

## **SOUTH EAST ENGLAND DEVELOPMENT AGENCY**

### **BOARD MEETING ON 26 MARCH 2009**

#### **ITEM 9**

### **FEEDBACK FROM REGIONAL FUNDING ADVICE**

#### **Recommendation**

The Board is invited to **NOTE** the submission of the Regional Funding Advice to the Regional Minister.

#### **Background**

1. The Regional Funding Advice was submitted to the Regional Minister on 27 February 2009.
2. The Executive Summary and a summary of the recommendations set out in the submission are attached as Annex 1. The key messages are:
  - Continued investment in the South East is essential to the national economy; we contributed £17.7bn to Government in 2006/07 – 50% of total national UK net contribution;
  - Our economy's inherent strength means we will lead the UK economy out of recession; however this cannot be taken for granted and requires sustained investment by the public sector if it is to be realised;
  - We are committed to delivering sustainable economic development that reduces our ecological footprint;
  - We are investing in creating places; using our spatial priorities to target investment;
  - We are investing in delivering more affordable homes; however additional investment is required in order to address the 40% shortfall in need;
  - We are bringing transport schemes forward for delivery and want to transfer money to local authorities to speed up delivery;
  - We are investing in creating capacity and capability to realise the potential of global markets for environmental technologies;
  - Our gateway function means that Government investment in our transport networks is critical to the whole of the UK;

- Our Regional Infrastructure Fund will provide public leadership in delivering infrastructure.
3. Overall the message is that the region retains its ambition to deliver substantial growth that is sustainable but that we require Government support for our ambition in order to realise its delivery.

### **Key Messages: Economic Development**

4. The RFA submission reflects the advice of the SEEDA Board by restating that while the fundamentals of the RES remain valid, there has been a need to review SEEDA's role and focus in response to the recession. This means there is a need to re-prioritise programmes and activities around the twin themes of:
  - Helping business to survive the economic situation in the short-term;
  - Investing in developing the capacity and capability of the region to respond to the eventual upturn from a position of strength.
5. The submission sets out how developing these themes means that the focus for investment needs to be increasingly on transformational programmes with broad reach.
6. The region's advice on economic development for the period to 2010/11 is therefore to:
  - Strengthen the 'core offer' by investing in services such as Business Link, Manufacturing Advisory Service; place-based Innovation and Growth Teams;
  - Support the success of international traders, giving greater focus to our work with global investors in the region and looking to new sources of investment from global markets, including potentially sovereign wealth funds;
  - Continue to support high growth companies to innovate and to commercialise science based R&D, including public procurement and regulation to drive investment in new markets and growth sectors, with particular emphasis given to realising the potential of environmental technologies;
  - Continue investment in physical development working closely with the HCA;
  - Continue to lead and drive mainstream investment in education-led regeneration projects alongside the Learning and Skills Council, and Higher Education Funding Council for England;
  - Realise the opportunities to use capital investment in education and skills – e.g. the Building Schools for the Future Programme – to align

with employment programmes as a means of retaining capacity within the construction sector.

7. The submission notes that there are investment proposals across the full breadth of the RFA funding streams that are legacies. The implication is that in some instances the alignment of investment programmes are not fully aligned with our spatial priorities.
8. For us this issue is drawn into sharp focus by the impact that our current commitments have on our ability to fully reflect our investment priorities through our re-planning work associated with the Corporate Plan. It is therefore critical to ensure that we continue to review and re-prioritise our programmes and activities. This must be a key driver in shaping the work of the Implementation Group.

### **Taking the RFA Forward**

9. Details of how the Government will respond to the RFA submission have yet to be confirmed. However, an early announcement on some elements of the transport advice is anticipated; this is because of the recommendation to transfer some funding to local authorities to help speed up delivery.
10. In terms of the economic development element we need to ensure that the advice set out in the submission is reflected in the re-planning of the Corporate Plan (covered elsewhere on this agenda).
11. The Regional Transport Board continues to drive forward the region's work on transport. In particular, the RTB is taking the lead on developing the region's work in response to the DfT's Delivering a Sustainable Transport System work stream.
12. The Regional Housing and Regeneration Board is taking forward the region's work on housing and regeneration, reflecting the broader scope of the RFA this time around. A key priority is the need to look at new models of delivery; an issue on which the work we have commissioned from CBRE must form a major input.
13. The region's commitment to deliver sustainable economic growth is central to the RFA submission, as is the need for the public sector to provide leadership in the development of the market for environmental technologies. Again this is an aspect of the submission on which we have a major contribution to play in terms of delivery; however this will be dependent upon our ability to create the opportunities within our corporate planning process to make the investment required.
14. The work that has been undertaken to produce the RFA submission forms a key input into the preparation of the Regional Delivery Plan. It also forms a starting point from which the region can develop its case for the forthcoming Comprehensive Spending Review.

## **Communication Implications**

15. A joint press release with the Regional Assembly has been issued summarising the key messages from the RFA submission. The submission itself is of interest to the technical media, as well as general media coverage when dealing with specific proposals.