

A governance review of South Essex

Shared Intelligence

June 2020

Executive Summary

This report concludes that a Mayoral Combined Authority is the most appropriate governance arrangement to deliver the ambitions set out for South Essex in Prospectus 2020 produced by the Association of South Essex Authorities (ASELA). The conclusion is based on an assessment of the existing arrangements for collaboration across South Essex and a review of possible future governance arrangements.

The existing arrangements we considered included: ASELA, the Greater Essex Leaders' Group, Transport East and the South East Local Enterprise Partnership and its federated body.

We concluded that the current arrangements for collaboration across South Essex and beyond are not capable of delivering the ambitious vision for the area.

South Essex is not benefiting from the arrangements which cover a wider area because of the absence of a single coherent voice for South Essex.

Many of the arrangements cover slightly different geographies creating a fragmented approach.

There is no organisation with an unambiguous focus of South Essex and which is capable of delivering a long term strategy for the area with the support or devolved powers and resources from government.

We considered whether strengthening the existing governance arrangements, including replacing ASELA with a statutory joint committee, would enable the delivery of the ambitions for South Essex. We concluded that simply seeking to strengthen ASELA will not enable the delivery of the prospectus and vision for South Essex. We also concluded that replacing ASELA with a joint committee would not overcome the fundamental weaknesses with the current arrangements but would be an important and potentially useful step on the way to putting more robust arrangements in place.

We have reviewed the case for establishing a South Essex Combined Authority and have concluded that it meets the statutory test for doing so. We are confident that it would:

- Improve the delivery of functions relating to the economy, infrastructure, skills and strategic planning in South Essex;
- Help to secure effective and convenient local government;
- Reflect local identity and the interests of local communities.

Finally we have concluded that Mayoral Combined Authority would have two significant advantages (compared with a non-mayoral one). They are that:

- It would be more likely than a non-mayoral authority to negotiate an ambitious devolution agreement with government;
- A mayor with a four year term of office would provide a degree of stability and certainty that would strengthen governance in the area.

Contents

Executive Summary	2
Purpose of the review	4
The ambition for South Essex	5
Introduction and context	6
A review of the South Essex Functional Economic Market Area (FEMA)	8
Review of current governance arrangements – effectiveness and efficiency.....	13
Review of current governance arrangements – effectiveness and efficiency – by theme.....	19
Summary of proposed devolution agreement as set out in the prospectus	20
Options appraisal of future governance structures.....	22
Summary of findings with recommendations.....	27

Purpose of the review

The Association of South Essex Local Authorities (ASELA) has commissioned a review of the current and potential future governance arrangements in order to determine how to strengthen existing arrangements to deliver economic and inclusive growth. This review also provides an opportunity for some longer-term strategic thinking about what future arrangements may include to support public service reform for South Essex. The review has been conducted independently by Shared Intelligence to set out the options for future governance arrangements.

This review represents one against a backdrop of the Covid-19 pandemic and gives rise to a new conversation with partners and stakeholders about the future of South Essex. It presents an opportunity to consider how a new model of local government could make a strategic move to deliver economic, social and public service transformation in a post-Covid-19 setting.

This report considers the economic profile of the six local authority areas, looks at the current governance arrangements as well as the proposed devolution agreement as set out in the prospectus and considers a range of options, assessing their contribution to economic growth. These options include:

- Option 1: Strengthening the current arrangements;
- Option 2: Establishing a Joint Committee;
- Option 3: Establishing a Local Development Corporation;
- Option 4: Establishing a Combined Authority;
- Option 5: Establishing a Combined Authority with a directly elected Mayor.

To ensure compliance with the relevant legislation contained in Section 111 of the Local Democracy Economic Development and Construction Act of 2009, this Governance Review considers which model is the best in order to:

- Improve the exercise of statutory functions in the area of South Essex;
- Secure more effective and convenient local government for the area; and
- Have a positive or neutral impact on the identities and interests of our local communities.

The ambition for South Essex

Accompanying this governance review is a Prospectus 2020 developed by the Association of South Essex Local Authorities and Opportunity South Essex. This document sets out that:

“South Essex has a key role in the local economy and is of great importance to UK PLC:

- It is home to nearly 1 million people and generated £17.9bn of economic value in 2019.
- There is a rich culture of entrepreneurialism and is home to leading brands including Ford, Amazon, National Westminster Bank and Olympus among others.
- Industry sectors and clusters are firmly established around Advanced Manufacturing, Logistics, Creative industries and Health.
- It has some key infrastructure crucial to the UK, including:
 - four major ports that are recognised as the UK’s fastest growing terminals and vital to the UK fuel and energy economy;
 - an international airport;
 - a Crossrail terminus; and
 - the proposed the Lower Thames Crossing.

There are significant opportunities to create greater prosperity and quality of life in South Essex and by 2050 it plans to grow its contribution to the UK economy by £15bn, through:

- 50,000 businesses growing and increasing productivity;
- Physical and social infrastructure, including education and health services;
- £0.5bn combined benefits to the Exchequer;
- Creating 100,000 new jobs;
- Delivering 96,000 new homes, including 29,000 affordable homes for key workers by 2039;
- Bringing forward £5bn of private sector investment;
- Enabling the economy with the strongest digital network;
- Creating an integrated public transport system that puts active travel and decarbonised transport at its heart;
- Delivering Carbon Zero by 2040; and
- Developing over 5,000 work opportunities for young people per annum, and 5,000 apprenticeships per annum by 2030.

Introduction and context

The Association of South Essex Local Authorities (ASELA) is formed of the seven councils of Basildon, Brentwood, Castle Point, Essex County, Rochford, Thurrock and Southend-on-Sea. Its core focus is to work across borders on strategic issues such as infrastructure, planning and growth, skills and economy, housing and transport connectivity. In February 2020, Leaders agreed to develop a set of proposals to submit to Government by July 2020 and to review the current governance arrangements.

The area is adjacent to London in the West, fuelling workforce, goods and service markets across the South East. It is well connected with a national and international gateway, with an airport – London Southend Airport and four major ports on the Thames Estuary to the South with the rest of Essex to the North. The Port of London is the second largest UK port by freight traffic. This strategic location is a considerable factor in the growth of the area and sets the scene for significant future growth potential.

The area is served by good east-west movement with the A13 and A127 providing strategic highway connections carrying large volumes of passenger and freight traffic within South Essex and westward towards London. The c2c/Greater Anglia main lines carry significant passengers to the capital. East-west roads and rail corridors are one of the key factors underpinning the sub-regional economy and housing market area. However, until connectivity on a north-south level between major employment sites and residential conurbations is addressed, there remains a barrier to workforce flow, housing and commercial growth.

Growth plans for the area however have been recently accelerated by Cross Rail, the Lower Thames Crossing and technology change on the C2C Network. The area benefits from direct road and rail links to the capital and, via the M25, to the rest of the south east and UK markets. Investment in the transport networks, both local and national, is pivotal for enabling site development, alleviating pinch points and other congestion issues, and increasing use of sustainable modes of transport. Activity and investment to date has addressed some of these priorities but does not go far enough to ensure growth can be delivered comprehensively. This is also significant for two reasons. There remains capacity at the ports locally which, with investment, could further open up this area as a gateway allowing more growth and if a trade deal with the EU is achieved, this will improve access to the rest of the country.

There are strong economic links with London providing local prosperity and supporting the capital's economy through close commuting links, with a high share of working residents regularly travelling there for work, making a significant contribution to the capital's economy. With a total of 66,584 South Essex residents commuting to London, the sub-region contributed around £4.3bn in GVA to the London economy overall.¹

The Association of South Essex Local Authorities has a short history of collaboration but during that time, it has worked to build a core vision and set of principles and developed a suite of documents. Since the summer of 2017, it has:

¹ The average GVA per filled job in London in 2011 was £64,551 – source: ONS (2015) Nominal (smoothed) GVA per filled job (£); NUTS 2 and NUTS 3 sub regions, 2002 - 2012

- Developed a Memorandum of Understanding which was signed in January 2018;
- Committed to a Joint Strategic Plan and published its Statement of Common Ground in March 2018;
- Published Terms of Reference for its Joint Strategic Plan Members Steering Group and Delivery Board in March 2018;
- Pushed ahead with a strategic and statutory spatial plan – the aim is to have this complete by 2022;
- Created a housing delivery plan in conjunction with Homes England – to transform housing delivery in the region;
- Brought forward a framework and plan to re-design local connectivity and public transport – so that residents and businesses can go easily about their daily lives;
- Implemented a new economic and productivity strategy for the region that will locally deliver a significant uplift in economic value over the next ten years – it will form part of the local industrial strategy for South East Local Enterprise Partnership;
- Enabled digital infrastructure and connectivity through the Full Fibre network programme with DCMS, and exploring with Strathclyde University and DCMS, the potential to be leaders in 5G technology for an urban and rural area;
- Focused on re-energising the town centres – so that they become a blend of commercial, residential and retail space; and
- Developed an “impact’ investment fund to attract private sector finance to commercial schemes.

However, this vast potential is not fully being realised and more needs to be done to bring forward full economic prospects in the sub-region. It must individually and collectively tackle variations in skills and qualifications levels among residents, falling output in higher productivity sectors like Accommodation and Food Services and Agriculture, and there are significant infrastructure for growth demands including transport and housing infrastructure. These barriers must be addressed to raise GVA per head, labour productivity and encourage greater economic prosperity with infrastructure for growth and transport investment coming forward as a result.

An emerging vision and scope for greater collaboration has been identified as a priority along the South Essex growth corridor. The collaboration has been built up over the past 3-years and focuses on:

- Tackling problems individual councils can’t solve individually;
- Creating collective scale and impact; and
- Providing the place leadership to promote and sell the ‘South Essex’ proposition.

Delivering this vision will provide businesses with the skilled workforce they need and require action by all councils, at a South Essex level and across the Thames Gateway.

A review of the South Essex Functional Economic Market Area (FEMA)

Economic spatial profile

With a total population of close to 800,000 residents, its working age population is 487,522 and the area represents the largest of the Greater Essex economies with 36% of GVA (£12bn of the Greater Essex £33bn) coming from the area. The area has particularly high employment in sectors such as Logistics, Wholesale and Retail, Health and Care and Advanced Manufacturing. While the area is dominated micro and small companies dominate the landscape with around 90.7% of enterprises employing less than nine people, there are some significant employers and globally known brands such as Amazon, Ford, and MK Electric. It faces a long-term skills challenge with 11% of the population with no qualifications and in some places only 23% with NVQ4+ (Higher Education equivalent).

The latest figures for employment show that there are some 385,300 employed residents living in one of the six authorities in South Essex, while the total number of those who work there is comparatively lower, at 296,000. This reflects commuting patterns and suggests that at least 23 per cent of South Essex residents commute out of the area. (Considering that excess South Essex commuters are replaced by those commuting in, the true number of residents commuting out of South Essex is likely to be higher.) There has been an increase in the minimum number of residents who commute out of South Essex, with the figure at the time of the 2011 census being 18.5 per cent. However, this still represents a substantial amount of self-containment within this market area.

Growth in the working age population is higher than the average for a number of similar areas. South Essex is expected to see a growth in population of 2.41 per cent by 2020, 3.95 per cent by 2030 and 6.21 per cent by 2040 compared to the current figures, an increase in population from 490,620 to 502,430 in 2025, 510,011 in 2030 and 521,090 in 2040. This growth is expected to be faster than a number of comparable areas, in particular Essex. The growth will also be faster, proportionally, than surrounding areas of London, Essex and Hertfordshire.

Skills in South Essex are, however, comparatively poor. The geography has a comparatively lower skill level than all surrounding areas with the exception of Maldon, with 30.7 per cent of residents having NVQ4+ skills. Within South Essex, generally skill levels are consistently low, although Brentwood has a comparatively higher proportion of residents with NVQ4+ level qualifications, at 42 per cent. Over 10 per cent of residents in South Essex have no qualifications, suggesting that the employment specialisms generally require lower skills.

Looking more widely, estimated GVA for the South Essex area demonstrates that, comparative to the other 'quadrants' of Greater Essex, West Essex, Haven Gateway and Heart of Essex², South Essex has the highest GVA, with a GVA of £18,493 million in 2018. accounting for around 43 per cent of the total GVA of the Greater Essex area.

The labour market of South Essex has a particular bias towards Basildon, which is the largest employment area within Essex, with 68,309, or approximately 28 per cent, of all workers in South Essex working in Basildon. This is followed by Southend-On-Sea at 24 per cent and Thurrock at 21

² <https://www.rochford.gov.uk/sites/default/files/GrowonSpaceFeasibilityStudy.pdf>

per cent. Brentwood, Castle Point and Rochford make up far smaller proportions, suggesting that there are three primary economic centres within the South Essex area FEMA, with considerable crossover between them.

This South Essex FEMA is made up of a number of specific sector strengths, in addition to clusters of businesses. The Transportation and Storage sector is a particular strength in South Essex, comparable to Suffolk, with both the Port of Tilbury and the London Gateway Port both making up a substantial amount of the UK's shipping market share. This demonstrates significantly higher comparable employment in Logistics, in addition to transportation and storage in South Essex. In addition, South Essex specifically has a specialisation in human health and social work, construction and wholesale and retail. These sectors all have higher than average employment compared to the average for Essex, the East of England and Great Britain, therefore representing particular specialisms for the South Essex market.

Travel to work

A travel to work area (TTWA) is defined as an area in which has a degree of self-containment, where most live and work within a travel to work area. According to the latest commuting data produced by the ONS from the 2011 Census, South Essex has its own TTWA, the Southend TTWA. This roughly comprises the whole of Basildon, Rochford, Castle Point and Southend-On-Sea, however, only includes parts of Thurrock, the remainder of which is in the London TTWA and Brentwood, which is mostly in the Chelmsford TTWA.

When looking at the commuting patterns for all six authorities in South Essex, it is clear that there is a degree of self-containment, with substantial amounts of cross commuting between the different authorities. Of those who work in South Essex, 79 per cent reside and commute from within South Essex, and for those who are a resident of one of the six South Essex local authorities, 65 per cent work within South Essex. These high levels of self-containment suggest that South Essex is market area, although there is an element of commuting out of the area by the residential population however, it also shows that, as an economic area in terms of employment, the area is self-contained.

Brentwood has highest proportion of residents commuting out of South Essex for employment of the six South Essex authorities, with the borough seeing 58 per cent of its residents commute out of South Essex. Similarly, although to a far lower degree, Thurrock also has 42 per cent of its residents commuting out of South Essex, again a comparatively high level. The remainder of the authorities within South Essex are far more contained, with Castle Point and Rochford both seeing very low levels of commuting to areas outside of South Essex.

Commuter flows out of and into the area differ in their origin, although there are some areas of cross commuting. Residential commuting out of South Essex is largely to Central London boroughs, in addition to nearby authorities. The largest commuting destination for South Essex residents is Westminster and the City of London, followed by Tower Hamlets, likely for Canary Wharf. In addition, there is also substantial amounts of commuting to other Inner London Boroughs such as Camden, Islington, Southwark and Hackney. The other significant commuting destination is nearby authorities. This includes areas of Essex such as Chelmsford, in addition to Epping Forest and Braintree, as well as outer London Boroughs such as Havering, Barking and Dagenham, Newham and Redbridge.

Commuters from outside South Essex are predominantly from Chelmsford and Havering, which demonstrates some of the cross commuting between South Essex and nearby market areas. In addition, there are substantial commuter flows from areas such as Maldon, Braintree, Epping Forest

and Colchester in Essex and Barking and Dagenham, Redbridge and Newham, Outer London Boroughs which border or are in proximity to South Essex.

The commuting data suggests that South Essex is a self-contained market area, although with some cross commuting between neighbouring areas, particularly to the West. In addition to this, there is also a substantial unreciprocated number of commuters who commute to inner London Boroughs for employment.

Housing Market Area

A housing market area is an area for planning new housing developments and is an acknowledgement that housing markets do not precisely follow administrative boundaries. The South Essex Strategic Housing Market Assessment³ (SHMA) published in 2016 identifies that five of the authorities in South Essex, Basildon, Castle Point, Rochford, Southend-On-Sea and Thurrock, are part of the same housing market area. This is based on factors including household migration and search patterns, house prices and the rate of change in house prices, and other contextual data. Research conducted by the Ministry of Communities and Local Government in 2010 backs this finding, categorising the five authorities in a housing market area called the “Thames Gateway”.⁴ Separately, Brentwood is considered to be part of the “London Commuter Belt Housing Market Area” by this piece of work, which includes authorities such as Chelmsford and stretches to Dacorum and St Albans in the West. Brentwood has since developed its own SHMA⁵ but in the future will be considered part of the South Essex SHMA.

The evidence presented in the South Essex SMHA is still valid for demonstrating that South Essex is a self-contained housing market area. In terms of household migration, South Essex demonstrates a particularly strong self-containment. The latest available evidence is again based on Census 2011 data, but as presented in the SHMA around 73 per cent of those who moved houses in the year before the census moved within South Essex. Similarly, and importantly, the self-containment within South Essex is higher than that of any authority within South Essex, demonstrating that the area is not made up of a number of housing market areas. The same measure for those moving to South Essex shows similar results, with 74 per cent of those who moved to South Essex in the year prior to the Census moving from a South Essex.

In terms of house prices, the distinction of South Essex is slightly less clear, but still exists. While house prices generally are not particularly comparable in terms of growth, with Thurrock in particular having experienced high levels of growth in the price of housing. However, actual house prices are now even more comparable than at the time of the SMHA, with the September 2019 data showing house prices across Basildon, Castle Point, Southend-On-Sea and Thurrock all being just below or on £300,000, with prices in Rochford being slightly higher, at £335,000. This demonstrates that South Essex continues to have house prices which are below the average in much of the surrounding area.

3

https://www.housingessex.org/assets/uploads/2018/06/South_Essex_Strategic_Housing_Market_Assessment.pdf

⁴ <https://www.gov.uk/government/publications/housing-market-areas>

⁵ <http://www.brentwood.gov.uk/pdf/25102018093817000000.pdf>

Commercial Property Market Area

South Essex, including Brentwood, has a commercial floorspace breakdown which is comparatively similar to Essex. Both areas have sizable industrial areas by square metre, at a higher proportion than England and Wales, in addition, both areas have a higher proportion of retail space, and a lower proportion of office space. Looking specifically at the differences between South Essex and Essex to determine the differences between the areas, there is essentially no difference in the proportion of industrial space between the two, with both areas having about 57 per cent of commercial space being industrial. However, there are comparative differences between South Essex and Essex in the proportion of both retail and office space, where South Essex has a higher proportion of retail space, at around 22 per cent of total compared to 19 per cent of the total for Essex and a lower proportion of office space, at 10 per cent of the total compared to 12 per cent for Essex.

Looking specifically at the six authorities in South Essex shows that there are comparative similarities. Brentwood has a far higher proportion of office space, and Southend has a higher proportion of retail space. Thurrock and Basildon have a high percentage of industrial space. The table below shows the relative proportions for each of the authorities.

	Retail	Office	Industrial	Other
Southend-on-Sea UA	34%	17%	35%	13%
Thurrock UA	20%	4%	67%	8%
Basildon	18%	9%	66%	8%
Brentwood	17%	28%	40%	14%
Castle Point	31%	5%	49%	15%
Rochford	16%	7%	59%	17%
South Essex	22%	10%	57%	11%

However, separately, the London Industrial Land Report identifies Basildon, Brentwood and Thurrock, along with Chelmsford and the Medway towns, as part of the Thames Gateway/Eastern Quadrant Industrial Property Market Area⁶.

In terms of commercial property prices, there is a similar theme. The rateable value of retail space per square metre in South Essex is considerably higher than that of Essex, and of England and Wales, reflecting the speciality in this area. In contrast, the South Essex retail rateable value per square metre is £168, compared to £149 for Essex, and £151 for England and Wales. Conversely, South Essex has a lower rateable value per square metre for Office space than both areas, at £109 compared to £122 for Essex. In both cases, the price for Brentwood pulls the price of space up, considerably so for office space, where per square metre, office space in Brentwood costs nearly £45 more than any other authority in the area. Industrial space is more similarly priced, although South Essex is slightly higher than Essex and England and Wales. These differences in cost reflect how it is a different market area to Essex, with different specialisms.

⁶ https://www.london.gov.uk/sites/default/files/ilds_revised_final_report_october_2017.pdf

Transport and infrastructure

There are substantial transportation opportunities in South Essex, both by rail and by road. It is important to note that the infrastructure predominantly serves an east west direction, with all railway lines and two of the three major A roads in South Essex running roughly East to West. This provides a natural barrier between South Essex and the remainder of Essex and demonstrates why it operates as such a self-sufficient and functional market area.

The London, Tilbury and Southend Railway provides an east-west connection as the main railway line through South Essex, serving the centres of Basildon and Southend, in addition to Lakeside, the main retail centre. The line extends through to London Fenchurch Street, providing opportunities for business partnerships with businesses in London.

The Great Eastern Main Line also runs through the west of South Essex serving Brentwood. North of Brentwood is the start of the Shenfield to Southend Branch line, which provides another east-west connection through South Essex, serving Brentwood, Basildon, Castle Point Rochford, and Southend. Through the connection to the Great Eastern Main Line, the line terminates at London Liverpool street, again opening opportunities for the South Essex area to take advantage of the rapid and close connection.

The South Essex Joint Strategic Plan Statement of Common Ground⁷ outlines a number of rail improvements, including improving capacity and the potential for an Eastern section of Cross Rail 2 from Stratford to Shenfield in Basildon, to serve Essex.

There are also major roads serving the area, with the A127 serving the north of South Essex and the A13 serving the south, with both connecting to the M25, providing east to west road connections across South Essex. The A130 also provides a connection from South Essex to Chelmsford. In addition, the A12 provides a connection for Brentwood to London, and to Chelmsford and Ipswich.

The South Essex Joint Strategic Plan Statement of Common Ground outlines some of the agreed infrastructure improvements needed in South Essex to ensure that the goals for South Essex can be achieved. In addition to road capacity improvement, some of the points include the potential for a new Lower Thames Road crossing which will connect South Essex to Kent.

In addition to road and rail, South Essex is also connected by air and sea. South Essex has an airport, London Southend Airport. This airport is served by both road and rail and provides flights to a number of European destinations. In addition, shipping is particularly significant in Thurrock, with commercial ports in the area connecting South Essex to much of the world through shipping.

The infrastructure of South Essex is a particularly significant part of the economy and provides substantial opportunity to the market for internal connections and for connections to the wider region and London.

⁷ https://www.basildon.gov.uk/media/8838/South-Essex-Joint-Strategic-Plan-Statement-of-Common-Ground-June-2018/pdf/South_Essex_Joint_Strategic_Plan_-_Statement_of_Common_Ground_-_June_2018.pdf?m=636809127016470000

Review of current governance arrangements – effectiveness and efficiency

The councils and their partners in South Essex have an ambitious long-term vision for the future of the area. Delivering that vision will require a long-term strategic approach and an ability to take and influence significant investment decisions in relation to, for example, infrastructure and skills. It will also require a new relationship with government, including devolved powers and resources. In this section we explore whether the current arrangements for collaborative working across South Essex and a wider geography are capable of supporting the delivery of these ambitions.

Transport East

Transport East was established in early 2018 as the sub-national transport body for the East of England. The councils in its area include three county councils (Essex, Norfolk and Suffolk) and two unitary councils in South Essex (Southend and Thurrock). It aims to provide a strategic voice on the transport investment needed across its geography and has input from business leaders, Network Rail and Highways England.

The sub-national transport bodies are playing an increasingly important role in identifying and pursuing strategic transport priorities. Transport investment is key to delivering the ambitions for South Essex, but the fragmented nature of local government in the area is impeding its ability to influence or benefit from the work of Transport East. The two unitary councils and Essex county council are involved, but there is no direct input from the four districts in South Essex.

This in effect means that there are three transport bodies presiding over the area, each competing with individual priorities and not providing a coherent narrative of transport needs and opportunities. In order to satisfy the transport ambitions across South Essex, a coordinated decision-making effort is required.

A more coherent voice for South Essex in Transport East would enable it to play a bigger role in meeting the needs of this important part of its area.

South East Local Enterprise Partnership

Local Enterprise Partnerships (LEPs) were established in 2011 with a remit to drive local growth, job creation and to oversee all economic activity. Strong business involvement combined with public sector leaders ensure that local economic priorities and activities to drive economic growth and job creation, improve infrastructure and raise workforce skills within the local area are delivered.

The South East LEP is the largest LEP. It covers East Sussex, Essex, Kent, Medway, Southend and Thurrock and has a federated structure with four parts to its geography (see below). The LEP has a strategic board with clear leadership and a shared set of growth priorities which consider required investment in its significant asset base and future investment required across the wider geography.

At the present time, it is in the process of drafting its Local Industrial Strategy, working with its four federated areas to develop ambition and priorities. The draft LIS articulates a strong ambition for SELEP as below:

- The South East is the UK's global gateway; powering trade and prosperity throughout the UK, generating £90 billion a year for the economy.

- To accelerate its role as a global region to drive sustainable and innovative growth. Through targeted investment in people and places and progressing our partnership with London, it will enhance the economic vitality of UK plc by increasing productivity across the SELEP area, delivering £28 billion additional Gross Value Added by 2030.

It also sets out how the ambition and distinctive strategic opportunities, will be supported by a specific focus on:

- Increasing the region's innovation activity and R&D performance, working in partnership with industry and the further and higher education sectors;
- Sustaining a workforce and business base that is fully equipped to respond to new technologies and a changing economy and skills needs; and
- Embedding clean growth principles to secure the shift to a net zero carbon economy, and investing to help the region address and mitigate the impacts of climate change.

South Essex Federated Board – Opportunity South Essex

South Essex makes up one of these federated areas which allows for decision-making and project prioritisation at a local level. Opportunity South Essex is the private-public board whose vision is for South Essex to have “one of the fastest growing and the most sustainable economies in the UK which provides opportunities for businesses, is attractive to inward investors and benefits local communities”.

Despite multiple layers of decision-making, funding and accountability with a Strategic Board, Accountability Board and Investment Board offering scrutiny and prioritisation of investment over the federated areas, it does enable collective engagement with all local authority leaders and allows decisions to be taken at the practical level closest to the communities and businesses affected by those decisions.

In summary the way in which the LEP geography plays out in South Essex adds to the overall story of fragmentation and the absence of a strong, single voice for the area. Opportunity South Essex has demonstrated the value a business-led partnership could add to the area, but it is not capable of enabling the delivery of the economic ambitions for South Essex. its ability to fulfil its potential is constrained by its status as one of four federated boards within a very large LEP and the fragmented nature of local government in the area. There is a need for a mechanism which can provide more alignment between businesses, local government and education institutions to secure economic growth with an unambiguous focus South Essex.

Further and Higher Education

There is a limited offer when it comes to Higher Education. This has long been considered a barrier to growth of the economy and one of the reasons behind the area's long-term skills challenge. This has caused inequality across the South Essex geography as in some parts, only 23% of residents have NVQ4+ (Higher Education equivalent). In comparison to the rest of the UK, nearly 36% have higher skills (30.5% in Essex)⁸.

⁸ Essex Skills Board 2019

In relation to Further Education, South Essex College has sites in Basildon, Southend and Grays. There is capacity for more technical skills to be built up in response to the industry profile of South Essex.

Action to raise skill levels in South Essex is critically important. There is currently not an effective mechanism for local government, business and education providers to collaborate to deliver this.

Thames Estuary Commission

Stretching 40 miles along the River Thames from Canary Wharf in East London to Southend in Essex and Sittingbourne in Kent, the Thames Gateway hosts significant pieces of UK infrastructure and is a major gateway between the UK, Europe and the rest of the world. It is one of the UK's priority areas for growth and has the committed support of the government as well as a large number of private investors such as Ford, Kimberley Clark, Lafarge, BaE Systems, HSBC and DP World. In Lord Heseltine's words the Thames Gateway is "crucial to UK competitiveness".

The Thames Estuary Commission supports the National Infrastructure Commission's aim to reduce congestion and lower carbon emissions. Its focus on nationally significant assets has placed a spotlight on the Thames Estuary. It has a strong vision for quality housing, inclusion of communities through skills and economic resilience and from a South Essex perspective, the Port of Tilbury and London Gateway feature at the heart of plans.

The commission is potentially important for South Essex. However, there are no decision-making powers or substantial routes to inform future plans and allow significant influence for South Essex Authorities. In the "Thames Estuary 2050 Growth Commission" vision published in June 2018, the South Essex geography is fragmented with 4 of the South Essex councils listed under South Essex Foreshore, and Thurrock as Inner Estuary (two of the "5 productive places").

The ability of South Essex to contribute to and benefit from the work of the Thames Estuary Commission is constrained by the absence of a single voice the area, in the same way as was described above in relation to Transport East.

Greater Essex Leaders

It is clearly important that the leaders and chief executives of the councils in Greater Essex meet regularly. In terms of delivering significant benefits for South Essex, however, these meetings have two weaknesses. First, the group does not have a specific focus on the needs of South Essex. Second, the meetings are informal with no precise terms of reference, resources or decision-making powers.

This is a useful liaison body but does not have the role or capacity to pursue the ambitions for growth in South Essex.

Association of South Essex Local Authorities

In the summer of 2017, the leaders and chief executives of the seven councils (Basildon, Brentwood, Castle Point, Rochford, Southend-on-Sea, Thurrock and Essex County Council) began to explore a joint place vision and to develop a programme of work through which greater strategic collaboration

could take place across the South Essex Growth corridor. The Association of South Essex Local Authorities was established as a result.

The authorities have worked closely together to provide place leadership which can deliver their collective vision for 2050. The core aims of ASELA are to:

- Provide place leadership;
- Open up spaces for housing, business and leisure development by developing a spatial strategy;
- Transform transport connectivity;
- Support the seven sectors of industrial opportunity;
- Shape local labour and skills markets;
- Create a fully digitally-enable place;
- Secure a sustainable energy supply;
- Influence and secure funding for necessary strategic infrastructure;
- Enhance health and social care through coordinated planning; and
- Work with and provide a voice for South Essex to the Thames Estuary 2050 Growth Commission and Commissioners.

Furthermore, work has begun work on South Essex Joint Strategic Plan and the association developed a productivity strategy as a lead into the preparation of the Local Industrial Strategy at a SELEP level.

The association is governed by a Memorandum of Understanding. This sets out the role of ASELA and the fact that it shall “expire if ASELA dissolves”. Also, that the MOU “cannot override the statutory duties and powers of the parties and is not enforceable by law”.

In summary our conclusion is that, given its status ASELA has made significant progress. It has developed an ambitious vision for the area, has begun to build the relationships that more robust governance arrangements will require, and it has demonstrated an appetite for collaboration. It is, however, not an appropriate body to develop or deliver the strategy and action required to realise that ambition. In particular:

- **It is not sufficiently robust to adopt the long-term approach that is required;**
- **It does not have the necessary powers or resources;**
- **Government would not be prepared to devolve powers or resources to it.**

Invest Essex

At present, there is no resource within the South Essex councils or ASELA itself to direct inward investment opportunities. Formerly managed through Invest Essex, an investment promotion agency and business support provider covering Essex, this organisation disbanded in 2019.

A new arrangement would need to put resource and focus into attracting the level of investment that would successfully promote growth in the area.

Strategic Housing Market Assessment Areas

Historically, the South Essex Strategic Housing Market Assessment¹⁰ (SHMA published in 2016) identifies that five of the authorities in South Essex, Basildon, Castle Point, Rochford, Southend-On-Sea and Thurrock, are part of the same Housing market area. This is based on factors including household migration and search patterns, house prices and the rate of change in house prices, and other contextual data. In recent years, Brentwood has become a part of the SHMA for South Essex and helpfully reviewed housing plans and policies will start to contain a single assessment on housing demand going forward.

While it is a positive move for the six councils to feature under one SHMA, the ability to deliver these housing targets and consider strategic housing decisions would be more robustly done through a formal structure. This could enable strategic site master planning and encourage developers and investors to come forward with private sector investment.

Health governance and policing

Health governance

The health governance in South Essex is fragmented and complicated with almost as many Clinical Care Groups (CCGs) in South Essex as there are councils (Thurrock, Basildon and Brentwood, Southend, Rochford and Castle Point) and an STP that includes South and Mid Essex (Mid Essex CCG includes Braintree, Chelmsford and Maldon). Therefore, it can be summarised that there is no strategic health focus on South Essex as a single geography.

In relation to the sector as a whole, Health and Social Care make up 12.7 per cent of employment across the ASELA. This is significant when considering the potential for skills development and the economy, the commissioning power of councils with Children's and Adult's Social Care remits and the need to stimulate the market in the post Covid world.

Policing

South Essex is split between two of Essex Police's three "Local Policing Areas". These are divided as Basildon, Southend, Castle Point and Rochford and in relation not the second, Thurrock and Brentwood plus Harlow and Epping Forest.

Whilst the legislation does allow for combined authorities to adopt wider responsibilities for functions, there are no proposals for any governance arrangements at a South Essex level to take on responsibility for health and care or policing. **We are therefore concluding that the current collaborative arrangements across South Essex are adequate for the purpose of this assessment.**

10

https://www.housingessex.org/assets/uploads/2018/06/South_Essex_Strategic_Housing_Market_Assessment.pdf

Overall critique of the current arrangements

The current arrangements for collaboration across South Essex and beyond are not capable of delivering the ambitious vision for the area.

South Essex is not benefiting from the arrangements which cover a wider area because of the absence of a single coherent voice for South Essex.

Many of the arrangements cover slightly different geographies creating a fragmented approach.

There is no organisation with an unambiguous focus of South Essex, and which is capable of delivering a long-term programme with the support or devolved powers and resources from government.

Review of current governance arrangements – effectiveness and efficiency – by theme

Theme	Existing arrangement	Considerations for a new governance
Transport	<p>Transport East</p> <p>Projects funded through SELEP</p> <p>Individual relationships with Network Rail, CtoC and Cross Rail</p> <p>Fragmented local government with three highways and transport authorities responsible for South Essex</p>	<p>There needs to be a vehicle to provide a single, coherent response to major, national infrastructure investments such as strategic road and rail projects as well as investment in Lower Thames Crossing</p>
Economy and skills	<p>South East Local Enterprise Partnership</p> <p>One of 4 federated areas of SELEP</p> <p>Limited capacity for economic and skills development</p> <p>Fragmented local government with one county, two unitary and four district councils with responsibility for different parts of the economy and skills agenda</p>	<p>A business board or equivalent could be established in order to take forward the growth needs of the area and improve levels of productivity</p>
Housing and infrastructure	<p>Housing growth has not been delivered to its full potential.</p> <p>Fragmented local government with one county, two unitary and four district councils with responsibility for different parts of the housing and infrastructure agenda.</p>	<p>Combined resources, strategic thinking and an ability to draw in investment across strategic sites would provide critical mass of new homes. Delivery at scale would improve relationship with Homes England and make a significant difference.</p>
Planning	<p>Duty to Cooperate is in place and due to produce a Joint Strategic Plan</p>	<p>Common priorities across South Essex and a delivery vehicle would bring forward new homes and commercial appetite.</p>
Overall	<p>The current decision-making process, accountability and fragmentation of organisations and agendas is not fit for the area's ambitions for the future</p>	<p>Decisions need to be co-ordinated in a way that secures maximum economic and social benefit as well as efficiency, transparency and accountability.</p> <p>There needs to be a single strategic constituted body with decision-making powers to drive forward growth and investment</p>

Summary of prospectus

There are a number of challenges and opportunities facing South Essex which need to be addressed to ensure growth is healthy, inclusive and sustainable over the long term. The South Essex Councils of Basildon, Brentwood, Castle Point, Essex County Council, Rochford, Southend and Thurrock have produced a prospectus which sets out what new powers and funding is required to increase opportunities, living standards and tackle inclusive growth and further productivity in the area.

This has been built over time and is seen as a positive first stage in an on-going partnership to a comprehensive approach of economic growth and housing delivery. It will also continue to work together to explore opportunities arising from investment in the South Essex strategic growth corridors and other funding streams.

The overall ambitions set out in this prospectus, and which form the basis of a conversation with government include:

- Providing excellent and contemporary digital infrastructure including 5G and connectivity that will see businesses want to invest in the area and start successful and productive enterprises.
- Delivering significant improvements in connectivity and public transport, underpinned by investment in active travel projects which benefit people's health and wellbeing and could see major environmental benefits.
- Unlocking housing sites to deliver accelerated development seeing new quality homes, neighbourhoods and communities brought to South Essex, and enhancing amenity and place for existing local residents.
- Investment in green and blue infrastructure to enable new parks and river walks, supporting active use of environmental assets, adding to biodiversity, health and wellbeing outcomes, whilst supporting active and thriving communities.
- Improving skills across the region from school aged children through to adult training and education, ensuring that the current and future workforce can access productive and highly skilled jobs.
- A strategy to secure more commercial development from employers who can provide productive and well-paid employment, locally.
- Supporting young people to achieve their best and build their futures in South Essex.

The options appraisal in the next chapter set out the five options that have been considered as part of this review, to bring forward the ambitions set out above. These governance arrangements consider the most effective and efficient way to deliver this vision.

In addition to the overall growth ambition for housing, transport and the economy, there are four specific South Essex initiatives which leaders keen to promote. These include:

1. Developing a regional park infrastructure – this would involve working as a collective to join together all of the green and natural assets – marshes, Rochford trawlers, coastal pathway

and parkland area. By bringing a network of these assets together, a Regional Park could be created to deliver greater access to green space.

2. Sustainable energy – the area has ambitions to accelerate the creation and harnessing of clean growth and sustainable energy with an objective to be a generator of its own energy needs. This would reduce South Essex’s reliance on the national grid.
3. Town Centres – each council is pursuing a regional programme with varying levels of place-shaping investment.
4. Garden settlements – there are three major opportunities across South Essex. These are sites at Rochford / Southend; East of Basildon; and a site at West Thorndon, Thurrock and Brentwood. Each could be progressed at pace by joining individual authorities to bring sites together, delivering scale, developing cross boundary masterplans and delivering greater impact across the corridor. It would enable greater capacity, investment and deliver required infrastructure. Strategic master planning across the corridor would also bring greater value and quality design while respecting sovereignty and the role of individual councils.

Options appraisal of future governance structures

South Essex is at an important decision point. It is clear that:

- It is a geography that makes sense (particularly economy, transport, planning, but also potentially for health and police);
- The area faces significant challenges and opportunities, reinforced by Covid-19, and it has an ambitious long-term vision to address and respond to them.
- The current arrangements, most notably ASELA, have developed the vision and demonstrated an appetite for collaboration across South Essex. They are, however, not capable of delivering the vision. There is a fundamental choice between:
 - Putting more effort into making the current voluntary, partnership arrangements work;
 - Making the arrangements a bit more formal and robust through a statutory joint committee;
 - Creating a combined authority (with or without a Mayor).

This choice coincides with the anticipated publication by government of a devolution white paper. It is expected to herald a further round of devolution to mayoral combined authorities. This must be an important consideration because the delivery of the South Essex prospectus hinges on the agreement of a devolution deal with government including devolved powers and resources.

Options appraisal

There are five options which are being considered as part of this governance review. Each option will be taken in turn to assess their ability to deliver against the requirements set out in this report.

- Option 1: Strengthening the current arrangements
- Option 2: Establishing a Joint Committee
- Option 3: Establishing a Local Development Corporation
- Option 4: Establishing a Combined Authority
- Option 5: Establishing a Combined Authority with a directly elected Mayor

Option 1: Strengthening the current arrangements

It is important to note that the current statutory local government arrangements in South Essex are complicated involving: two unitary councils, four district councils and a county council (which has responsibility for the part of the area covered by the four districts). The coherence of South Essex in terms of economy, housing, transport and infrastructure means that it is essential that some form of collaborative governance arrangements for the area are put in place.

As we noted above the Association of South Essex Local Authorities has made the case for governance arrangements at this level and it has demonstrated the commitment of local political leaders to closer collaboration. It has also demonstrated the high level of ambition of the councils in the area and their partners. It is also clear, however, that the association is not an appropriate body to take the decisions or actions necessary to deliver the ambitions for South Essex or to mobilise devolved powers and resources from government.

The other arrangements that are in place share a number of significant weaknesses. Many cover a far wider geographical area and the lack of a single coherent voice for South Essex means that it does not get full benefit from them. Others cover slightly different areas making it difficult to maintain a concerted and integrated focus on South Essex. The overall picture is one of fragmentation.

It is difficult to envisage any circumstances in which the current arrangements could be strengthened to the extent necessary to address the weaknesses identified in the previous section. They are simply not capable of:

- Delivering a long term strategy;
- Exercising the necessary powers and resources;
- Being trusted by government to receive devolved powers and resources.

As other parts of the country strengthen and align their decision-making process in relation to devolution deals involving transport, economic development and regeneration, South Essex is at risk of being left behind. To capitalise on this opportunity, South Essex would need a structure which would enable a single democratic and financially accountable body to deliver growth.

Option 2: Establishing a Joint Committee

The second option considered as part of this review is the establishment a Joint Committee. Section 102 of the Local Government Act 1972 enables two or more local authorities to set up a Joint Committee to discharge their functions jointly. In this case the joint committee could be established by the seven councils in South Essex or by a sub-set of them. Joint Committees, once established, may be decision-making or advisory and while an “accountable body” is generally appointed to manage the committee and its functions, it has no legal status. Furthermore, it has no borrowing powers, nor can it impose any tax-raising measures.

This would enhance some of the current perceived governance and transparency issues associated with ASELA and can be seen as a stepping stone towards more advanced governance structures such as a Combined Authority. However, it would not be sufficiently robust to deliver the ambitions for South Essex. There are five fundamental weaknesses with the joint committee model:

- It would not provide the governance and accountability necessary to manage the powers and resources that South Essex is seeking from government;
- It can only use powers devolved to it from the councils that create it, not powers devolved from government;
- It would be relatively easy for one or more councils to leave the committee, undermining its integrity;

- Links with business would be relatively weak: the LEP for example could attend meetings of the committee but would not be a member of it;
- It would be susceptible to the impact of frequent changes in control of the councils in the area all of which have annual elections (apart from the county council).

In summary, replacing ASELA with a joint committee would not overcome the fundamental weaknesses identified in the previous section. It could, however, be a useful step on the way to more robust arrangements and a longer-term solution to deliver the ambition set out in the prospectus as opposed to a short-term, interim measure. It would in particular:

- Be seen by government as a serious statement of intent, paving the way to discussions about the creation of a combined authority and the negotiation of a devolution agreement;
- Provide a more robust basis for the next phase of collaborative work.

Option 3: Establishing a Local Development Corporation

Development Corporations have traditionally been established and led by central government and in 2011, mayoral development corporations became possible in consultation with a Combined Authority. In 2018, government considered that local authorities could oversee locally-led new town development corporations. This allows a new town to be initiated locally and then “approved” by the Secretary of State who in turn would agree the instruments needed to establish as new town development corporation.

LDC’s are a well-recognised tool for their role in delivering major housing and regeneration projects as they have enhanced powers, an ability to attract investment and are “insulated” from local politics. They can also span multiple local authority boundaries so would be an appropriate delivery tool for key regeneration and housing sites in South Essex.

The changes in 2018 also saw a greater emphasis on involvement of the private sector at the heart of these corporations. This was in part due to their track record of leveraging high levels of private sector investment as well as delivering quality projects. The new model is intended to work with local communities in order to understand their specific needs in relation to required facilities, infrastructure and housing as well as a route to gaining additional investment in town centres and regeneration areas.

The value of local development corporations is questionable as while this body could address local priorities, it would not have any decision-making powers over wider investment in priorities outside its footprint. This option could be a tool a combined authority wants to set up, but not an alternative to it.

Establishing a Local Development Corporation would only lead to marginal improvements and does not match the scale of ambition required to fulfil growth for the area.

Option 4: Establishing and a Combined Authority and Option 5: Establishing a Mayoral CA.

Part 6 of the Local Democracy, Economic Development and Construction Act 2009, as amended by the Cities and Local Government Devolution Act 2016, provides for the establishment of combined authorities. A combined authority is a legal entity that enables a group of two or more councils to collaborate and take collective decisions across council boundaries. They can only be created by parliament, although the development and administration of a combined authority must be locally driven by the authorities involved.

The Cities and Local Government Devolution Act 2016 has removed a number of previous constraints on the area covered by a combined authority, which must include at least two councils and can now include:

- Councils which are not immediately adjacent to each other;
- Part of a county council area.

Where this flexibility is used the legislation contains a more stringent test of the likelihood that the CA will improve delivery. In these cases, the Government must consider the impact on the other councils in the area.

The legislation also:

- Prohibits councils from being a full member of more than one combined authority; and
- Prevents either a district council from blocking the creation of a combined authority in which a county council wished to participate or a county from blocking a proposal in which a district wishes to participate.

We have assessed these options against the three tests set out in legislation and guidance on the establishment of a combined authority:

- Will it improve the delivery of its functions in the area it covers?
- Will the CA help to secure effective and convenient local government?
- Does the proposed CA reflect local identity and the interests of local communities?

We have added a fourth test, which is whether the arrangements would be likely to secure an ambitious devolution agreement with government.

Will it improve the delivery of its functions in the area it covers?

As the previous sections of this review demonstrate, the geography of South Essex makes sense in terms of action to secure economic growth and improved productivity, raise skill levels, and improve physical and digital connectivity. Action in these areas currently suffers from the fragmentation and governance weaknesses of the current arrangements. Experience in other areas has shown that combined authorities are well-based to lead action on these areas through both a far higher degree of collaboration between the councils in the area and securing and exploiting devolved powers and resources from government. It is clear from the analysis in this report that securing devolution of this type is essential if the ambitions for the area are to be delivered. A combined authority would have the powers and responsibilities needed to develop and deliver a long-term strategy for South Essex overcoming the fragmentation that currently exists.

Health and care and policing are also important to the future of South Essex. Our analysis has shown that the current arrangements do not provide a distinct focus on South Essex. In the future, if it was felt to be appropriate, this focus could be provided by a combined authority.

It is also clear from experience elsewhere that the government has been more willing to devolve a more ambitious set of powers and resources to mayoral CAs, than to non-mayoral CAs.

Will the CA help to secure effective and convenient local government?

Four factors currently have a significant influence on the effectiveness of local government in South Essex:

- The number of councils involved. At present, for example, three councils have responsibility for highways and transport in an area in which a single, integrated strategic approach is required;
- The existence of two small unitary councils which, in common with other councils of the same generation, face capacity issues in securing change at the scale required to address the economic opportunities and challenges in South Essex;
- Over a third of South Essex has a two-tier system of local government, with the county council being responsible for a far wider geographical area;
- The unitary and district councils in South Essex all have annual elections and many change control frequently and/or have periods of no overall control. This can make it difficult to provide the stable and sustained political leadership that is needed to deliver a programme of activity that is being promoted for South Essex.

A combined authority would address the weaknesses that can arise in these circumstances by providing:

- The powers necessary to make progress on the key strategic issues;
- Additional capacity for South Essex as a whole on those issues;
- An unambiguous focus on South Essex.

A mayor would add further value including:

- The stability of a four-year term of office;
- The personal mandate and soft power it enables;
- The ability to raise a precept and business rate supplement;
- The ability to set up a mayoral development corporation.

Does the proposed CA reflect local identity and the interests of local communities?

The key to delivering the ambitions for South Essex is a combination of strategic action on skills, the economy and connectivity with place shaping and community wealth creation at a local level. The creation of a combined authority, with devolved powers and resources would deliver the former. It would also free up the councils in the area to empower, enable and support the communities and

places they serve. The role of the councils as members of the CA, alongside a mayor, would ensure a real link between the two. The constitution of the CA could also provide for the creation of a LEP or business board which would have non-constituent member status on the CA and ensure a business voice in the CA's decision-making.

Will it enable the negotiation of an ambitious devolution agreement with government?

At the time of writing the anticipated devolution white paper has not been published. The experience over the last few years, however, is that the election of a "metro Mayor" has been a precondition of an ambitious devolution agreement with government. There is no reason to think that this position will change.

Summary of findings with recommendations

This report concludes that the future governance arrangement for South Essex is essentially one of four levels of ambition:

- Simply seeking to strengthen ASELA will not enable the delivery of the prospectus and vision for South Essex.

- Replacing ASELA with a joint committee would not overcome the fundamental weaknesses with the current arrangements but would be an important and potentially useful step on the way to putting more robust arrangements in place.
- The case for establishing a South Essex Combined Authority meets the statutory tests for doing so. A combined authority would have the powers needed to delivery a long term strategy for the area, but a mayoral combined authority would have two significant advantages:
 - It would be more likely than a non-mayoral authority to negotiate an ambitious devolution agreement with government;
 - A mayor with a four year term of office would provide a degree of stability and certainty that would strengthen governance in the area.