Give South East freedom to grow its own way, Localis report urges

Tuesday 22 March, 2022

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Embargo date: from 00.01 a.m., Tuesday 22nd March 2022

Give South East freedom to grow its own way, Localis report urges

Government must rethink its assumption that merely directing investment away from an 'overheated' South East will cool intense living pressures affecting the region and benefit the rest of the country, the think-tank Localis has argued.

In a report published today entitled **'Resetting the South East: levelling up after Brexit, Covid and climate change',** Localis makes the case that the inherent strengths of the region, which leads the country in export-led growth, demand a greater devolution of economic control, infrastructure investment and transport coordination.

According to Localis, a more nuanced devolution settlement for the South East would empower local councils to alleviate deprivation in parts of the region – especially coastal areas - which are as left-behind as anywhere else in the country, improve quality of life for residents and boost central government's Net Zero and Global Britain ambitions.

Other report recommendations include suggestions to:

- Establish a South East Finance Commission – along the lines Boris Johnson did as London Mayor – to investigate how appropriate fiscal levers could help the region as a net contributor to public finances self-fund investment to boost the regional economy and improve people's quality of life.
- Convene a 'Summit of the South East' with a view to presenting an agreed preferred structure for local governance and regional priorities to the government's Levelling Up Director.
- Put Transport for the South East on a statutory footing with strategic responsibilities to improve and invest in transport connectivity and reduce carbon emissions.

Localis chief executive, Jonathan Werran, said: "Although the government has declared the levelling up agenda is not in the business of 'decapitating tall poppies', and paid lip service to the notion that devolution means doing thing differently in different places, there is a risk of throwing the baby out with the bathwater.

"While it is not too late for government to correct devolutionary course, it is also incumbent on the south east's local leaders to present the incoming Levelling Up Director with a unified and coherent approach to making the south east a champion of global trade, clean growth and improved transport and quality of life for residents – many of whom live in areas of deprivation which belie the region's reputation as a land of plenty."

Localis researcher, Callin McLinden, said: "Levelling up discourse has been frustrating for the South East. Despite the region's surface prosperity, the South East contains pockets of deprivation and inequality. The recently published White Paper provided some nuance, yet unfortunately still presented the South East as 'overheated' – with the region's issues characterised as ones of demand, rather than structural inequality, productivity, or public service pressures.

"'Resetting the South East' is a more considered and expansive exploration of the South East's role in levelling up, what levelling up can do for the South East, and what role the region's local government should play in the agenda. It also seeks to make the case for a new approach to devolution, funding, and finance – one in which local government has genuine autonomy and is co-ordinated in the delivery of public value."

Cllr Nicolas Heslop, chair of South East Councils, said: "South East England is the UK's gateway to the world, positioned on the doorstep of the EU, with significant clusters of commerce and industry - long championing trade, the South East has been England's highest exporting region.

“Crucially, the South East has been one of only two UK regions to be a net contributor to the Treasury. Ministers will want to ensure the South East has a secure economic foundation to meet challenges presented by pandemic impacts, the effects of climate change and a growing population which is set to reach 10 million people by 2030.”

Sean McKee, director, South East Councils, said: ““The South East enjoys strong economic relationships with other UK regions and our future growth is intertwined. Government plans for more devolution to English regions cannot simply by-pass the South East.

“The South East region can do more, can support more, can deliver more, for the UK with more control over its destiny.

“Councils need flexibility to ensure adequate infrastructure and public services provision to make the region attractive as a place to live, work and do business.

“A new model is needed to harness additional powers and new funding streams to empower local representatives to deliver for the communities they serve.”

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Notes to Editors:

1. **An advance copy of the report is available for download here:**

https://www.localis.org.uk/wp-content/uploads/2022/03/046_Resetting-the-South-East_PRF2.pdf

The report is being debated on the day of launch in a webinar that will take place from 11.00 to 12.00 p.m. on Tuesday 22nd March.

Panel speakers will include

- **Cllr Nicolas Heslop, Chair, South East Councils**
- **Professor Tony Travers, LSE London**
- **Cllr Susan Brown, Leader, Oxford City Council**
- **Michael Burton, Editorial Director, The Municipal Journal**
- **Jonathan Werran, Chief Executive, Localis (Chair)**

To register your place please visit:

1. **About Localis**

Localis is an independent think-tank dedicated to issues related to politics, public service reform and localism. We carry out innovative research, hold events and facilitate an ever growing network of members to stimulate and challenge the current orthodoxy of the governance of the UK.

www.localis.org.uk

About South East Councils

South East Councils (SEC) is a cross-party membership association that works to ensure the South East England region is a great place to live, work and do business.

With most local authorities as members, we seek to provide a unified democratic voice on South East interests.

South East Councils is an associate member of the Local Government Association (LGA).

https://www.secouncils.gov.uk/

1. **Key report recommendations**

Resetting the South East – Report Recommendations

General recommendations

- The pre-publication discourse around 'levelling up' alienated communities and local leaders in the South East. While the Levelling Up White Paper made some progress in this regard, **a less regionally-fixated and zero-sum focus is required for the agenda to succeed.**
- In advancing the Levelling Up White Paper, **government must re-think the assumption that directing investment away from an 'overheated' South East will 'cool' the region** and 'heat' the rest of the country.

Local Recommendations

- A unified approach within the region is crucial to advancing the devolution debate. To create a unified and bottom-up framework for devolution, **local authorities should come together in a major 'Summit for the South East'**. This is due to a pressing need for local leadership:
    - to **decide upon the preferred structure** of local government in the South East;
- to **set broad regional priorities** for levelling up and **define key regional assets**.
- This could be done in concert with, or as a report submitted to, the forthcoming regional Levelling Up Director for the South East.

Structural/governance recommendations

- The devolution framework currently offers nothing for district councils working in partnership with counties, LEPS and each other to achieve local goals across a functional economic area. **The devolution framework should extend the powers offered under 'level 2' to joint ventures**, providing they are incorporated as a single body with a nominated leader to be the point of contact for and accountability to Whitehall.
    - In revising the framework, given the vital importance of increasing export intensity to achieving the government's Global Britain ambitions, government should **review the role of local government in exports.**
- The South East, as a whole region, faces numerous unique transport challenges relating to decarbonisation and pandemic recovery. **As the regional body for transport, Transport for the South East should be made a statutory body with strategic responsibilities**. The existence of such a body should be a pivotal part of the plans for reforming the rail franchise system.
    - This should involve an **expansion of TfSE's ability to raise finances** to invest in the network.
- As part of its formalisation, the transport body should also be **given a statutory role in reducing emissions.**
- Current rules on council borrowing are driving councils closer towards a core service offer and further away from driving national priorities at the local level. In line with the positive changes to the local government pension scheme (LGPS) rules, **government must work to improve the conditions for municipal investment in clean growth and levelling up**.

Financial recommendations

- There is ample room for councils in surplus-generating areas of the country to raise funds for capital investment towards levelling up goals. **Councils which are in areas of net contribution to the Treasury should be able to raise additional levies to fund investment**.
    - This could include powers like those afforded to the Mayor of London in the Business Rates Supplement Act or the ability to use expansive Tax-Increment Financing for pro-growth schemes.
- More broadly, a serious **investigation into appropriate fiscal levers for the region, in the style of the London Finance Commission, should be held on South East council finances.**
- There is also room for councils to help drive levelling up through their spend, as identified in the

procurement green paper. To this end, **procurement reforms to allow local discretion should be urgently brought forward in the South East**.

- Towns relying on the aviation sector have been among the hardest hit by the pandemic. In the South East and across the country, the government must put forward a plan for **revenue and capital aid of airport towns** to support public services and at-risk workers through a very difficult transition.

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