



Representation on 'minded to' announcement on local government reorganisation in Buckinghamshire

Executive Summary

This is a representation by David Marlow (DM) of Third Life Economics (3LE) on the 'minded to' announcement made by the Secretary of State's predecessor on local government reorganisation (LGR) in Buckinghamshire. It argues that effective, resilient, sustainable and developmental LGR in this area will only be achievable if:

- It is future-proofed and underpinned by an overarching strategy for the roles, responsibilities, forms, functions and financing of England's local authorities within a new 'settlement' on UK sub-national governance fit-for-purpose for the 2020's and beyond
- It contributes positively to a coherent approach to LGR across the London world-city region/ Greater South East (GSE) enabling GSE growth and development founded on major urban centres and corridors
- It strengthens focused leadership and delivery management of the Cambridge – Milton Keynes – Oxford growth corridor as the primary national government non-radial spatial priority in the world-city region/GSE
- It provides a credible opportunity to redress the enduring economic underperformance of the Buckinghamshire administrative county geography in a manner comparable to Slough's transfer to Berkshire in the 1970s, and Milton Keynes unitary 'independence' in 1997
- It embraces a bottom-up dynamism of very different character areas and communities in the two large towns, the Chilterns and the Vale, and the M4/M40/M25 area north of Slough

In the absence of resolving and clarifying these considerations, the 'minded to' announcement represents a tactical, short-term and highly sub-optimal 'fix', and should not be progressed.

DM is happy to elaborate on these reasonings and to assist MHCLG further should that be useful.

Introduction: Firstly, congratulations to the Secretary of State, MHCLG on his recent appointment. He has a major determination to make in terms of the 'minded to' announcement made by his predecessor to create a unitary Buckinghamshire local authority on administrative county council boundaries. This representation argues that a strong, sustainable decision needs a number of preconditions to be in place and considerations resolved prior to the Buckinghamshire decision. I am happy to explain my representation further, and to provide further advice and support to the Minister and his civil servants should this be useful.

Who I am: I am David Marlow – a Development Economist – with a 25-year career in senior public services locally, nationally and overseas. This culminated in 2000-2008 with eight years as CEO of, firstly, a large metropolitan council, and then the East of England Development Agency (EEDA). Since 2008, I have run Third Life Economics (3LE). 3LE provides assistance to national and local government, LEPs, universities, private and community sectors on leadership of local growth, industrial strategy, enhanced devolution and city deals. In recent years I have worked with or for both the district and county councils of Buckinghamshire, BTVLEP and SEMLEP; and, also, with several neighbours.



Context: LAs in England and the other nations are facing profound societal challenges (demographic, technological, environmental etc.), and corresponding economic and public services pressures to manage these effectively and successfully. As Northamptonshire County Council and a [recent NAO report](#) shows, financial sustainability of the current system in the medium term is extremely fragile.

There is a continuing scepticism of, and ambivalence (at best) to, new intermediate tier institutions (LEPs, CAs, now MCAs). Their effectiveness, longevity and resilience are still to be proven.

Differing departmental approaches to devolution and central/local relations are deeply engrained in Whitehall. MHCLG has often been thought of as underpowered in mediating and/or resolving them.

These pressures are accompanied by and contribute to senses of detachment and disenchantment with representative democracy. Electoral turnout at all levels is disappointing. New types and forms of political action are as often polarising and conflictual as they are inclusive and consensus-building.

Brexit provides a very strong driver for needing an overarching strategy and plans for future sub-national leadership in the UK nations and in England.

For all these reasons, the case for some sort of constitutional convention and comprehensive consideration of future roles, responsibilities, forms, functions and financing of England's regional and local government and governance is now acute.

In the absence of a large degree of local and sub-regional consensus, premature, piecemeal local government reorganisation is as likely to be sub-optimal and dysfunctional as it is to be helpful.

The major disagreements between Buckinghamshire districts and county councils on the future of principal local government in the area should be resolved as part of a coherent plan for the overall future of England's local government and governance – rather than as a one-off binary choice between two competing local approaches.

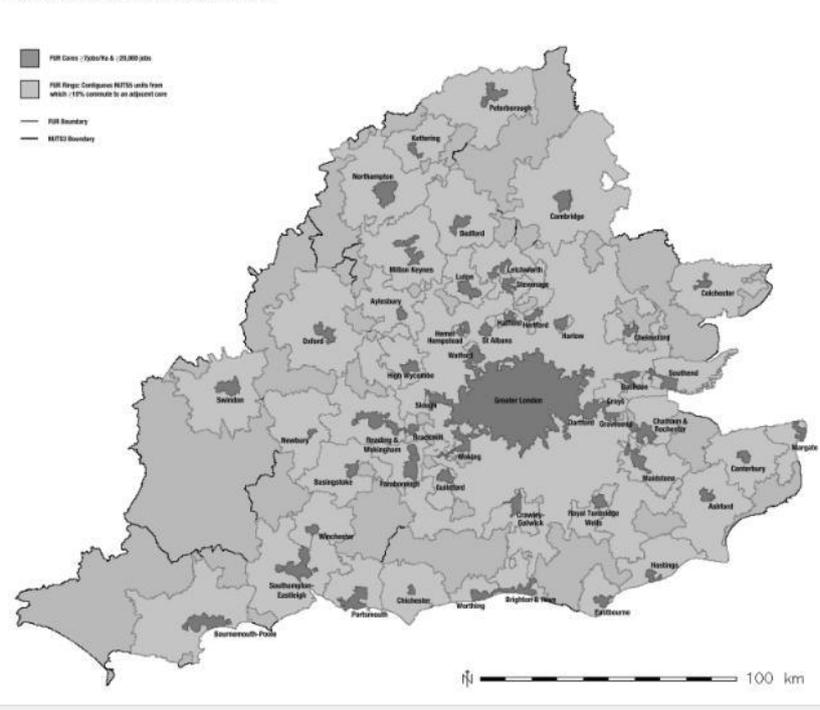
London and the leadership and governance of the Greater South East: In terms of national spatial geographies, there is an increasing case for viewing London-Birmingham-Oxford-Cambridge as a coherent polycentric 'powerhouse' driving the UK economy. This will increase as HS2 proceeds.

If London is to remain Europe's premier world city, the 'mega-city region' needs to enable, support and contribute to London and GSE's development.

The leadership and governance of the 'mega-city region' (MCR) outside London itself comprises eleven LEPs, and well over 100 LAs. Of the LAs, 20 are unitaries, and eleven are administrative counties. This level of complexity makes the planning and management of MCR growth challenging. Rationalisation and coherence is important. If local government reorganisation (LGR) is to contribute to this rationalisation and coherence, then alignment with Functional Economic Market Areas (FEMAs) at local, sub-regional and regional scale should be one of the major criteria for change.

Whilst dated, the POLYNET and accompanying Travel-To-Work, studies of the last decade remains the most authoritative economic geography analyses of the MCR. They establish the Greater South East MCR as a functional urban region anchored by London as the 'world city'. Within the MCR, Hall and Green identify 51 functional urban areas (FUAs). The challenge is to consider sensible clusters of these FUAs for the purposes of local AND internationally competitive growth.

Figure 2: The London / South East "Mega City-Region"



In terms of providing the anchors for potential clusters, larger centres (with strong growth records and potential, consistently over three decades) include Reading, Oxford and Swindon to the west, Milton Keynes and Northampton to the north west, Peterborough and Cambridge to the north (and also major centres along the M3 corridor out to Bournemouth/ Poole). Pertinently, the analysis does not identify any comparable primary PUAs to the east of a M11/M23.

Clustering, in terms of primary FUAs with shared issues and concerns, can be cut in a number of ways and at a number of scales. However, broadly speaking, a case can be made to the west of the M11/M23 for 4-5 sub-regional functional economic areas (FEAs) based on London-Standed-Cambridge corridor, an Outer NW London/South East Midlands (sometimes labelled 'West Anglia' in the research) entity, Thames Valley/M4/M40 corridor, Wessex/M3 corridor, and a M23 corridor.

Using 'built up areas' (BUAs) – as opposed to administrative boundaries – the ten largest settlements in the 'West Anglia' and 'Thames Valley' geographies are Reading (318,000) Luton (258,000), Milton Keynes (230,000), Northampton (216,000), Oxford (171,000), Slough (164,000), High Wycombe (133,000), Bedford (107,000), Aylesbury (75,000) and Newbury (68,000). Each of these are in the top-100 agglomerations in England (Reading is in fact 20th). High Wycombe (20th) and Aylesbury (29th) are both top-30 in the Greater South East.

The issues for the Secretary of State is that he now has an opportunity to tackle these long-standing tensions for a significant part of the geography. He will wish to ensure rapid progress along the C-MK-O corridor. He has before him the Buckinghamshire decision and also an expectation of decisions shortly on Northamptonshire – both crucial to C-MK-O progress. There will be global positioning challenges for Thames Valley as Heathrow expansion options play out.

A major concern with the minded to announcement is that, far from simplifying the MCR growth landscape (as, for instance, the SEMLEP-NEP merger did), if complicates it further. A Buckinghamshire Unitary looks 'both ways' - to West Anglia AND Thames Valley radial growth corridors - causing tensions both locally and sub-regionally. It repeats the 'mistake' of South East and East regional boundaries that so often constrained a coherent approach to the Cambridge – Oxford corridor.

There are other options. For instance, a configuration of Vale and Chilterns would contribute unambiguously to radial NW/West Anglia and C-MK-O corridors, whilst a unitary Southern Buckinghamshire in TVBerkshire contributes unequivocally to Thames Valley and M40 corridors.



Under this type of scenario, the number of LAs with which London MCR has to contend has reduced from five two-tier to two single purpose; and the number of LEPs has reduced from eleven to ten - both now amongst the ten largest LEP economies in England. Rather than adding to complexity and tension, this type of solution promotes rationalisation and coherence.

Therefore, in anticipation of LGR decisions on Buckinghamshire and Northamptonshire, it would be extremely helpful to commission updates of POLYNET analyses alongside an evidence-based and deliberative process on future local and intermediate tier governance for the London MCR/GSE (or at least for the Thames Valley/West Anglia/London-Stansed-Cambridge and C-MK-O parts of it).

Redressing Buckinghamshire's underperformance: *The deconstruction of Buckinghamshire in the late 1990s is probably the most positive, beneficial example of local government reform locally and nationally of recent decades.* The liberation of Milton Keynes (MK) from the 12th century 'Bucca's home' (Buckinghamshire) has delivered the UK's most successful and fastest growing city, led by a dynamic, creative unitary council. In 1997 MK assumed responsibilities for services previously provided by Buckinghamshire County Council (BCC). The city is consistently one of the fastest growing, highest performing, smartest and most environmentally responsible in Europe. The council has managed the many challenges facing local government credibly, and results from inspections (e.g. OFSTED) are typically comparable or superior to Buckinghamshire.

MKs 'liberation' has been followed by sustained growth performance that far outstrips that of the residual administrative county. Had Buckinghamshire's growth (86% based on ONS data) performed over 1997-2016 at the rate of MKs (183%), GVA would now be £8bn pa (or 52%) higher.

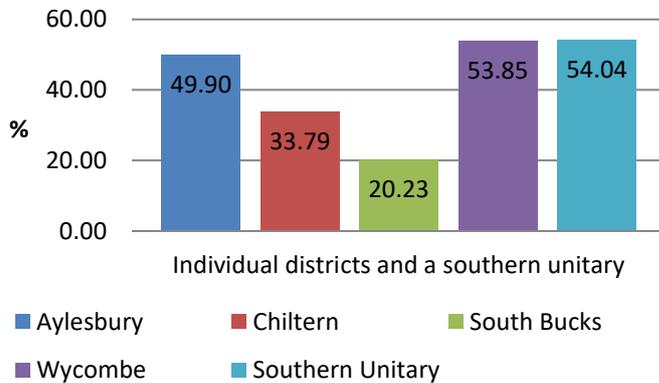
Over the same period Buckinghamshire is estimated to have **underperformed** the Thames Valley (TV) NUTS2 sub-regional GVA growth of which it is a part (Berkshire, Buckinghamshire and Oxfordshire) by £2bnpa; the South East NUTS1 region by £1.1bnpa, and even the England average by over £1.5bn. In GVA per head, the latest Buckinghamshire figures are 112.5% of the UK average, but BELOW MK by 36%, Berkshire by 26%, Oxfordshire by 11%, and their NUTS2 region by 19%. In productivity per job it is 9% behind MK and over 3% below the NUTS2 sub-region.

These are not just statistical anomalies. In the Buckinghamshire Thames Valley LEP's own Strategic Economic Plan (SEP- November 2016), ERC analysis shows " *Worse still, the ERC identifies that Buckinghamshire has the lowest growth rate [of all LEPs] of the percentage of HGFs [high growth firms] of all firms of 10+ employees between 2009-15, at 2 percent.*"

Buckinghamshire underperforms in terms of local growth because it is entirely the wrong level of geography to provide leadership and governance of relevant Functional Economic Market Areas.

BTVLEP was the last LEP to be established, only receiving Government approval in January 2012 after intervention and funding provided by Buckinghamshire Business First (rather than the County Council). Aylesbury Vale, on the other hand, was a founder member of the South East Midlands LEP (SEMLEP), approved in October 2010.

Levels of self-containment (individual districts and a new Southern Unitary)

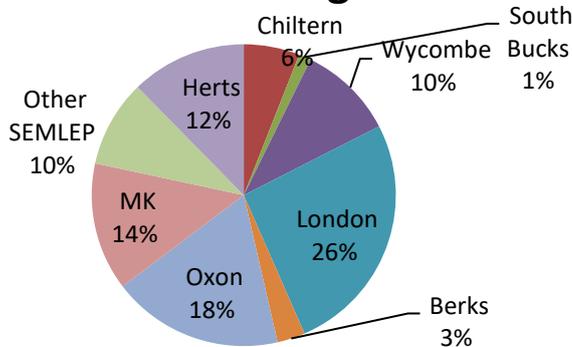


BTVLEP is, by some distance, the smallest LEP economic geography in London and the Greater South East. The resident population is 37th/38 LEPs and almost 30% smaller than Oxfordshire's - the next smallest London and GSE LEP. BTV GVA is sixth smallest of all LEPs and almost 40% smaller than Oxfordshire - the next smallest in London and GSE.

Most critically, Buckinghamshire has **lowest level of self-containment** of any of the 38 LEPs - 58% - and this has fallen steadily over the years (e.g. from 66% in the 2001 census).

What is striking about the self-containment illustration above is that the +/-50% self-containment levels achieved are almost entirely accounted for by the urban centres of Aylesbury and High Wycombe in their respective districts. There is almost no net 'county dividend' from commuting between the north and south of the county.

AVDC Commuting Patterns

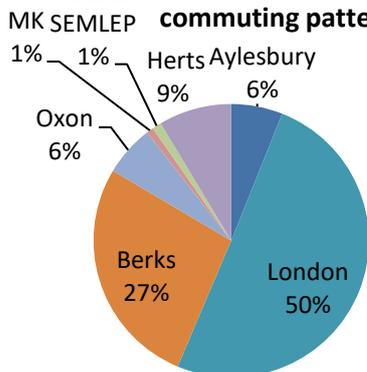


This is shown in the diagrams opposite.

For Aylesbury Vale, the major commuting patterns are to London (26%), MK and other SEMLEP (24%), Oxfordshire (18%) and only thereafter the rest of Buckinghamshire (17%).

For Wycombe, South Bucks, and Chiltern, 50% of commuters go to London, 27% to Berkshire, and 6% to Aylesbury. Interestingly, the significant Oxfordshire commuting is very different between north and south of the county. Aylesbury commuters tend to go to Cherwell, whilst Wycombe commuters tend towards Oxford and Science Vale.

Wycombe, South Bucks & Chiltern commuting patterns



Indeed, for Southern Buckinghamshire, **NLP analysis** for Thames Valley Berkshire has concluded that South Bucks is wholly in the Eastern Berkshire FEMA on ALL FEMA criteria (labour, housing, property markets and transport networks), and High Wycombe is closely associated.



In short, **Buckinghamshire is one of the most porous economic geographies in the UK, and member of two quite distinctive functional economic areas** - South East Midlands/West Anglia and Thames Valley. On a best fit basis, unitary local authorities would recognise this, rather than augment the already divisive leadership and governance of economic geographies.

BTVLEP itself acknowledges this '[struggle for economic literacy](#)'. In its November 2016 strategic economic plan (SEP), the major infrastructure drivers of growth are identified as HS2, the expansion of Heathrow, and the Cambridge-MK-Oxford growth corridor. Far from being in the middle of a M4/O2C/M11 'golden triangle', Buckinghamshire is on the fringes of each component of it.

Major intervention priorities in growth sectors like film and media, advanced automotive engineering, space etc., all are parts of much wider initiatives and clusters (like London and Hertfordshire's film sector, the Stevenage to Portsmouth space corridor, or South East Midland's 'Motorsport Valley').

There is nothing 'wrong' with BTVLEP's approach in the face of these challenges, and pan-boundary collaboration is to be welcomed. But, if LGR is to have a major local growth dimension, options that provide a much better fit of local authorities to FEMAs and pan-sub-regional corridors should be explored. In the wider context of LGR and London MCR/GSE challenges mentioned above, this would strengthen public-business leadership and governance (of SEMLEP and Thames Valley Berkshire LEPS and of any intermediate tier [e.g. CA/MCA] established for these crucial economic geographies).

Is size everything, or is it anything at all? The Secretary of State may wish to reconsider the strong indications given by his predecessor that a population range of 300,000 – 600,000 is a prerequisite for unitary LGR in two tier areas. It has never been clear what the evidence base is for this implicit policy. MK with its 270,000 residents is a very strong contra-indicator. For illustration only, a two unitary option based on Vale and Chilterns, Wycombe and South would produce one council larger than MK with over 300,000 residents by 2022; and the other over 250,000 from inception. These are significantly larger than any Berkshire unitary – all of which are under 170,000.

Government has never made explicit why this range is preferred apart from a general feeling that it is big enough to give economies of scale but not so big as to be remote. The rationale for the range, as opposed to, say, 200,000 – 400,000 or even 500,000 – 1,000,000, seems arbitrary. And, indeed, Government seems to have broken its own inclinations with the Buckinghamshire 'minded to', which will surpass 600,000 within approximately 12 years of establishment.

Currently, principal England LAs range in population size from over 1.5m in Kent, to 35,000 in West Somerset (leaving aside the special cases of Isles of Scilly and City of London). Unitary LAs range from over 1.1million in Birmingham to under 40,000 in Rutland. Of 123 councils (London, Metropolitan Boroughs, and newer unitary councils), under 40 are in Government's preferred population range. More generally, the two-unitary solution illustration in this paper would be substantial councils in the rankings of unitary authorities from inception. A Vale and Chilterns UA will be 12th largest in England – just above Brighton (and MK). A Southern Buckinghamshire UA could be top-20 (out of 57) in the early 2020s – comparable to Derby, Southampton and Stoke.

If Government genuinely believes their preferred population range is necessary for 'effective and convenient local government' (which the SoS is required to consider in change proposals), then their own case for a more comprehensive review is acute.



Do financial savings compel a tactical, short-term fix? Finally, much has been made of the critical mass of a '500,000 population plus' unitary advocated by the County Council and read across to 'savings' claimed to have resulted from the creation of unitary Cornwall and Wiltshire in 2009.

This comparison is deeply flawed. Both Cornwall and Wiltshire are very sparsely populated rural counties (around 150 persons per square kilometre). Their largest settlements are Truro (around 20,000) and Chippenham (around 45,000) respectively. They are very distant from metropolitan centres (apart from the M4 corridor area of north Wiltshire). The critical mass savings issue is clearly more pertinent in very sparsely populated rural counties with no major anchor urban centres.

Better comparisons from the 2009 reorganisations are the **two-unitary solutions adopted for Bedfordshire and Cheshire**. Both are close to major metropolitan centres (London and Manchester/Liverpool); each with population densities in the 300-400 per square kilometre range (Buckinghamshire has 338); and with populations ranging from 165,000 - 375,000. They also have more similar economic profiles in terms of urban anchors (Chester, Bedford, Crewe are similar in size to Aylesbury), productivity and jobs growth.

In any event, the net savings improvement forecast by BCC (on their own figures in their 2016 submission) of £7.9mpa over a 2-unitary option represents under 2% of local government net spend. This is significantly below the rates of savings achieved by the existing system since 2010. Each 1% of additional growth achieved by two economically coherent unitaries will result in additional net fiscal receipts of at least £50mpa. Local council tax and business rates receipts locally will exceed BCC savings if growth rises by over 2%.

The issue for the SoS is that unitarization will not secure financial sustainability of the local government system in Buckinghamshire, and IF a singular approach retards the growth of Aylesbury, High Wycombe and their hinterlands by even a small amount, it will exacerbate financial pressures within 2-3 years of inception.

Concluding remarks: This representation summarises work that DM and 3LE has done for relevant local, sub-regional, regional and national clients over the last five years. The analysis needs updating, but it throws considerable doubt on the direction of travel of the 'minded to' announcement. It argues against hasty, tactical 'fixes' in favour of a more considered solution which is part of a holistic approach to LGR and the London MCR/GSE governance in general, and 'Thames Valley'/'West Anglia' functional economic areas (FEAs) in particular. It represents neither the county council nor the district councils' preferred positions.

I hope it is a helpful contribution to the Secretary of State's considerations. I remain happy to elaborate and to develop this work further if that will be helpful.

David Marlow
May 2018