

## **1 INTRODUCTION**

- 1.1 Following the discussions with Sir Michael Lyons at the South East County Leaders' (SECL) Away Day in June 2006, this paper builds on the conversations that began at the meeting, along with points made in SECL's initial submission to the Lyons Inquiry, *21<sup>st</sup> Century Local Government*.
- 1.2 We are convinced that your report will be vital to the future of Local Government. It is critical that Government listen to your message that central control and regulation must be reduced in favour of local choice if we are to achieve the place shaping role you describe. The other outcome of your report must be a fairer funding system for Local Government.
- 1.3 The South East is one of the most successful regions in the UK and its continued success is essential for the prosperity of the whole country. The South East Counties are amongst the best local authorities in the country. We are committed to addressing the challenges ahead and are working with partners locally and across the region to provide and develop innovative policy solutions. Our aim is to ensure that the South East continues to drive the economy whilst preserving quality of life and the environment.
- 1.4 The challenges we see include:
- the need to lever in new finance for much needed investment in infrastructure,
  - providing health and social care in ways that mirror people's lives whilst facing the pressures that additional costs place on services and staff,
  - building thriving and safe communities in a region where areas of persistent deprivation exist alongside relative affluence,
  - providing more affordable housing,
  - and ensuring that the relationship between our region and London offers support to the capital to develop as a world class city whilst mitigating the negative effects this can have on the surrounding areas.
- 1.5 The Counties have a key role to play in delivering solutions and ensuring high quality, value for money public services in the 21<sup>st</sup> Century. This paper highlights some of the levers and tools that would help us.

## **2 THE STRATEGIC ROLE OF THE COUNTIES**

### **2.1 County Regions**

- 2.1.1 The Chief Economic Development Officers Society has outlined in its 2006 report *England's County Sub-regions – Cornerstones of Economic Growth* how county areas “account for a large and growing proportion of national output.” As major locations for jobs, in 2001 “the county areas provided just over 15 million jobs, around 68 % of the English total, a figure which rises to 83% if London is excluded”. This along with a large and increasing proportion of national output being provided by England’s county sub-regions reveals the significance of promoting and maintaining economic activity outside the core cities and metropolitan areas.
- 2.1.2 It is inadequate to concentrate on strategic economic development opportunities and responsibilities for the core cities whilst neglecting to address how these responsibilities can be addressed in non-metropolitan areas. As *Productivity 3 - The Regional Dimension* issued by the Treasury and DTI states, a regional economic policy “must focus on increasing and realising the potential of all localities – towns, cities and rural areas”.
- 2.1.3 In order to maximise the potential for growth both regionally and nationally, SECL would like to see a broadened policy debate that identifies the real drivers of the national economy rather than starting from a flawed assumption that cities are the key places from which national output is increased and broader economic performance heightened. (See attached paper *City Limits*). In particular the significance of the South East in driving the UK’s economy and the importance of the interrelationship of London with its neighbouring area make it particularly compelling to examine the case for the leadership role that county areas in this position can offer.

## **2.2 Devolvement of powers**

- 2.2.1 In line with moves at the city region and London level to devolve powers to directly elected strategic bodies the South East counties believe a similar approach should be adopted for other areas which exhibit comparable economic characteristics to cities.
- 2.2.2 South East County Areas have a strong track record in delivering high quality services, effective partnership working and offering community leadership. We see no argument for devolving powers to city regions and not to the counties that display similar characteristics and who have a robust delivery record.
- 2.2.3 In the context of the White Paper the Government has indicated a willingness to consider different solutions in different places. The case for the South East Counties receiving devolved powers, perhaps as a pilot ahead of other areas, is strong.
- 2.2.4 The South East is the powerhouse of the economy and its continued success is therefore vital. The latest estimates outlined in the Draft Regional Economic Strategy reveal that the South East achieved a net contribution to the Exchequer of £11 billion in 2004-5. Over the period 1997-2003 the South East achieved the fastest growth in Gross Value

Added per head against other UK regions at 35.3 %, the second highest absolute level of GVA per head at £18,400 and the highest economic activity rate, averaging 82.9 %. It is in the National interest that the South East has the best conditions to achieve sustainable long term growth.

2.2.5 The Counties which surround London are high performing with six 4\* councils and three 3\* authorities. The county authorities have forged strong links with their business communities and partners across the public sector with whom the South East Counties would work to ensure new devolved powers are effective. Local government is on track to deliver £1.3 billion worth of efficiency gains in 2006/7 which will see the £3 billion Gershon target met a year ahead of schedule. These factors should give confidence that the South East Counties would use any devolved powers effectively.

2.2.6 The powers devolved to the Mayor of London by the Government are a good example of the type of powers we would like to see extended to strategic authorities. This would enhance local authorities' ability to place-shape and drive innovation, as well as contributing to achieving a greater public trust in the system of local and national government which *National prosperity, local choice and civic engagement* highlights as a priority.

2.2.7 Achieving the right balance between different levels of government in order to drive the South East economy and ensure prosperity and quality of life for our region is critical. SECL believes the following areas should be considered for devolvement to county region level:

- ❖ Economic development
- ❖ Housing
- ❖ Learning and Skills
- ❖ Planning
- ❖ Waste management and planning
- ❖ Functional bodies – greater control over the Police Authority and the Fire and Emergency Planning Authority

2.2.8 This is also in line with the Government's proposals for devolved powers to City Regions which include functions relating to:

- ❖ Planning
- ❖ Economic development
- ❖ Environmental regulation
- ❖ Transport
- ❖ Housing
- ❖ Business development

### **3. THE LOCAL ROLE OF COUNTIES**

#### **3.1 Service Integration**

3.1.1 Where local services and functions are split between different parts of the public sector we need to ensure we are operating in the most effective way as possible for the citizen/customer. Counties are well placed to act as a convenor of services across the public sector. For this to work effectively responsibility and accountability must be aligned. Where Counties' performance will be judged on the action of another public sector partner over which they have no direct control, e.g. the NHS with regard to the Children Act, the police with regard to crime reduction, district councils with regard to waste collection, a bringing together of responsibility and accountability is required.

3.1.2 Key areas where integration would be helpful are:

- Waste Collection and Disposal
- Trading Standards, Environmental Health and Public Health
- Community Health and Social Care
- Youth, Youth Justice and Probation
- Council Tax Collection, Council Tax benefit and other benefits administered through the Benefits Agency

3.1.3 Greater service integration in all these areas would secure value for money pay offs and increase responsiveness and customer services. A fresh approach to service integration would also offer the opportunity not just to join up existing services but to offer innovative answers about how delivery can be reconfigured to best meet the needs of the customer. In other words rather than simply looking at improving existing arrangements we could take the opportunity to design services around customers. For example in the field of environmental regulation and trading standards, a locally based public protection directorate could be established, integrating district, county and health services. We could make life better for young people if we had close integration of housing with children's services.

3.1.4 Joining up along these lines would lead to integrated management structures in local areas and would serve to raise standards to those of the best in the area.

## **3.2 Joining up Back Office Services**

3.2.1 As highlighted in the South East Counties Paper *21<sup>st</sup> Century Local Government* securing efficiencies and reducing back offices costs will be key to achieving new, cashable savings for the public sector to invest in improved services.

3.2.2 Successful joining up of back office services currently depends on local political circumstances and willingness. In some areas of the South East services are being brought together very effectively, in other areas this is proving more difficult to achieve. In areas of standardised service such as HR, finance, council tax collection and legal services, the case for merging back office to gain economies of scale is compelling.

- 3.2.3 In order to deliver the efficiency gains that can be made from merging back offices, it would be useful to have available a reserve power of direction which can be used to bring any reluctant partners on board in those areas where voluntary agreement to join up is proving difficult or taking an unnecessary length of time to agree. SECL proposes that this reserve power apply only to back office standardised service mergers. The issues surrounding service integration lend themselves to greater local choice and diversity which should be reflected in their design and delivery. A reserved power would need to be unequivocal in order to be worthwhile otherwise its use would be challenged in the courts.
- 3.2.4 Both service integration and the joining up of back office functions offer a new way of working across the public sector which will not only offer huge efficiency gains but also provide the opportunity to make greater use of the private sector and maximise innovative solutions across the region and beyond. Establishing a reserved power for joining up back office functions will help clarify the current situation where authorities are held accountable for things over which they do not always have any control. We are keen to take on the responsibility for greater service integration and the joining up of back office services but must be given the powers to deliver this.

#### **4. CONCLUSION**

- 4.1 SECL believes that at the heart of counties' roles is that of empowering individuals and communities to make choices and shape the services they receive. This can be achieved through appropriate devolution from both central and local government and choosing the most locally appropriate model for delivering this.
- 4.2 Delivering the ideas set out in this paper would provide strong county regions surrounding and working with London, regions with devolved powers driving forward place shaping, partnership working and the convening and joining up of services across the public sector. Service integration would be accelerated and back office savings could be realised within a short time period and redirected back to the frontline.
- 4.3 SECL believes a confined national framework offering discretion and choice alongside the devolution of powers and a fairer financial settlement for the region would facilitate the continued prosperity of the South East and the reinvigoration of local democracy.