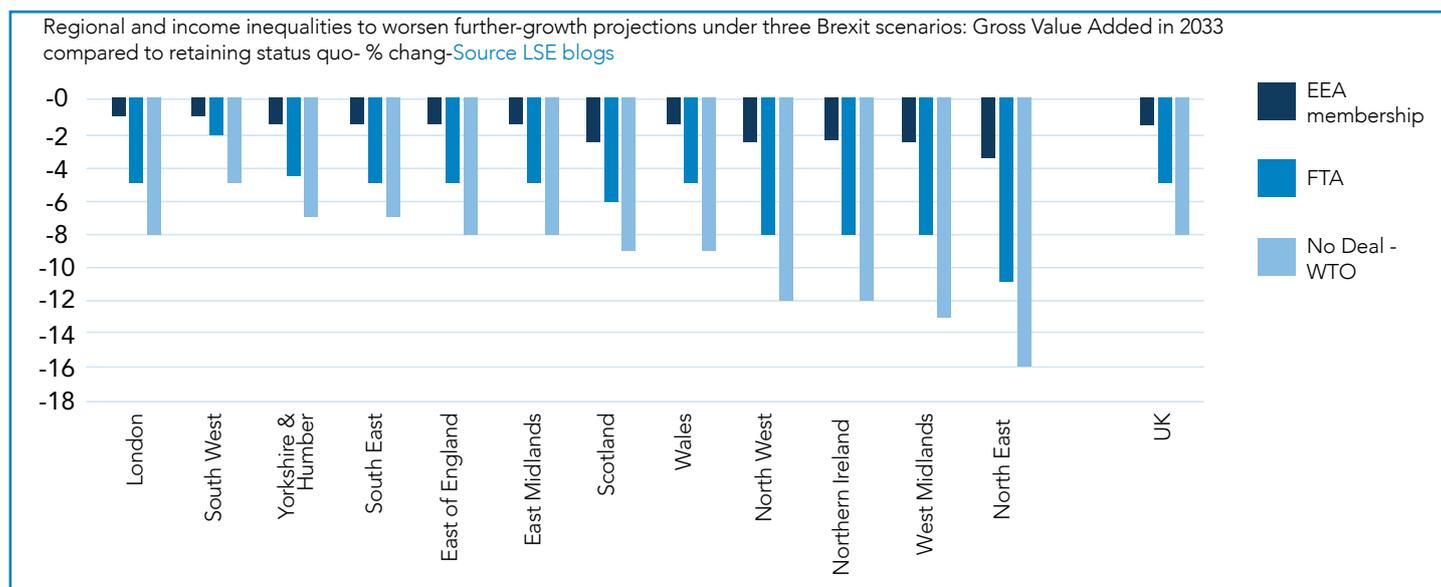
For the longer term much will depend on how the rest of the world recovers and the type of support the government will be prepared to still provide. Public debt has already risen to above 100% of GDP for the first time since 1963.

At some stage, the Treasury will have to cut back and consider raising taxes.

The end of freedom of movement will also impact on businesses in the South East and on regional university towns, which may lose many EU students.

On the positive side, while all Brexit options are a concern, the South East is likely to be less affected in the longer term by Brexit than the Midlands and the North mainly due to its diverse economy and outreach as the chart below illustrates:

Impact of Brexit on regions



Conclusion

All in all, this is without doubt one of the periods of greatest uncertainty for the economy, for businesses, for public services and for local authorities.....never mind economic forecasters!

One can take some comfort from the fact that the South East region has a varied economy with a strong academic tradition and an impressive record for innovation - attractive to investment and related R&D.

Allied to this, it should be noted that the South East has been one of only three UK regions to run a fiscal surplus (along with the London region and the East of England region) and contribute positively to the national Exchequer.

This may foster a resilience to withstand, to a degree, certain shocks better than most other parts of the UK.

DELIVER BETTER TOGETHER

With most South East Councils as members SEEC aims to work in partnership to make the region a great place to live, work and do business.

We endeavour to promote and maintain the South East's position as a leading global economy, to seek and secure fair funding for the South East region and to monitor and highlight the economic pulse of the South East.

SEEC aims to provide and act as a unified democratic voice on South East interests.

Much of our work involves making the case to, and through, Government, Parliament, Industry, and the media: utilising case studies, facilitating local councillor delegations and hosting events

For further information on this report please contact

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