

# **END OF YEAR PERFORMANCE REPORT**

**2005-06**

**June 2006**

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## **SOUTH EAST ENGLAND DEVELOPMENT AGENCY**

### **End of Year Performance Report 2005-06**

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## **1. EXECUTIVE SUMMARY**

### **1.1 CORPORATE PLAN STRATEGIC THEMES**

#### **Strategic Influence**

Preparation for, the launch of the RES review, and drafting of the new RES has been a major focus of work across the Agency and is set to have a substantial long-term impact on the Region. SEEDA's initial view that there were 3 major challenges for the Region (global competition, meeting competition through smart growth and sustainable development and the quality of life) has been endorsed and accepted through the extensive and well-attended consultation process.

Following involvement with Round 1 pilots, SEEDA was invited by the Government Office for the South East to be a key partner in the development of the fourth block in the Local Area Agreements (LAAs), Economic Development and Enterprise. This has proven to be challenging due to the LAAs crossing formal administrative boundaries, but a major achievement this year has been the maturity of the relationships and partnership work achieved by the Area Team, which has aided this.

#### **World Class Innovation**

As lead RDA, SEEDA is closely involved in the development of national strategy and priorities for Science and Innovation within the framework of the 10 Year Plan. As a result of this recognition of the important role played by RDAs, there is now much closer engagement between the RDAs and other funding agencies, including the Research Councils. SESETAC has proven to be of particular use this year in supporting SEEDA with the innovation agenda and an increased business focus.

SEEDA recognised the need for higher level engagement with Businesses in the Region, and has put in place a plan which has included the set up of Business South East and Sector Consortia.

#### **Competitive Enterprise**

SEEDA's delivery this year to the Regional Skills for Productivity Alliance has included 3 major programmes: Access for business Colleges, Joining Forces and Train to Gain. The Joining Forces initiative culminated in SEEDA being awarded the Train to Gain skill brokerage contract by the Learning and Skills Council (LSC).

The transition of the Business Links from the Small Business Service to SEEDA was extremely smooth with no decline in targets or customer satisfaction.

#### **Quality Places**

SEEDA has deepened and improved its knowledge and understanding of sub-regional issues and importance, and has managed to channel this back to influence the RES review and ongoing projects and activities.

Major project successes this year have included the community engagement and work in Queensborough and Rushenden, and the Woolston project in Hampshire.

Infrastructure emerged as an important issue in the RES consultation process. An issue for the coming year will be how SEEDA changes its focus to take into consideration the growing importance and profile of infrastructure.

## **Area-Focused Regeneration**

The Area Teams have continued to focus and build on the strengths brought to SEEDA; including partnership working and relationships; knowledge of each geographical area; and cross administrative boundary working. Work has continued to help partners develop exit strategies from the Single Regeneration budget (SRB), and develop the Area Investment Frameworks (AIFs) and Area Programmes in the light of the emerging LAAs.

In Hastings the major successes this year have been the Opening of the University Centre, the 2<sup>nd</sup> Phase of the Creative Media Centre, the Innovation Centre; general Dynamics confirming they will remain in Hastings, and the huge impact on the organisation of youth education in Hastings.

### **1.2 OPERATIONAL PERFORMANCE**

Overall, performance has been strong this year, with a number of output targets exceeded. The difficulties and issues which arose from the new Tasking Framework introduced at the beginning of the year, including the lack of comprehensive definitions during the corporate planning process, have affected the output figures achieved, however there has been ongoing work throughout the year to embed these in SEEDA and partners' processes.

SEEDA achieved full spend at year end with no end of year flexibility required. The financial forecasts to DTI have been more consistent across the year, and SEEDA's payment record for invoices has significantly improved.

The efficiency plan implemented in April 2006 has produced an overachievement against expected savings. Work is ongoing to embed this in all aspects of the organisation.

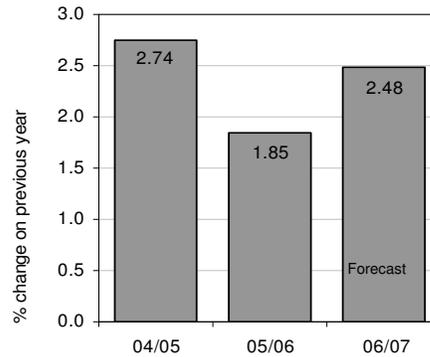
## 2. ECONOMIC BACKGROUND

The latest preliminary estimates of the UK GVA show that UK growth had slowed down from 2.6% in 2004 to 1.86% in 2005. During the same period total GVA growth in the South East has slowed down from 2.74% to 1.85%.

The slow down was mainly due to a strong decrease in output in Utilities and Fuel Processing as well a decline of output in some manufacturing sectors, such as Wood and Wood Products, Electrical Engineering, and Paper, Printing & Publishing.

Growth was mainly driven by the Financial & Business Services as well as Transport and Communications.

Figure 1: GVA growth rates, South East England

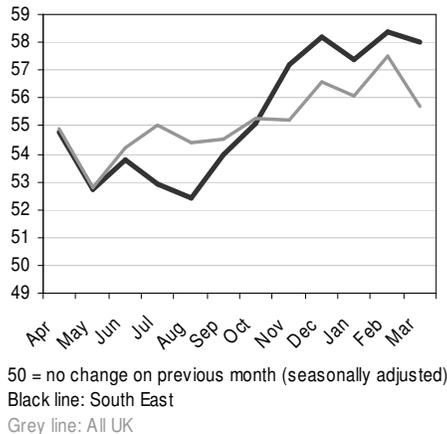


Source: EBS, Spring 2006

### BUSINESSES

The latest CBI regional survey of UK economic trends<sup>1</sup> points towards a modest increase in home orders (a balance of 1% of businesses report an increase) and a slight fall in export orders (balance of -3%) over the past 12 months. However, expectations about the next twelve months are a lot more positive. Businesses in the South East are optimistic regarding domestic orders (balance of 11%) and export orders (balance of 4%) over the next twelve months.

Figure 2: Business Activity 05/06



Source: PMI quarterly South East Reports,  
Nov 05 – April 06

The latest PMI<sup>2</sup> data for the South East show a successive monthly increase in the South East private sector business activity throughout the Financial Year 05/06. The seasonally adjusted Business Activity Index registered 58.0 in March<sup>3</sup>, signalling a further robust expansion of private sector activity in the South East.

While business activity has been below the UK average during the first half of the Financial Year, there has been a recovery in the second half, and business activities in the South East where overtaking the value for the UK (figure 2)

### LABOUR MARKET

The latest Labour Force Survey (LFS) data for the South East<sup>4</sup> indicate that the labour market remains subdued. The trend in the employment rate was close to flat, with the rate in the latest period remaining unchanged from a year ago.

However, unemployment has marginally increased, the latest figure being not significantly different from the same period a year ago:

<sup>1</sup> Conducted March/April 2006, draft May 2006

<sup>2</sup> PMI: Purchasing Manager's Index, PMI South East Reports November 2005 to April 2006

<sup>3</sup> Value of 50 = no change on previous month, value > 50 reveals positive change on previous month.

<sup>4</sup> ONS: Labour Market Statistics, April 2006 (latest available data)

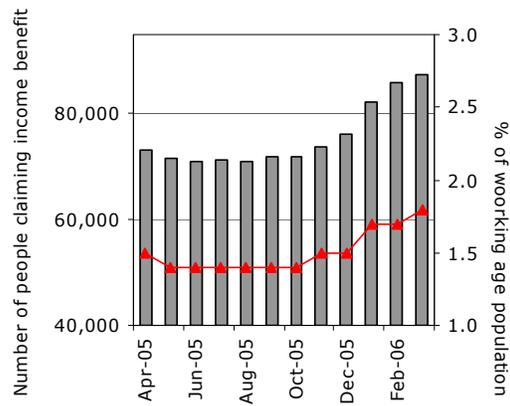
Figure 3: Labour Market Trends

	Dec 05 to Feb 06	change on year before
economic activity rate	82.3	0.2
employment rate	78.8	0
unemployment rate	4.3	0.2

Economic activity rates remained near all time high at 82.3%, up 0.2 points from the same period a year ago.

After a continuing decline in claimant count unemployment during the last decade, the South East is has seen a slight increase in claimant count rates over the past months: Overall the percentage of working age population claiming JSA in the South East has risen from 1.5% in April 2005 to 1.8% in March 2006.

Figure 4: Claimant Count Unemployment, South East (last year's and long term trend)



Source: NOMIS 2006

## **3. CORPORATE PLAN STRATEGIC THEMES**

### **3.1 STRATEGIC INFLUENCING**

#### **OVERVIEW**

The Draft Regional Economic Strategy (RES) 2006-16 looks set to receive positive endorsement when finalised due to the approach taken of engaging with and listening to regional partners early on in the review process. SEEDA's initial view that there were 3 major challenges for the Region (global competition; meeting competition through smart growth and sustainable development; and quality of life) has been endorsed and accepted throughout the consultation process.

A learning point that emerged from this process has been to clarify how the EU Strategic Environmental Appraisal Directive should have been applied at the start of the RES process. An ongoing challenge of the RES process has been reconciling and achieving convergence between the draft RES and the South East Plan, as required by national government. SEEDA and SEERA are currently collaborating on this.

SEEDA has delivered the Regional Funding Allocation (RFA) for the region, working closely with SEERA and GOSE, and secured the support of Regional partners. The RFA adopted the evidence base for the RES, however, as work on the RES was not complete, it was not possible to state how the economic priorities for the Region might change.

Following our involvement with two round 1 pilots of Local Area Agreements (LAA) in 2004/05, SEEDA involvement was praised by GOSE. SEEDA has been fully involved in the development of the 4<sup>th</sup> (economic) block of LAAs, and are currently engaged in preparing each of the 2<sup>nd</sup> round of LAAs this year. This has been a challenge as the LAAs cross formal administrative boundaries and has stretched SEEDA resources available to it; an issue that needs resolution and consideration for 2006/07 as the 3<sup>rd</sup> round begins. However, a big achievement this year has been the maturity of the relationships and partnership work achieved by the Area Teams.

#### **ACTIVITIES AND STRATEGIC ADDED VALUE**

##### **3.1.1 Regional Economic Strategy (RES) and Evidence Base**

The first phase of the review of the RES began in July 2005 with thematic sub-regional events addressing key challenges for the Region. These events marked a change in how SEEDA partners were consulted and involved, with agendas clearly customised to reflect the issues relevant to a sub-region, or to focus on key themes influencing particular aspects of the economy (such as Europe, social inclusion or influencing government).. Following the RES events a consultation document was published and, after a formal consultation period, a formal RES draft was launched in early April 06. This latest document developed the vision set out in the consultation document and led to the specification of three strategic objectives.

Through the RES consultation process SEEDA has developed further relationships with key partners in terms of shared understanding; the RES process has helped build a sense of common purpose, achieving greater alignment between partners on areas such as the spatial dimension to the RES.

SEEDA commissioned a report from KPMG on progress against the 2002-12 RES. The results show good progress in general against RES actions and highlighted a number of recommendations for the 2006-16 RES which have been taken on board:

- More focus on what actually needs to be changed and areas in which it can actually deliver change
- More visionary and strategic
- More balance in articulating a broad range of issues affecting the region
- Written in plain English

Area teams have played a vital role in the context for the sub-regional RES consultation events in 2005, working with Economic Partnerships bring businesses to the events and presenting the RES proposals to a range of audiences and organisations.

SEEDA consider that the latest RES draft is a truly regional document. It identifies partners who hold primary responsibility for the 83 actions detailed (SEEDA leads on 28 of these); in addition there are a number of transformational ideas which will receive early priority. The final RES document will be published in the autumn alongside an implementation plan with partners to include more detail on these activities and to put indicators and resource allocation against each of them.

#### **Sustainability Appraisal/Strategic Environmental Assessment (SA/SEA)**

SA/SEA carried out was to identify key environmental/sustainability implications of the range of growth options set out in the draft RES. Initial work on an Index of Sustainable Economic Wellbeing (ISEW) has also informed the RES, and the ISEW has been adopted as an additional RES indicator. This has all contributed to a more sustainable RES and has achieved much wider appreciation of the issues amongst partners in the region.

#### **Coastal Strategy**

SEEDA, through the area teams, carried out an analysis of under-developed coastal economies in the Region, which has informed the framework for the Coastal Strategy developed alongside the RES. As part of the development of this strategy the area teams organised a two day visit by the Deputy Prime Minister to the South Coast in December. The DPM urged SEEDA to develop new approaches along the coast.

### **3.1.2 Local Area Agreements (LAAs)**

SEEDA are working with partners on the economic block of the Local Area agreements (LAAs) and are leading on behalf of the Government Office for the South East (GOSE). SEEDA Area Teams have helped LAA partners focus on key priorities and the AIF process has been a building block in this process. GOSE have praised the way that the area teams and colleagues across SEEDA have supported partners in the development and assessment of proposals within the Economic Development and Enterprise (EDE) block of the LAA.

A review of the implementation of the second round LAA areas has highlighted some areas for development, including a sharpening up of the links between the RES and LAA objectives. Area teams are now working with partners on third round LAAs. The new guidance will allow LAAs to cover wider areas encompassing several LAAs.

### **3.1.3 Business South East**

Business South East was established early in 2005 to provide strategic, coherent and persuasive business input to influencing Government policy and investment programmes. The focus of Business South East during this year has been on influencing the RES and the South East Spatial Strategy. For example, Business South East contributed to the development of the RES "Transformational Actions" through the Regional Infrastructure Fund. Business engagement in the consultation process on the draft RES document was established through Business South East, particularly through the business representative bodies.

### **3.1.4 South East Science, Engineering and Technology Advisory Council (SESETAC)**

SEEDA's Science and Industry Advisory Council, SESETAC, is a high level advisory body to SEEDA. Membership includes senior industrialists, vice-chancellors and research council chief executives. SESETAC was set up in 2003 and has advised on the regional response to government's 10-year Framework for Investment in Science and Innovation. To meet the national and regional challenges SESETAC advised that SEEDA should focus resources on three key themes:

- Ensuring the capture and use of emerging technologies based on advances in science and engineering with a focus on leading edge high technology developments with commercial potential.

- Providing business demand led Innovation Advice and Support to SMEs to facilitate their access to the skills and capabilities in the SET base.
- Working with partners to increase the supply of SET skilled researchers, advanced technicians, entrepreneurs and effective SET teachers.

SEEDA has responded to this advice with the development of a £20million Innovation Action Plan during the 05/08 Corporate Plan cycle.

Over the last year SESETAC has been helping SEEDA develop the specific initiatives under these three themes. There was agreement to make calls to bring new nano-material based products and medical imaging and informatics technologies to the market place through a collaborative R&D programme together with the establishment of a Regional Innovation Advisory Service that is now being funded by SEEDA.

With SESETACs endorsement a knowledge network advisory group (KNAG) has been established. Its key roles are to identify appropriate Knowledge Networks for SEEDA support and provide high level guidance on the development of these networks.

The regional STEM Hub (Science, Technology, Engineering and Mathematics) was set up to join up and amplify the impact of best practice across the region through creating a critical mass of partners able to make a difference in encouraging school children to pursue scientific careers. SESETAC endorsed the decision by the STEM Hub Board to establish a new Bioscience Technologist Training Centre in Kent with the intention of improving the supply of technicians for the pharmaceutical and biotechnology industries

### 3.1.5 Europe

SEEDA has continued to work to ensure that the region makes the most of membership of the European Union through its regional office in Brussels, influence of policy, creation and use of funding opportunities and through strategic alliances with European regions.

The **Lisbon Agenda** mapping exercise was promoted to the European Commission, the UK Permanent Representation and the Treasury. This formed the basis for a publication by the English Regions Network on the English Regions' contribution to the implementation of the Lisbon goals. The publication was showcased at an event in Brussels in November 2005. A RES consultation event focusing on Europe was held in conjunction with the ODPM's consultation on the National Strategic Reference Framework (NSRF), emphasising the links between the Lisbon Agenda, the RES and the drivers of productivity. The RES is now recognised as the key strategic document for the future Competitiveness and Employment Objective of the NSRF.

Good progress was made in developing the **GROW** initiative, a €7.5 million Interreg IIC project developed by SEEDA as lead partner in collaboration with SEERA and the Environment Agency for joint implementation of the Lisbon Agenda. The programme aims to achieve balanced, sustainable and economic growth across a network of five high growth regions in Italy, Spain, the Netherlands, Poland and England. Two calls for projects were made. The first call ended in November with the approval of eight projects, the second call ended in February.

The **European Social Fund** (ESF) is continuing to add value to regional skills programmes, particularly in innovation and entrepreneurship which are areas of increasing momentum for SEEDA activity. Workforce skills development is increasingly being rolled out through the regional skills alliances (RSPA) and sector skills consortia as they mature. ESF is being used to add value and pilot more innovative activities where appropriate such as the Regional Resource Centres to improve brokerage on demand and supply/pooling of resources.

Problems have been encountered with regard to remaining within the 5% Administration funding. This has been caused by changes in strategic direction of SEEDA's resource allocation and the extension to the ESF programme until 2008. GOSE has been supportive in finding ways to minimise these costs and discussions are ongoing.

### 3.1.6 Culture

SEEDA has continued to work strategically with Culture South East and the cultural agencies within the Region throughout the year. A joint workplan with Culture South East has been developed, setting out the strategic focus for this work in the evidence base and Creative Industries, Growth Areas and Sustainable Communities and within the Learning and Skills agenda.

SEEDA has continued to promote integration of the regional cultural strategy through various actions such as co-funding the post of Cultural Coordinator for Thames Gateway North Kent. ODPM support has also been secured for a Culture Framework & Toolkit for Thames Gateway North Kent to produce guidance for the generation, delivery and appraisal of cultural projects within the regeneration and growth of North Kent, endorsed by the Thames Gateway Kent Partnership Board.

A pilot **Cultural Observatory** was initiated and, despite a slow start due to technical difficulties, has demonstrated high quality content development. In its first year it has concentrated on planning its technical development, development of content and creation of marketing, quality and evaluation strategies.

SEEDA and Sport England have established of a **Regional Olympic Coordinating Committee** to coordinate the South East's 'offer' to the 2012 Olympic and Paralympic Games and ensure that the region's businesses, organisations and inhabitants benefit from the opportunities offered by London hosting the Games.

A Major Sports Events Manager was appointed in July 2005 and a launch event held for the **Major Sports Events Strategy** with stakeholders from local authorities, sports partnerships, sports governing bodies and venue organisers. SEEDA's involvement has assisted in the attraction of a number of significant events to the region including the Tour of Britain (a 3 year agreement) and the Tour de France in 2008.

### 3.1.7 Sustainability

SEEDA leads on promoting sustainable forms of economic development in the region. Significant activities in the past year included SEEDA's RDA lead roles on waste and energy (discussed in section 4), and establishing the DEFRA-funded BREW programme (2005-08).

#### **Business Resource Efficiency and Waste (BREW):**

The BREW South East programme has been established, and facilitated resource efficiency business support at a sub-regional level through the Sustainable Business Partnerships (SBPs). It also funded demonstration and pilot projects like NISP-SE.

The South East BREW delivery plan establishes priorities for delivery partners. An outline business plan bid for 2006/07 was submitted to DEFRA in September for an additional £600,000, with the bid being awarded in full. Due to the business planning process not beginning until the start of the financial year (2005/06), it was not possible to complete all projects and ensure full use of the allocation. A business plan was agreed by stakeholders at the end of 2005/06 to combat this problem, which has enabled projects to begin earlier than last year.

### 3.1.8 Rural Programmes

The extended rural role of SEEDA resulting from the Defra Modernising Rural Delivery agenda, which transferred both staff and money from the Countryside Agency, has enabled SEEDA to establish 4 new Rural Area Manager posts to improve rural delivery at sub regional level. They have been working with sub regional partners to help maximise the effectiveness of SEEDA's rural programmes across the region, and to influence sub-regional policies and strategies to ensure they contribute optimally towards the goals of the RES. Area Teams now have a much stronger knowledge and understanding of rural issues that affect their sub regions and this expertise is being fed into development of new rural programmes, particularly on access to services and the new England Rural Development Pathfinder Programme.

Other examples of wider Rural strategic added value include:

- MKOB have been successfully working with three Beacon Market Towns to ensure that their knowledge and experience is shared with small rural towns across the region.
- The Kent Team has been working with officers at Kent County Council to develop a Kent-wide Rural Strategy. The Kent Rural Board (representation by Valerie Carter, SEEDA) has identified a number of key areas for development and officers will now be working together to identify actions to address these issues.
- In Surrey and Sussex work to assist links between broadband partnerships and the local agricultural colleges has enabled more rural businesses to recognize the benefits of broadband usage.

## 3.2 WORLD CLASS INNOVATION

### OVERVIEW

As lead RDA, SEEDA is closely involved in the development of national strategy and priorities for Science and Innovation within the framework of the 10 Year Plan. As a result of this recognition of the important role played by RDAs, there is now much closer engagement between the RDAs and other funding agencies including the Research Councils, e.g. through the Funders Forum. SESETAC has been of particular use this year in supporting SEEDA with the innovation agenda; this high level advisory committee has added value in terms of a discussion form and expertise.

SEEDA recognised the need for higher level engagement with Businesses in the Region, and has put a plan in place including the set up of, Business South East and Sector Consortia.

For the first time, uptake of broadband in the South East has overtaken that of London. County partnerships set up across the region have played a large part in this. It has shown how SEEDA can work effectively in a relationship with non-funded private organisations.

### ACTIVITY AND STRATEGIC ADDED VALUE

#### 3.2.1 Innovation

This year was year one of a three year plan for innovation in the South East. Over the three years SEEDA plans to pilot a number of approaches to drive up innovation in the South East and bring business and the knowledge base together to share ideas and development.

SEEDA, with advice from SESETAC, developed an **Innovation Action Plan**. The **Plan** has three elements:

- Innovation, implemented primarily through the development of an **Innovation Advisory Service (IAS)**.
- **Knowledge Transfer** aims to facilitate greater engagement of business with the knowledge base, focussing on product development, achieving high levels of technology readiness and to encourage businesses to release the value from the knowledge base through:
  - a. **Knowledge Networks** to encourage greater dialogue between businesses and the knowledge base.
  - b. **Technology Brokering** supported by a university Business Fellows scheme.
  - c. **Emerging Technologies** supported by a collaborative R&D fund in 4 south east priority sectors.
- **Skills for Innovation**. SEEDA is piloting region **STEM (Science, Technology, Engineering and Mathematics) hubs**, to work with regional partners to identify and address coherently a small number of critical initiatives.

#### **Innovation Advisory Service**

The Innovation Advisory Service was officially launched on April 4 2006. The service is now delivering demand and problem led brokering at a sub-regional level using advisors and a SEEDA 'toolkit' (built on principles of best international knowledge transfer practice and building on the experience of previous successes). There are 12 FTE innovation advisors in post already working with over 100 businesses and collaborating fully with all other SEEDA service providers. SEEDA have also set up an Innovation Advisory Panel, which includes Professor Joe Tidd at SPRU and Professor James Simmie at Oxford Brookes University; this group will report into SESETAC.

#### **Knowledge Transfer Network**

Knowledge Transfer aims to facilitate greater engagement of business with the knowledge base, focussing as far as possible on product development, or on achieving high levels of technology readiness, rather than fundamental research; and to encourage businesses to release the value from the knowledge base. SEEDA has implemented **Knowledge Networks** to encourage greater dialogue between businesses and the knowledge base.

### **Business Fellows**

SEEDA joined the LDA in the London Technology Networks Technology Brokering programme, which has included training of 36 SEEDA University Business Fellows. Last financial year (05/06) SEEDA Business fellows initiated 63 negotiations with business. By the end of March 2006, 22 deals worth £1m were closed.

### **PoCKeT (Proof of Concept for Knowledge Transfer)**

The PoCKeT fund offers repayable awards of up to £30k to innovative SMEs or entrepreneurs to undertake collaborative work with a Higher Education partner. PoCKeT received a significant amount of interest and a large number of enquires in the first half of the year; as a result of this SEEDA substantially increased the funding available.

### **Collaborative R&D**

SEEDA is focusing collaborations on a small number of technologies linked to those highlighted by the Government's Technology Strategy Board and where the region has unique strengths and capabilities. To date SEEDA has launched the Nanotechnology call with the DTI-led materials Innovation Growth Team. Effective networking and knowledge of regional strengths have helped to obtain 9 bids from businesses and institutions from a SEEDA 'call' for Nano projects. Funding for 3 projects was identified from the £2m fund, including one of which involves Qinetiq which will lead to the production of new nano materials to be incorporated in H5N1 (Bird Flu) protective materials. Funding support of nearly £1m was also allocated to University of Oxford, Begbroke Science Park to fit out new laboratories supporting the development of a cluster focusing on Nanotechnologies.

### **Grant for Research and Development (GRD)**

GRD was successfully transferred to SEEDA from DTI in April 2005 and has been fully integrated into the new Business Grants team. SEEDA has successfully reinstigated a continuously rolling programme after the competition had largely halted the programme.

SEEDA has aimed to provide a better service, raise awareness, reduce low quality applications and increase highly innovative projects being supported, with the establishment and development of a Grant for R&D intermediary network to provide specialist funding advice to applicants. SEEDA also instigated a new 'pre-application' service providing early feedback to project concepts. This effective strategy has increased success levels to 62%, compared with 12% in 2004-05 (competition basis) and 44% in 2003-04 (application basis).

## **3.2.2 Enterprise Hubs**

The Enterprise Hub Network has now been implementing its joint business plan for two years, and the plan is currently under review led by the Enterprise Hub Directors. Examples of particular successes in the individual hubs this year include:

- Milton Keynes – The Hub Director is leading an initiative between Business Link, Cranfield University, Invest in MK and others to deliver a dragons' den competition to young entrepreneurs.
- Canterbury – The Hub supported a company developing the Automatic Number Plate Recognition (ANPR) data centre solution in association with Kent Police.
- Reading –Thames Valley Life Sciences Network is delivering additional services to members including specific educational workshops, eg; intellectual property for life sciences businesses.
- Eastbourne Enterprise Hub – A series of workshops combined with 'Engineer Your Business' (with University of Brighton) have proved effective at engaging businesses locally.

A recent survey undertaken by the Work Foundation showed that 79% of Enterprise Hub Portfolio members were very satisfied with the support they had received. The hubs work with some 2000 entrepreneurs across the South East

SEEDA launched the second phase of the **TRANSENTERPRISE** project, co-funded under Interreg IIIA. Transenterprise is a collaborative network comprising Incubators and technopoles in Northern France to facilitate business to business opportunities in high-tech sectors, and performance development for Incubator Managers.

### 3.2.3 Manufacturing

#### **Manufacturing Advisory Service (MAS)**

Following the award of the new 3 Year MAS contract to EEF (Engineer Employers Forum) South and PERA, new MAS was launched at an event involving Professor Dan Jones, one of the world's leading experts on 'Lean' enterprise and manufacturing. Considerable efforts have been put into ensuring that the contractors identify and work with companies that will benefit most from the programme in terms of GVA gain. EEF South have begun to work effectively with Supply Chains where major gains can be made and have recently been successful in 'winning' contract work with Ford, Southampton, in working with its supply chain. Other successes include a contract to work with Siemens and its supply chain.

#### **High Value Manufacturing (HVM)**

A SEEDA-led conference involving over 100 delegates was held at the UK AEA Harwell site in Oxfordshire to 'showcase' the South East's major strengths in leading edge and new technologies. The conference stressed that the South East is the leading region for HVM and critical to supporting the UK performance in moving up the value chain.

### 3.2.4 Broadband

SEEDA's Wired Region initiative has continued to establish Broadband Partnerships across the region. New partnerships in Berkshire, Surrey, Buckinghamshire and Oxfordshire were set up during the year, following those already in place in Hampshire, West Sussex and East Sussex. During the year the role of the partnerships has changed from their original focus on Broadband availability, to driving the adoption and productive use of Broadband and ICT. All partnerships are now using a common e-adoption ladder to clearly demonstrate their effectiveness. During 2005/6 Broadband take up in the South East overtook that of London and is now the highest in the country.

SEEDA commissioned a feasibility study on the potential for small remote working centres in market towns. Whilst the report concluded that such centres were not commercial viable as stand alone units, it did point to possible alternative approaches and gave very useful insights into attitudes and issues relating to teleworking in general.

SEEDA has been working with EMDA to improve and update an ICT toolkit originally produced by EMDA for planners, developers and others involved in planning, land and property development or regeneration projects. The aim of the toolkit is to change planners' and property developers' thinking so that ICT supply is considered at the beginning of the planning cycle along with the other utilities.

### 3.2.5 Corporate Social Responsibility (CSR) and Sustainable Businesses

The Regional Strategy for Sustainable Business in the South East was developed during 2005/06 in partnership with key stakeholders in the region. The strategy focuses on increasing the number of businesses adopting sustainable business practices. A Regional Steering Group, made up of business champions and business support providers, has been set up. Action Teams will be set up in 2006/7 to develop specific projects.

The fifth SEEDA Sustainable Business Awards were held in March and attended by over 300 businesses and stakeholders. The awards recognised leading examples of businesses contributing to sustainable development in the South East. Winners came from all areas of the region and represented a wide range of sectors.

### 3.2.6 Cross Regional Working

The **Oxford to Cambridge Arc** project has progressed in collaboration with the three Regional Development Agencies and Economic Partnerships in the Milton Keynes South Midlands (MKSM) sub-region. It aims to attract knowledge-based inward investment into the area between Oxford and Cambridge and create a world class area for innovation. Successful cross-regional partnership working and greater collaboration over the past six months, has led to an economic mapping exercise of the area being undertaken.

## **3.3 COMPETITIVE ENTERPRISES**

### **OVERVIEW**

SEEDA has received very positive feedback on Regional Skills for Productivity Alliance (RSPA) from stakeholders and a recent visit from DTI and DfES officials. SEEDA's delivery to the RSPA has involved 3 major programmes: Access for Business Colleges, Joining Forces and Train to Gain. The Joining Forces initiative culminated in SEEDA being awarded the Train to Gain skills brokerage contract by the Learning and Skills Council (LSC). Over the next year there will be an increased drive on workforce development which has not progressed as far as SEEDA hoped in 2005/06; changes in the LSC have delayed progress slightly.

The assumption of responsibility for the Business Links on 1 April 2005 was also very successful with no problems encountered and the service levels maintained and in some areas improved.

Another great success this year has been the merging of UK Trade and Investment (UKT&I) and the SEEDA Inward Investment Team. SEEDA are now looking forward to building on this success in 2006/07.

SEEDA has supported its enterprise lead role through social enterprise, which is progressing well. However, the current challenge is to strengthen relationships with community and voluntary sector partners. An issue this year has been managing the concerns expressed on the devolution of the Phoenix fund, concerns that the RDAs were not the right bodies to deliver the funds, and the reaction when the allocations were less than expected due to a smaller allocation of funds from central government to the RDAs.

### **ACTIVITY AND STRATEGIC ADDED VALUE**

#### **3.3.1 Business Link/Joining Forces**

SEEDA successfully assumed responsibility for the Business Link service in the Region on 1 April 2005. SEEDA secured agreement of higher (in quantity and quality) output targets for the BLOs reflecting efficiency gains achievable through a more integrated approach and delivery through brokerage rather than direct provision of specialist advice.

SEEDA's plans to drive up the efficiency and quality of publicly funded business support was taken forward through the **Joining Forces initiative** with Business Link Service Providers (BLSPs), LSC, UKTI and GOSE. Joining Forces has proved increasingly effective in providing an integrated framework for business support.

A regional marketing campaign was launched in October 2005 and a region-wide investment readiness service has been developed and agreed between the region's BLSPs and Finance South East (FSE) who will deliver the service, funded from the core Business Link funding. This service is part of SEEDA's vision to see South East businesses receive a consistent high quality service across the region offering good value for money.

#### **3.3.2 Skills Brokerage**

The Skills Advice Service (SAS) integrates skills brokerage with generalist business support to provide employer-focussed brokerage across the South East. This ensures easy access to support for skills, training and workforce development at a consistent high standard. SEEDA worked in partnership with 6 Business Links and the South East Learning and Skills Council (LSC) to develop the service under the Joining Forces framework.

Through work on the SAS SEEDA led the successful bid in partnership with the 6 Business Links to deliver the National LSC 'Train to Gain' brokerage service in the South East. This will facilitate an improved Business Link service to employers, and improved efficiency through one central, regional team. This will provide continuing integration of skills with business support through securing LSC 'Train to Gain' funding for skills brokers

### 3.3.3 Regional Skills for Productivity Alliance (RSPA)

The RSPA involves a number of key partners on the supply side, including the Learning and Skills Council (LSC), Job Centre Plus, Government Office for the South East (GOSE), Higher Education Funding Council for England (HEFCE), Regional Action & Involvement South East (RAISE) and Business Links. A number of key employers and employer's organisations are also represented. The RSPA is also supported by six Local Skills for Productivity Alliances (LSPAs) aimed at stimulating the supply of skills to meet the needs of local businesses.

The RSPA provides strategic economic leadership across the region influencing and enabling partners to increase skills for productivity; address the issue of the skills needed for innovation, enterprise and the knowledge economy. Regional priorities were agreed by RSPA partners in October in order to facilitate joint planning and ensure alignment of services and offers to businesses.

In April 2005, the RSPA produced a delivery framework detailing the key areas of activity that the Regional Alliance wished to take forward over the period April 2005 to April 2007. This resulted in a stronger, widely shared agenda based on consultation of regional ambitions and priorities. In June 2005 the RSPA established five Task Groups from Alliance member volunteers to consider how best the RSPA can genuinely add value in the new areas of responsibility.

#### Action for Business Colleges

Action for Business Colleges is a flagship programme for the RSPA jointly supported by the LSC and SEEDA. The programme's two key purposes are as a development tool for providers focused on offering high quality and responsive services to employers and as a quality standard. To achieve accreditation colleges undergo a vigorous independent assessment process and are then approved by an accreditation panel made up of LSC, SEEDA and employer representatives.

In 2005/6, 12 colleges achieved Action for Business College status, taking the current total to 16. An Impact Study was undertaken in October 2005 on the first six colleges achieving the standard. The study compared achievements to a baseline year (the year prior to achieving accreditation), and produced the following findings:

- Fee income from employers has increased by 35% to over £7 million.
- Number of employer clients has increased by 26% to 6,676.
- Number of employees receiving training has increased by 18% to 19,719.
- Number of employers receiving customised courses has increased by 51% to over 1,000.

#### Sector Skill

The UK wide 'Skills for Business' network is made up of 25 Sector Skills Councils (SSCs). Each SSC is an employer-led, independent organisation that covers a specific sector across the UK and focuses on reducing skills gaps and shortages, improving productivity, business and public service performance and improving the supply of learning and training.

SEEDA has been addressing sector skills agreements with "clusters of SSCs" who have similar issues. Current clusters focuses include: engineering (group members include Cogent, Energy & Utilities, SEMTA, and ECITB); the creative industries (group members include Skillset, E-Skills, People 1st, Arts Council), and the built environment (group members include: Construction Skills, Summit Skills, and Asset Skills).

### 3.3.4 Sector Consortia

Although a number of previous sector and cluster networks have been very successful in engaging businesses and in promoting collaboration, the model of supporting small, highly sector specific activity was not sustainable in the long term. Sector Consortia now provide both the sustainability as well as the diversity within broad sectors that is needed. The Sector Consortia continue to provide strategic leadership for the key sectors in the South East. The strength and credibility of the Chairmen and Board members has ensured that the Consortia are seen by both the business community and regional stakeholders as champions for priority sector activity and growth.

Highlights of the past year include:

- Some early collaborative activity between the sector consortia in terms of coordination of bids to SEEDA for support through ASTRAEA, a national defence and aerospace programme, and the more recent GROW Interreg II funded programme managed by the SEEDA Enterprise Team.
- SECBE, the South East Consortia for the Built Environment set up four working groups to develop and agree focused action plans to address the construction sectors agreed priorities. SECBE have also identified a list of 1,450 key businesses to target for engagement in their upskilling and "lean construction" programmes.
- The Sector Consortia have also been working with South East Universities as part of a HEIF3 bid to integrate the region's fragmented commercialisation support and funding streams. This will encourage a holistic support framework and funding escalator.

### **3.3.5 Global Regions: Inward Investment**

In December 2005, the International Team merged with UKTI Trade South East Team to create the first unified trade and investment team in an English RDA. This new Team, in SEEDA, provides a single international economic development arm and will pursue opportunities overseas that enhance the development of priority industry sectors in the South East of England and businesses with high international potential.

Full advantage was taken of the opportunities created by the visit by the Chair and CEO to China in February 2005. This has included the signing of a Memorandum of Understanding with Shanghai Foreign Economic Relations & Trade Commission and Beijing Municipal Bureau of Industrial Development, allowing SEEDA to collaborate on a broad range of economic development programmes increasing the region's competitiveness in this fast developing global market. Tangible results are already being delivered both in business interest and research collaborations.

SEEDA has continued to maintain and develop relationships with key companies across the region. The Investor Development team has been strengthened by increasing the resource covering Thames Valley and the Oxfordshire Buckinghamshire and Milton Keynes area. This policy of co-locating IDMs with local partners has ensured that they are involved in assisting the development of local programmes and projects, particularly where the views of major corporates are important. For example, the IDM has assisted the Thames Valley Economic Partnership with the development of the Innovate Thames Valley programme as well as a Thames Valley Skills paper and more recently the re-introduction of a Thames Valley HR Forum.

### **3.3.6 Access to Finance - Finance South East (FSE)**

SEEDA has agreed to provide £750k core funding over the next three years to enable FSE to undertake its core activity of 'plugging' the funding gap and providing investment readiness programmes. A key achievement has been to agree a regionwide 'Investment Readiness' programme with the region's Business Link Service Providers, thereby ensuring the region's growth companies have access to a robust programme which will help them access the funds they need to grow their business. FSE have also successfully delivered a number of programmes and funds including:-

- Launch and management of a £10m Early Growth Fund (known as the Accelerator Fund).
- Establishment of the Enterprise Hub Loan Catalyst Fund
- Managed the Merlin Mentoring project (a £1 million programme to establish and operate a regional mentoring community for the Enterprise Hub network).
- Secured funding for, and established, a Business Angel programme which will increase deal completion through regional co-ordination of fragmented patchwork of local Business Angel Networks.
- Raised £10m funding in 2005/06.

### **3.3.7 Selective Finance for Investment (SFIE)**

This year SFIE focused on strengthening knowledge of SFIE through a network of grant intermediaries, to enable support to applicants through the application process.

SEEDA worked closely with Kent International Airport following the receivership of the airport owners, Planestation, encouraged the retention of the airport as a 'going concern', and put measures in place to reinstate/support employees made redundant.

The integration of the SFIE and Grant for R&D programmes into the Business Grants team has provided a joined-up approach of promoting SFIE funding as the next stage funding to commercialise/manufacture R&D projects.

The new National Composites Knowledge Transfer Network project at GKN Aerospace on the Isle of Wight was supported by SEEDA through funding and participation its development. SEEDA worked closely with partners to expand the current network, introducing the East Cowes Marine Cluster, Portsmouth City Growth Strategy, Enterprise Hubs and Universities into the network.

### **3.3.8 Enterprise Gateways**

The Enterprise Gateway network business plan was developed by the Gateway Directors along similar lines to that developed the Enterprise Hub Directors.

Enterprise Gateways are a route to market for hard-to-reach' communities such as Women's Enterprise. Two Enterprise Gateways (Slough & Faringdon) have been awarded Prowess flagship status in recognition of 'excellence' in working with women entrepreneurs. The Slough Enterprise Gateway Director was also awarded the prestigious national award of Prowess Business Support Advisor of the year. The Newhaven Gateway was awarded the UKBI 'Newcomer of the Year' award in recognition of its excellent work. Over 50% of the Enterprise Gateway clients are women entrepreneurs.

#### **Women's Enterprise**

The SE Women's Enterprise Steering Group, following consultation, launched a strategy to significantly increase the number of women-owned businesses in the region. Following this, they established four action groups to address the barriers to female business ownership including access to women-friendly business support and access to finance and markets.

SEEDA established an excellent relationship with Prowess, the UK association supporting women in businesses. A regional women's business support directory was also published to help women find business support organisations that understand their specific needs. SEEDA ran six pilots over the year with three Business Link Service Providers and three Enterprise Gateways. To date 214 new female-owned businesses have been created from these pilot projects alone, with 150 of these in 2005/06.

#### **Enterprise Insight**

The 'Understanding Enterprise' events held this year proved to be particularly successful learning events for local schools engaging around 60 Key stage four pupils per event. The business angle was provided through SEEDA's Enterprise Hub and Gateway Networks. In the past year 21 events were held around the region, engaging almost 1,500 young people and 80 businesses.

### **3.3.9 Visitor Economy- Tourism**

The launch of "Tourism excellence", the regional strategy for tourism, laid down the foundation of the step-change expected in the visitor economy. The contribution by TSE to the South East Plan has reinforced the strength of the visitor economy.

Quality assessment for accommodation in the UK has been harmonised, using transparency for the consumer as the guiding principal. Tourism South East was at the forefront in a drive to become a Total Quality Region, staging roadshows and working with Local Authorities to achieve a 90% quality assured policy. The "Tourism ExSEllence" awards attracted over 100 entries some of which went on to win National awards.

Closely supporting the drive on quality is skills development, with an agreement with the new Sector Skills Council, People 1<sup>st</sup> and the launch of the **Tourism Skills and Workforce development strategy** and action plan. Over 5000 employers and employees participated in courses this year in the region.

TSE's **green accreditation scheme**, launched in the South East in 2004 with the aim of encouraging environmentally friendly practices, recruited 50 businesses and is to be adopted as national standard..

### **3.3.10 Not for Profit**

#### **EQUAL**

Implementation of the Cultural Shift social economy programme began 1 July 2005 and has included:

- Development of a regional online specialist business support directory;
- Development of 3 enterprise demonstration projects; and
- Development of 6 sector development groups

Equal has continued to provide regional and national leadership in development activities for the regional social economy and the resettlement of offenders. Learning from these programmes has been mainstreamed into the national review of offenders skills and learning green paper. SEEDA is the only RDA to engage in the promotion of social economy careers to all school leavers and graduates in the UK through the development of the Work to Live Initiative.

#### **Social Economy Development**

The programme's activities have provided a strategic leadership function for the regions social enterprise sector. Activities this year have included the launch of the regional social enterprise strategy. The implementation phase included the establishment of 8 county social enterprise networks, which now form the delivery level of the strategy.

The development of the social economy work this year went well, with impact being seen through SEEDA's influence on the National Social Enterprise Strategy and invitations to sit on working groups to review and advise UK Prison Industries and the NHS's new social enterprise unit. At a local level SEEDA undertook an evaluation of initial work on the regional social economy through the EQUAL Funded Cultural Shift South East Programme. This programme identified the need for more capacity and engagement from policy makers in the process, and SEEDA has subsequently put more emphasis on resourcing policy fora for social economy development.

#### **Voluntary / Community Sector (VCS) Development**

This year SEEDA helped strengthen the position of RAISE (Regional Action & Involvement South East) to deliver appropriate services to the VCS in line with the regional economic strategy, and redefine the service level agreement of RAISE. This included a new emphasis on RAISE as the primary developer of VCS policy in the regional economic development arena.

Other activities during the year included:

- Created a new voice and leadership focus for black and minority ethnic economic development interests through the creation of the South East Ethnic Minority Business forum (SEMEDA).
- Developing internal leadership within SEEDA this year through the implementation of the race and disability equality principles outlined by the CRE.
- Provided support to Social Inclusion Partnership South East (SIPSE) financial inclusion, BME older worker and childcare subgroups, including finance for research and finance for a regional SIPSE manager.

### **3.3.11 Rural**

#### **Redundant Buildings in Regeneration Areas**

SEEDA has continued to support this very successful programme which develops new premises for business start ups and expanding existing businesses in rural area. It remains strictly targeted to the areas of most need and was extended this year to include the New Forest in Hampshire, and Swale District of Kent. A formal evaluation of all schemes supported since 1999 will be carried out during 2006/7 as part of the monitoring process.

The **Rural Skills Programme** focused on the concept of linking business advice and training:

- The Entrepreneurial Leadership project was involved in setting up 12 employer groups and networks during 2005/06 for existing and new rural start up businesses across the region. By the end of the year March 2006, the project had enrolled 136 individuals in 11 groups, 67% self employed, the remaining being in education.
- Support for skills for improving the development and take up local produce is provided through the Local Produce programme.
- The Rural Business Advice & Training project (RBAT) supports a network of advice and training providers that, meet the requirements of rural businesses.

#### **Rural Land Based Support**

SEEDA continued to be a major deliverer of the region's Sustainable Food and Farming Action Plan and the Regional Forestry Framework. Activities this year have included:

- Exerting strategic influence through the formal Sustainable Food and Farming (S2F2) Board, and the Forestry Commission's Rural Advisory Committee and Regional Forestry Framework Steering Committee.
- Support for 7 specific sectors, each with their own champions from their industry sector covering agriculture/horticulture and forestry sectors.

These projects are regarded by the Government lead on Sustainable Farming and Food as an 'exemplar' approach.

The **Farm Diversification Grants (FDG)** programme has continued to help the farming industry across the region increase their income through using their redundant buildings, and so help sustain the industry in the long-term enabling them to continue to manage the land. The current Defra programme will close at the end of 2006 and the new European support will be delivered by SEEDA from 2007 onwards.

#### **Market Towns Initiative & Leader +**

Deprived rural hinterland areas of the South East continue to benefit from funding to tackle low economic performance and address problems with access to services and infrastructure:

- In East Sussex, the Wealden and Rother Rural Partnership have been working with a range of partners to provide innovative solutions to the problems of low economic performance, poverty and deprivation in the rural hinterland (82,000 hectares) north of Eastbourne, Bexhill, Hastings and Rye.
- As a result of work funded through the New Forest Leader+ programmes, a New Forest Quality Marque has been established which will be used to promote locally produced goods.
- On the Isle of Wight the Market Towns Initiative has aided three market towns on the south east coast of the Island. The completion of the health check process made the local people consider their towns and what was needed to improve them. The towns have benefited from enhanced public realm areas, improved sporting and community facilities & better transport links.

## 3.4 QUALITY PLACES

### OVERVIEW

SEEDA has deepened and improved its knowledge and understanding of sub-regional issues and importance, and has managed to channel this back to influence the RES review and ongoing projects and activities.

Major project successes this year have included the community engagement and work in Queensborough and Rushenden, and the Woolston project in Hampshire.

Infrastructure emerged as an important issue in the RES consultation process. An issue for the coming year will be how SEEDA changes its focus to take into consideration the growing importance and profile of infrastructure.

### ACTIVITY AND STRATEGIC ADDED VALUE

#### 3.4.1 Strategic Direct Delivery

The Development and Infrastructure Division within SEEDA has refined its activities in the past year, focussing on acquiring sites within the framework of masterplans, whilst also demonstrating excellence in sustainability, community engagement and design quality.

Work on developments in **coastal areas** continued, with Crest Nicholson selected as preferred lead development partner for the 12.5 hectare **Woolston Riverside** site. Design concerns were raised by Southampton City Council (SCC) with regards to this site. A design panel involving key partners was set up by SEEDA in response to this, to help resolve these issues. The panel have now negotiated a new design code for the site, and this approach has been identified as a good solution.

At **Margate** SEEDA led on bringing a group of key partners together to commence comprehensive regeneration of the town centre, and sites were acquired with the aim of redeveloping to attract business back to the Old Town. In **East Cowes** the development team have consulted with the local community on the Agency's plans for a new town centre and waterfront. This community involvement included using two local primary schools, whose children worked on artwork creating a vision of their town and neighbourhoods. An outline planning application for East Cowes was submitted in partnership with English Partnerships (EP) in January. Following CPRG approval, the acquisition was completed of the 82.4Ha former HMS **Daedalus** site at Lee-on-the-Solent, the Agency's largest ever brownfield site acquisition. Planning is still at the earliest stages, but the site offers the chance to provide new employment, business accommodation and homes.

At **Chatham Maritime** the former Naval Drill Hall, has been transformed into a £12 million Learning Resource Centre, and opened to students of the four Universities at Medway in mid September 2005. The Centre is now home to thousands of books as well as offering students the use of the internet and other computer technology. In addition, the University of Kent's new teaching building was also opened to students, and construction was completed on the Universities' second new teaching facility.

#### 3.4.2 Planning and Policy

As part of SEEDA's commitment to the Regional Housing Board (RHB), the Centre for Urban and Regional Studies (CURS) has been commissioned to undertake research that will support better targeting of resources for investment in private sector housing. The findings of the research will also help the development of more effective strategies for tackling unfit and non-decent private sector housing.

A notable achievement is the ERDF-funded **IMPACTE** project, which aims to improve freight mobility via rail and ports across Northern Europe. This is a major project for the Infrastructure team within SEEDA, and aims to secure increased freight traffic for the ports of Ramsgate, Southampton, Portsmouth and Dover, by raising rail freight capacity to move freight distribution from the roads to the rail network.

IMPACTE has started to support many projects across Europe, however a key one for the South East is the SEEDA-led SMART project (Solent Midlands Advancement of Rail Transport). This project is focussed on securing upgrades to the Southampton to West Midlands rail freight infrastructure, as part of a cross-regional partnership with Advantage West Midlands. Gauge enhancement is being undertaken jointly with Network Rail and the Port of Southampton to take globally standardised 9'6" containers and transport them by rail to the Midlands rather than by road. A key element of the proposed funding solution is the submission for Transport Infrastructure Fund (TIF) funding which SEEDA submitted to central Government. A decision on whether this has been successful is expected in the very near future.

### 3.4.3 Innovation in Delivery

A focus this year has been on finding new and more efficient means of delivering development. The **Brownfield Land Assembly Trust** (BLAT) has demonstrated that the innovative process of packaging small sites together in close proximity can be successful in releasing development potential through development economies of scale. Two sites in Swale were sold to Swale Housing Association this year, with another site sold to an association within the same group. This has opened the way for the group to develop these sites in tandem with another it already owns in Swale, giving rise to cost savings through economies of scale.

BLAT also entered the School Road site in Hastings for use in ODPM's Design for Manufacture competition, from which it was successfully selected. The competition promotes off-site manufacture of housing through the construction of a two bedroom property at a cost of less than £60,000.

Development work has continued on the formation of a registered **BLAT** company. This included securing Board approval for the company in January 2006, completing a business plan and confirming two private sector developers as members. The company will allow an expansion of activities involving small brownfield sites by leveraging additional funding from both public and private bodies, and by raising the profile of small sites within the private sector.

At **Chatham Maritime**, discussions have been held with Medway Council about St. Mary's Island, establishing dialogue and discussion over the strengths and weaknesses of the development. As a result a new process has been agreed which aims to look at planning applications strategically, and in the context of wider initiatives, rather than on an individual basis. This new approach has considerably improved the efficiency of the approvals process, and has also secured buy-in and raised awareness of major initiatives within key public bodies.

A similar approach has been taken to the CPRG approval process for the major Daedalus and East Cowes sites. At SEEDA's invitation the CPRG toured sites, and have been actively engaged in choosing long-list options. Using the CPRG in this way has provided the opportunity to benefit more from their ideas, raised the profile of key SEEDA developments within central Government, and by ensuring greater buy-in at an early stage has also lead to a smoother passage through the appraisal process.

### 3.4.4 Development advice and skills sharing

SEEDA has placed emphasis on ensuring that the lessons learnt from its work are properly disseminated, both internally and externally. Work around **Chatham Maritime** this year has focused on disseminating this best practice. The Agency has run events including on-site tours with supporting presentations to deliver key messages and practical lesson learning on themes such as running large engineering contracts on site and the practicalities and heritage implications of brownfield regeneration. One example is the Chatham Maritime and Historic Dockyard Masterclass which was held in October 2005. The event provided 30 regeneration practitioners with the opportunity to learn from the experience of the Chatham Maritime and Historic Dockyard from those involved. The event was the second in a series of four which will take place with the projects short listed for the Deputy Prime Minister's 2005 Award for Sustainable Communities. The learning from all four events is to be disseminated by the British Urban Regeneration Association (BURA) and published through the Academy for Sustainable Communities later this year.

In Brighton SEEDA participated in a feasibility study on the conference centre, and were able to leverage development expertise in providing creative solutions to maximising private finance. This approach has been especially effective where advice has been accompanied by grant funding to the local authority. Thanet District Council was grant-funded to purchase a site at the Eurokent Business Park, with SEEDA providing advice and guidance, and acting as lead in the purchase negotiations. Masterplanning is now in progress with a planning application expected in 12-18 months. This approach has been innovative in that it has minimised any write-down implications for SEEDA's balance sheet, therefore allowing more efficient delivery, whilst still benefiting from SEEDA's knowledge of development practice.

As part of the Agency's work around **Urban Renaissance**, the region's architecture centres have been reviewed by all funders, with a view to streamlining, reporting processes, and allowing more efficient delivery. An away-day was held, with a focus on establishing the best way to look at the impact of the centres, and creating an evaluation programme for the future. SEEDA has championed this exercise, which has been innovative in involving all three funders.

**South East Excellence** (SEE), the Regional Centre of Excellence for sustainable communities, was launched in October 2005 in Reading. The objective of South East Excellence is to support and mobilise the urban renaissance of the region's towns and cities. This initiative is aiming to make a significant contribution to the sharing of knowledge, skills and experience around physical development and the built environment. Following the launch, work has continued on the project, with new content developed for the website, including a BURA developed award section.

## **3.5 AREA-FOCUSED REGENERATION**

### **OVERVIEW**

The Area Teams have continued focusing and building on the strengths and benefits they bring to SEEDA; including bringing together partners for sharing practices, consultation and working relationships; knowledge of each geographical area to meet the needs of that locality; and cross administrative boundary. This is beginning to happen across the AIF partnerships, and the Area Teams are continuing to push forward best practice. Difficulties were encountered in the Milton Keynes and South Midlands Growth Area, where the RDAs were seen by partners as not taking a strong enough lead. As a result of this, SEEDA took the lead for the 3 RDAs involved, and progress has been well-received by the inter-regional development board.

Areas identified by the Area Teams for future improvement include building partners' ability to accurately identify activities and timing, forecasting and ability to better forecast project outputs.

In Hastings the major successes this year have been the Opening of the University Centre, the 2<sup>nd</sup> Phase of the Creative Media Centre, the Innovation Centre; general Dynamics confirming they will remain in Hastings, and the huge impact on the organisation of youth education in Hastings. The activities of Sea Space have shown that the aspirations of people in the town can be raised

### **ACTIVITY AND STRATEGIC ADDED VALUE**

#### **3.5.1. Single Regeneration Budget (SRB)**

SEEDA has honoured its legacy commitment to support SRB programmes in the South East region which deliver grass-root regeneration to local communities in deprived areas. 2005-06 has been a year when many schemes have come to an end. The ending of SRB has gone relatively smoothly with few issues raised by partners. The Area teams have helped develop long term sustainability into key schemes such as Eastbourne Cultural Centre, which is part of the SRB scheme proving a catalyst for the cultural regeneration of Eastbourne. The improved housing, usage and access to the collection, has been the catalyst for this strategy funded through SRB. The Towner collection will be moved to a purpose built, flexible use facility. The H&IOW Area Team have helped shape the revised Combined Heat & Power Project in Southampton. The revised scheme is now proposed to use bio-fuel and will be an innovative energy demonstration project delivering carbon dioxide emissions savings and affordable heat to a deprived estate within the city. Private sector contribution to the development of the project in the order of £48m is expected.

Area Teams have encouraged SRB partnerships to consider future sustainability as the programme approaches the end of its life:

- The East Oxford Action SRB scheme in Oxford City reformed it's partnership as a company limited by guarantee and social enterprise. The enterprise is primarily concerned with providing expert consultancy services on community consultation & engagement. They have been involved in projects both within and outside the South East, drawn acclaim from ODPM, are a member of South East Excellence and have been integral in the development of the Oxfordshire Area Programme.

#### **3.5.2 Area Investment Framework**

During 2005-06, the second year of the AIF programme, over £10m has been channelled into priority areas through the AIF model. This investment has brought partners together to agree shared policy for their areas and has been used to promote strategic thinking about the local interventions necessary to drive regional economic growth. The AIF monies have acted as a catalyst to economic development at a local level.

Throughout 2005-06 the Area Teams worked to get AIFs across the SE demonstrating greater linkages into other partner plans and delivering against other local strategies, such as community strategies and LAAs.

The **Hampshire & IOW** Area Team have influenced the SE Hampshire and Southampton AIFs to consider the wider picture beyond their immediate administrative boundaries and focus on the longer term economic-led growth plans of Urban South Hampshire (PUSH) which has been identified in the South East Plan and the RES as having untapped economic potential. These two AIF partnerships are now working together to develop joint AIF proposals which support the aims of the PUSH.

The end of January 06 saw over 50 key stakeholders from Hampshire sign up for massive change in **Andover**. This innovative approach to stimulating change is led by Des Benjamin, CE of HSA, the major health insurance company in Andover. The campaign will promote sport, health and education. SEEDA and Sport England are involved in this project, which demonstrates how small amounts of seed corn funding, £25k from SEEDA, can be a catalyst for action.

The Area Team have worked with a consortium to help plan the redevelopment of **Whitehill & Borden** should the MOD Training establishment transfer elsewhere. SEEDA was one of the first partners to contribute a small amount of funding towards the masterplanning work, which has subsequently levered in additional funds.

The **Surrey & Sussex** Area team has played an active role in encouraging AIFs to work together to build on synergies and align their operations. Coastal West Sussex AIF has realigned its board, reducing its membership as partners increasingly develop their working relationship. In Brighton the AIF has been adopted as the Economic Development & Enterprise Block of the LAA, a reflection of the success in aligning regional and local priorities.

### 3.5.3 Area Programmes

2005-06 has seen the establishment of 3 Area Programmes, created to address concentrations of intense deprivation that exist within areas of success in the Thames Valley, Oxfordshire and Milton Keynes areas of the South East, by promoting strategic partner collaboration. SEEDA invested over £1m in the Area Programmes in 2005-06 and has already seen strong return on its investment in terms of economic leadership and strategic catalyst impact. Examples include:

- The Oxfordshire Programme secured agreement to align Local Authority budgets with the focus of the Area Programme and target communities on a “greatest needs first” approach.
- The Thames Valley Area Programme saw successful joint working between the three Local Authorities of Slough BC, Reading BC and High Wycombe DC. This has been established as an important sub-group of the Thames Valley Economic Partnership and an integral part of their strategy.
- The Milton Keynes Area Programme has developed over the past six months into a Programme Board. The Area Programme highlighted both a lack of co-ordination of on-the-ground activity in the target areas and the lack of an holistic strategy for regeneration across Milton Keynes. As a result of this, Milton Keynes Economy and Learning Partnership and Milton Keynes Council are facilitating the development of a strategy to address the regeneration of those parts of Milton Keynes with significant levels of deprivation.

### 3.5.4 Growth Areas

#### **Milton Keynes & South Midlands (MKSM) Growth Area**

The Milton Keynes and Aylesbury Vale growth areas in the SE sit within the cross regional sub-region of MKSM. The Area team have, over the last six months, taken the lead on the Economy, Learning and Skills group on behalf of all the partners and the two other RDAs (EEDA and EMDA). This has led to the agreed ‘Framework of economic priority actions for RDAs’ which was launched by the team at the annual MKSM conference.

#### **Thames Gateway (TG) Growth Area**

Further to a request by Minister Yvette Cooper and the TG Partnership SEEDA has led the 3 Thames Gateway RDAs (LDA, SEEDA and EEDA) to develop an outline Thames Gateway Economic Statement. In late 2005 the three TG RDA’s commissioned Deloitte to undertake a baseline report on existing strategies and partnership activities across the TG, identifying strategic gaps and synergies.

**Queenborough & Rushenden** has been at the forefront of the Thames Gateway Growth Areas activity. The local community has been fully engaged by developing a Masterplan for the area using the "Planning for Real" technique. The objective of Planning for Real is to ensure communities are given a stake in the regeneration of their area, from the very start of the process, to promote ownership and to empower. This process has helped foster partner collaboration to address broader social, environment, training and health needs.

On the physical regeneration side, a major challenge for the agency has been the refusal of Community Infrastructure Fund (CIF) funding for the Rushenden relief road. This issue carries a reputational risk for SEEDA, as expectations have been raised through the community consultation process, and the road is seen as vital to the successful regeneration of the area. Work has begun on a contingency plan to secure the development of the road, with a likelihood of some Growth Area funding, and a financing package is being constructed to meet the shortfall.

#### **Ashford Growth Area**

SEEDA has shown leadership through its work in **Ashford**, where activities have focussed on securing the buy-in of the private sector to the Ashford masterplan. Developers and consultants were targeted at the MIPIM event in March 2006, and follow-up meetings have been arranged. This has raised the profile of Ashford amongst both the private sector and key opinion formers. Progress has been maintained on site purchases and land assembly in the southeast quadrant of the town centre.

Ashford Youth Theatre has been using the Crouch's Garage property. In addition to providing free decoration and publicity for these developments, this work has strengthened links between SEEDA and the local art community, and built the capacity of youth art groups.

A major challenge for SEEDA this year has been the reduction in funding outside the single pot for **Growth Areas** in the coming year. In Ashford, recent activity has centred on establishing and negotiating the level of ODPM funding for 2006/07. After initially receiving no allocation, SEEDA has negotiated with the ODPM, and is now close to securing limited financial support to cover legal commitments and development costs for next year.

This is typical of the general re-focussing that the reduction in funding has caused, with a much tighter development portfolio now being pursued around specific locations. Existing assets are also being levered to their full effect in both financial and strategic terms to continue the programme.

### **3.5.5 Diamonds for Growth**

The City Region Agenda this year focused on large cities, none of which fell within the South East. Concern was expressed that the region was being excluded from an important area of public policy. SEEDA has been working with GOSE and the Chief Executives of the 9 largest areas in SE to explore the appetite to address and develop what this could look like within the region. This has included building relationships between city authorities and surrounding counties as the Diamonds reach beyond the formal city boundaries, although there is still a lot of work to be done in this area in the less developed diamonds. There are 8 in total at different stages of development, with the partnership for Urban South Hampshire (PUSH) being the most advanced.

#### **Gatwick Diamond**

Work on the Gatwick Diamond has developed during the year strengthening cross border working between Surrey and West Sussex economic partners and local authorities, and forming the catalyst for much of the emerging work on Diamonds for growth in the draft RES. Collaborative work at a strategic level with the four Sussex AIFs has helped in setting the approach. The Gatwick Diamond, a business led group, have undertaken an investment analysis into the economic area, with baseline socio-economic and investment data having been produced by Step Ahead.

#### **Urban South Hampshire**

SEEDA has supported the development of the forward-thinking Partnership for Urban South Hampshire (PUSH) proposals and have helped communicate bold growth messages out to key players. Work with the LSC has been particularly encouraging, with Council members starting to develop plans for training as a result of a presentation by the Area team on the new RES and SE Plan.

### **3.5.6 HASTINGS AND BEXHILL**

Hastings and Bexhill Renaissance Limited (Trading as Sea Space) has continued to work closely with its funding partners and has been very successful in releasing additional resources, particularly for physical development and enterprise and incubation. A summary of key activities achieved by Sea Space within the year have been:

#### **Enterprise and Incubation**

The ongoing development of the Creative Media Centre and the opening of the second phase in November 2005 has provided a further 34 flexible work spaces for emerging companies. Its success has strengthened collaborative working with the Media Industries and attracted the BBC and private sector production capacity to the space, encouraging development of the film and TV industry in the area. Sea Space was also instrumental in facilitating a grant to the University of Brighton from SEEDA's Learning and Skills Division for the Broadcast Media Centre, a new teaching, training, research and professional services facility supporting the FdA in broadcast media. The Centre has also attracted £1.75m HEFCE funding. The Seafront Strategy was developed in collaboration with local authorities to provide a coordinated approach to destination management and a framework for investment.

#### **University Centre Hastings (UCH)**

- The development of the Centre as a multiversity was strengthened by the launch of a BSc in Information Management for Business course in collaboration with the University of Greenwich and the FdA degree in broadcast media. Further degrees are in the final stages of development with the Universities of Brighton, Sussex and Greenwich.
- Links with the University of Brighton have been strengthened by the creation of a joint strategic management structure between Sea Space/SEEDA and the University. Work is progressing on a Development Plan that will set out the joint vision for HE to 2013.

#### **Hastings Millennium Community (HMC)**

Sea Space, responsible for the delivery of HMC, has been instrumental in securing an increase in the development budget to £15.1m, funded by English Partnerships (EP). A master plan and urban design code were agreed with EP; these will define the quality of the environment and the standard of accommodation and place an emphasis on sustainability. A major milestone was the commencement of on site infrastructure works which will see the demolition of the former Stills Factory to provide a cleared site for housing development. Negotiations continue with the LSC for the accommodation of a vocational college within the master-plan close to Ore Station, and served by the proposed infrastructure for Millennium Communities. Sea Space will facilitate the development by assisting with site acquisition and the securing of planning permission. The facility will be an integral part of the proposed Post 16 Review development which includes a major development at Station Plaza.

#### **Pre-development and Infrastructure**

Sea Space has continued to work closely with GOSE and Hastings Borough Council on the delivery of key schemes in the EU Objective 2 Programme. To date well over £6m has been secured from European sources, providing a funding input to most Sea Space projects. The Queensway Office development, which will provide 16,000 m<sup>2</sup> of commercial and industrial space, recently achieved SEEDA Board approval following the granting of planning approval. Sea Space has succeeded in securing a loan from the Bank of Scotland to fund the major part of the cost of the £20m development, a relationship which has the potential to be extended to further developments in the future thereby reducing the need for public sector funding.

#### **Transport Infrastructure**

Sea Space has continued to engage with Government Agencies with the support of the local authorities to secure improvements to the A21 by influencing the outcome of spending priorities across the region. Development work on the Hastings-Bexhill Link Road is continuing in collaboration with ESCC as an integral element in the long term sustainability of the local economy

A partnership has been formed, at Sea Space's instigation, with local authorities in Kent and East Sussex to facilitate the securing of improvements to the Ashford-Brighton via Hastings rail link as part of the Coastway Rail Services study. Improved services were introduced by Southern Trains during the winter as a precursor to the improvements being sought. Network rail are currently reviewing the outcome of the study with a view to implementing some of the recommendations.

## 4. LEAD ROLES

SEEDA held lead roles for the following areas in 2005-06:

- Enterprise (including social enterprise)
  - Manufacturing until July 05
  - Construction until July 05
- CSR
- Innovation
- Waste
- Energy
- Broadband

### 4.1 Enterprise

SEEDA took on the lead role for Enterprise on 1 July 2005 from EMDA. Key achievements and progress this year include:

- Simplification of Business Support: SEEDA led the collective RDA contribution into DTI's initially proposed approach to reducing the confusion caused by proliferation of business support schemes. The RDAs suggested strongly that the level to tackle the issue was regional, with RDAs best placed to lead strong regional partnerships. SEEDA's Chief Executive, Pam Alexander, sits on the newly formed cross-Whitehall Director General's decision making group. SEEDA is leading the Delivery Channels Workstream and Jeff Alexander chairs
- SME Procurement: SEEDA, as lead RDA, has worked with the training providers network and the RDA/SBS network to develop proposals for a more broadly based programme of training for small businesses on how to source suitable contract opportunities in the public sector and how to effectively bid for these contracts.
- Social Enterprise: In co-operation with DTI/SBS, SEEDA produced a joint RDA social enterprise supplement in the Observer on social enterprise day during Enterprise Week (14-20 November) and is currently leading the development of the RDA action plan for developing the Social Enterprise agenda. SEEDA represents the RDAs on the National Social Enterprise Strategy review group (chaired by Alun Michael).
- SEEDA is a core member of the LEGI interdepartmental working group, communicating the views of all of the English regions in the policy development and implementation process. This has included the development of national assessment criteria (developed in partnership with EMDA) for RDAs and Government Offices. SEEDA also led the development of a national response for all RDAs and GOs in relation to the round 1 LEGI process.
- SEEDA sits on the devolution working group for the Phoenix Fund and, in consultation with RDAs, developed recommendations for the process and content of devolved programmes resulting from the end of the funding stream.
- SEEDA's Chief Executive sits on the cross-Whitehall Women's Enterprise taskforce and SEEDA is currently working with the SBS to deliver a more woman-friendly approach to the delivery of business support.

#### 4.1.1. Corporate Social Responsibility (CSR)/Sustainable Business

SEEDA recently took on the lead role for CSR, and has set up an RDA network for those working on CSR and Sustainable Business practices. The first meeting will be on 8th June. We are planning to involve businesses leading in this field to help our learning curve and to further share best practice. If successful, we will be introducing a regular programme of workshops to promote our closer collaboration with business. A successful awards ceremony for Sustainable Businesses was held in Brighton in the year at which several innovative companies were able to gain a high profile for their products or services.

## 4.2 Innovation

In 2003 the innovation leads demonstrated for the first time, through the House of Lords enquiry into science in the regions, that the RDAs are serious players in supporting science innovation through £340m p.a. funding. As a result of this recognition of the important role played by RDAs, there is now much closer engagement between the RDAs and other funding agencies including the Research Councils, e.g. through the Funders Forum.

The RDAs work very closely on Innovation with the DTI and as appropriate, other government departments including the Treasury, through the Regional Innovation Science and Technology group (RIST). Examples of successful collaboration include:

- SEEDA led the development through RIST of Science and Industry Councils - one is now established in every region.
- The skills for Innovation message is being accepted and repeated back to RDAs by government.
- SEEDA represents the RDA voice on skills shortages in critical subject areas in Select Committees.
- Co-ordination of the RDA response to the national DTI Technology Programme and relevant bids.
- SEEDA and YF are currently piloting Regional STEM Hubs / Support Centres, to lead to a smaller number of national and regional initiatives of real impact.
- A Greater South East Steering Group has been set up with SEEDA strategy team involved and facilitated by the Cambridge Massachusetts Institute (CMI) to develop the model of a tri-RDA Science City-Region.

## 4.3 Waste

In advance of the publication of the Waste Strategy 2000 Review SEEDA was involved in a number of informal meetings with DEFRA officials to discuss the potential regional dimension in sustainable waste management. SEEDA has liaised with DEFRA and its contractors on performance measurement for the RDA Business Resource Efficiency and Waste programme. In November the SEEDA chair Jim Brathwaite met with Parliamentary Under Secretary Ben Bradshaw MP, who has responsibility for waste matters, to discuss the RDA's views on the need to move from a Waste Management to a Resource Management approach.

## 4.4 Energy

This lead role has been given added importance following the decision in June 2004 to include Energy within the National-Regional Partnership project with DTI. This has received added confirmation through high-level meetings between RDA Chief Executives (led by SEEDA) and DTI, DEFRA, other Government Departments, Carbon Trust and Energy Saving Trust. The outcomes of these meetings have shaped much of the Energy Lead's agenda. SEEDA represents the RDAs on the Government's Sustainable Energy Policy Network (SEPN) and the DTI's Regional Energy Group.

Lead role activity to date has improved understanding on energy issues between DTI and RDAs. The fragmentation of energy policy responsibilities within Government is still a problem, and there is still a good deal of work to be done to get DEFRA, ODPM and HM Treasury properly engaged with RDAs (and with each other and DTI) on energy and energy-related issues, and to achieve consistency of approach across DTI.

Key areas of work over the past year have been:

- identifying energy infrastructure required to address climate change and security of supply objectives, linking with regional economic development and the sustainable communities agenda (current)
- continuing to work with DTI DEFRA and ODPM, to ensure that the delivery of energy efficiency and sustainability policy 'on the ground' in sustainable communities matches up to national policy (current);

## **4.5 Broadband and ICT**

ICT and Broadband is a complex and fast moving area involving a mix of public and private sector activities. The past year has seen a significant change in emphasis away from the deployment of first generation Broadband services and towards ICT/Broadband adoption and effective use as a driver for productivity, innovation and GVA growth. The broadband infrastructure agenda has also shifted firmly to Next Generation Broadband services where the UK is already lagging behind the leading adopters in Japan, Korea and the USA. Significant changes in the commercial Broadband market in the UK and the rapidly developing convergence between telecommunications (data and voice), IT and digital media (particularly television) continue to make it extremely difficult to predict the pace and nature of future developments with any certainty.

To enable RDAs to respond or act collectively in this difficult and fast moving environment, a strong network of Broadband and ICT leads in all RDAs and the devolved administrations has been established.

## 5. OUTPUTS

SEEDA has performed well in 2005-06, exceeding all but one of the tasking framework output targets as set in the Corporate Plan.

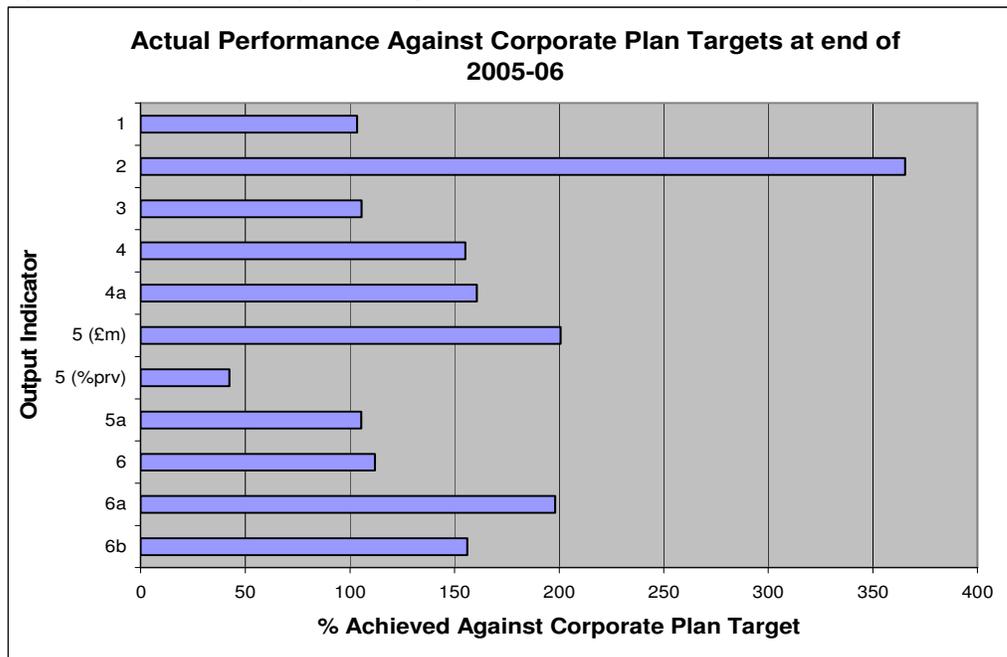
Targets were exceeded for the following outputs:

1. Job Creation
2. Employment Support
3. Business Creation
4. Business Support
- 4a. Number of Businesses in New Collaborations with the Knowledge Base
- 5(i) Public & Private Regeneration Infrastructure Investment Levered (£m)
- 5a. Brownfield Land Remediated
6. Skills
- 6a. Adults receiving Basic Skills training
- 6b. Adults Supported to Achieve a Level 2 Qualification

SEEDA underachieved in the target for the following output:

- 5(ii) Public & Private Regeneration Infrastructure Investment Levered (% Prv)

**Figure 5 - Performance against Corporate Plan at end of 2005-06**



An in-depth analysis and review of progress has been carried out for the full year. Actual achievements measured against Corporate Plan targets are included at **figure 5** along with the disaggregation of output data.

### 1. Job Creation – No of Jobs Created or Safeguarded

The actual number of jobs created or safeguarded achieved this year (4240) exceeded SEEDA's Corporate Plan target by 140 jobs, or 3%. The transfer of the GKN project the SFIE team due to their experience of DTI business support products allowed outputs from this project to be counted, providing a major contribution to the final figure.

### 2. Employment Support – No of People Assisted to Get a Job

In the last half of 2005-06 SEEDA reported 3678 people assisted to get a job against the full year Corporate Plan forecast of 2400. The year end total has exceeded expectations by 265%, providing employment support to a total of 8770 people. This over-achievement is due to the Redundancy

Support Unit working with a series of redundancies within the region by large companies that were not predicted at the start of the year.

### **3. Business Creation - No of New Businesses Created and Demonstrating Growth after 12 Months and Businesses Attracted to the Region**

The Enterprise Hubs & Gateways assisted SEEDA in exceeding the Business Creation output target by 107 at year end with a corporate total of 2,027.

### **4. Business Support - No of Businesses Assisted to Improve their Performance**

Business support achieved exceeded the forecast significantly over the year with a 55% increase over target, delivering 35,700 business assists. A significant contribution to this has been through the tourism programme. Business links also performing strongly, (delivering 10,730 assists against a target of 8,254) and there was another successful year for the Enterprise Hubs and Gateways.

#### **4a. Business Support - No of Businesses within the Region Engaged in New Collaborations with the Knowledge Base**

There has been an overachievement in this new output target of 61%. A new pilot scheme (Proof of Concept) launched in April has proved very successful and has been able to deliver an additional 40 new collaborations with the knowledge base against its target of 200 for the year.

In the first half of the year it was identified that there had been some misunderstanding in the definition used by the Business Links. This was clarified and 259 businesses engaged in collaborations with the Knowledge Base were identified, indicating a 64% increase against their Corporate Plan target of 167 for the year.

### **5. Regeneration - Public and Private Regeneration Infrastructure Investment Levered (£M)**

SEEDA comfortably exceed its annual target of £130m at year end and with the permission of DTI, SEEDA have been able to claim all outputs generated by projects administered on their behalf

#### **Public and Private Regeneration Infrastructure Investment Levered (% Private)**

A total of £55.36m private regeneration was achieved in 2005-06. This equates to 21.22% private regeneration levered. The figure would have been much larger, but due to the inclusion of the SFIE funding (which is all from the public sector), the % private figure has dropped significantly.

#### **5a. Reclamation and Redevelopment of Brownfield Land (Ha)**

SEEDA has exceeded its target expectations by 5% for the above output, remediating a total of 101.11 hectares of Brownfield Land over the year.

The over-performance by the Hastings & Bexhill AIF in quarter 4 assisted SEEDA to achieve a total of 7.61 hectares more than originally forecast.

### **6. Skills – No of People Assisted in their Skills Development as a result of RDA Programmes**

SEEDA has exceeded its target of 37,350, achieving 41,783 assists. The largest contribution to the over-performance has been the Rural Leader Plus programme due to a much greater than anticipated number of people seeking to improve their skills development over the year.

#### **6a. Skills – No of Adults gaining Basic Skills as Part of the Skills for Life Strategy that Count Towards the Skills PSA Target**

SEEDA has exceeded its Corporate Plan target of 2,650 by almost double its original target at year end; with a further 2,598 (98%) adults gaining basic skills.

Two SRB schemes (Surrey & Sussex and Kent & Medway) both out-performed their target expectations this year. The Learning and Skills Basic Skills NHS programme continued to perform well in the second half and delivered an additional 1,666 outputs against target at year end.

#### **6b. Skills - No of Adults in the Workforce who lack a full Level 2 or Equivalent Qualification who are Supported in Achieving at Least a Full Level 2 Qualification or Equivalent**

This measure was mis-forecast at the start of the year with very few outputs actually achieved by half year. This was due to a lack of understanding of the definition of the output, which was addressed at half year and the output target re-profiled. A total of 437 adults supported in achieving a level 2 qualification exceeded the re-profiled target of 280 by 157, or 56% at year end.

The University Centre in Hastings delivered 221 adults against a target of zero as it was originally expected that this level of qualification would be delivered through Hastings College of Arts and Technology main campus.

**Notes**

• **Conversion of Tier 3 Reported Outputs to New Tasking Framework Outputs**

As not all projects have been able to switch reporting methodology from Tier 3 outputs to the new Tasking Framework outputs, an internal process was devised to aid in the sole reporting of the new Tasking Framework outputs corporately.

SEEDA have agreed that all SRB projects will continue reporting Tier 3 outputs as most are in their final year. For Corporate Plan purposes, an educated guess was made to see how much of the Tier 3 could be 'mapped' across and reported under the new Tasking Framework Skills output, which can only capture people receiving skills assistance of 6 hrs+. This comprised of a % of C3a (3-30hrs) and C3b (30hrs+) Tier 3 outputs to make up this figure.

**Annex I**  
**PERFORMANCE AGAINST OUTPUT TARGETS**  
**Quarter 4 2005-06**

Targets		Quarter 4		Full Year		Disaggregation		
		CP	ACT	CP	ACT	URB	RUR	DA
<b>Headline</b>								
1	Number of Jobs Created or Safeguarded	1213	1854	4100	4240	2725	1029	914
2	Number of People Assisted to get a Job	1950	1121	2400	8770	6900	1867	1087
3	Number of New Businesses Created and Demonstrating Growth After 12 months and Businesses Attracted to the Region	645	701	1920	2027	1585	427	323
4	Number of Businesses Assisted to Improve their Performance	8301	12247	23000	35700	26195	7040	9038
4a	Number of Businesses Engaged in New Collaborations with the Knowledge Base	253	288	390	627	427	193	83
5	Public and Private Regeneration Infrastructure Investment Levered (£m)	33.25	187.14	130.00	260.83	111.95	148.87	171.16
	Public and Private Regeneration Infrastructure Investment Levered (% private)	50.00	14.35	50.00	21.22	44.51	3.71	5.15
5a	Reclamation and Redevelopment of Brownfield Land (Ha)	9.40	11.50	96.00	101.11	82.77	18.34	28.16
6	Number of People Assisted in their Skills Development as a result of RDA Programmes	15250	17900	37350	41783	30251	10564	20195
6a	No of Adults gaining Basic Skills as Part of the Skills for Life Strategy that count towards the Skills PSA Target	3222	2124	2650	5248	3826	1125	973
6b	No of Adults in the Workforce who lack a full Level 2 or Equivalent Qualification who are Supported in Achieving at least a full Level 2 Qualification or Equivalent	154	98	280	437	343	94	145

**KEY:**

CP Corporate Plan Target  
ACT Actual achievement  
URB Urban  
RUR Rural  
DA Disadvantaged Areas

## 6. FINANCIAL AND OPERATIONAL REVIEW

### 6.1 FINANCIAL REVIEW

#### OVERVIEW

SEEDA achieved full spend at year end with no end of year flexibility required. The financial forecasts to DTI have been more consistent across the year, and SEEDA's payment record for invoices has significantly improved.

The profile of spend has not been even over the year due to programmes not beginning at the start of the year as 2005/06 was the first year of a new 3 year Corporate Plan. To combat this for future years SEEDA is reviewing its contract procedure under the Lean Office initiative, and is building capacity within partners. SEEDA has been more productive this year about bringing forward new projects to balance the deficit left by projects that were either postponed or did not happen. This was due to positive management decisions and more robust systems in place.

#### Activity Report

The results of expenditure for the year ending 31<sup>st</sup> March 2006 can be seen in the below table. All expenditure is still subject to completion of final accruals receipt of final SRB claims and the audit checks.

The result for the year, subject to the finalisation mentioned above, is that we will have a minor underspend of circa £100,000 on our total Single Pot budget. The programme expenditure in the attached table does show some underspend of circa £2.7m. This amount, together with additional capital receipts of £1.1m has been utilised by an increased requirement for non cash changes in respect of depreciation, Balance Sheet holding costs and asset write downs. This reallocation was recognised and budgeted for as decisions were made to bring forward or delay projects to meet our targets as we approached the year end.

The utilisation of our full Single Pot allocation together with the released end of year flexibility from 2004/05 of £7.7m, which was only confirmed in November, has been the successful result of a huge effort on behalf on the whole agency to bring forward projects and execute them after a slow start to the year.

Subject to final accruals, the total Single Pot outcome is set out in the following summary of variances, compared to the previous forecasts:

Reduced programme expenditure	£1.9m
Add reduced administration expenditure	£0.7m
Add extra capital receipts	£1.1m
Less extra non cash charges for depreciation, assets write down and nominal Balance Sheet holding costs	£3.8m
<b>Net Total Under Spend</b>	<b>£0.1m</b>

The administration expenditure at £0.7m below forecast, is mainly due to non recoverable VAT provision being lower than expected.

With regard to monitoring by the DTI, all RDA Single Pot outturn figures are aggregated together for budget control purposes. The overall RDA forecast is presently showing a small forecast under spend, with no major variances from budget in any RDA.

For the year ended 31<sup>st</sup> March, 96% of invoices received were paid within 30 days compared to a target of 95%. The target was £3.2 and achievement was £8.1m, the excess saving of £4.9, can be counted towards the full three year (2005/8) savings target.

## Expenditure Report

	Full Year Orig. Budget £000's	Previous FY.Forecast £000's	Current FY.Forecast £000's	Forecast Variance £000's
<u>Business &amp; International</u>				
Area Based Regeneration	2,443	2,738	2,688	-50
Enterprise	29,956	29,884	29,958	74
Innovation	15,065	16,322	15,902	-420
<b>Total Division</b>	<b>47,463</b>	<b>48,944</b>	<b>48,548</b>	<b>-396</b>
<u>Development &amp; Infrastructure</u>				
Area Based Regeneration	9,267	8,244	8,663	419
Enterprise	5,700	6,030	5,945	-85
Quality Places	29,786	37,595	33,709	-3,886
<b>Total Division</b>	<b>44,753</b>	<b>51,869</b>	<b>48,317</b>	<b>-3,552</b>
<u>Hastings &amp; Bexhill</u>				
Area Based Regeneration	12,300	12,538	14,414	1,876
<b>Total Division</b>	<b>12,300</b>	<b>12,538</b>	<b>14,414</b>	<b>1,876</b>
<u>Learning &amp; Skills</u>				
Area Based Regeneration	13,747	13,609	13,673	64
Enterprise	2,830	2,878	3,360	482
Innovation	8,170	7,435	6,797	-638
Strategic Influence	0	60	42	-18
<b>Total Division</b>	<b>24,747</b>	<b>23,982</b>	<b>23,872</b>	<b>-110</b>
<u>Resources</u>				
Area Based Regeneration	13,204	9,730	10,024	294
Innovation	0	101	75	-26
Strategic Influence	730	153	96	-57
<b>Total Division</b>	<b>13,934</b>	<b>9,984</b>	<b>10,195</b>	<b>211</b>
<u>Strategy &amp; Sustainability</u>				
Area Based Regeneration	2,477	2,833	2,798	-35
Enterprise	3,156	3,044	3,066	22
Innovation	915	752	704	-48
Strategic Influence	2,723	2,634	2,675	41
<b>Total Division</b>	<b>9,271</b>	<b>9,263</b>	<b>9,243</b>	<b>-20</b>
<b>Total Single Pot Programme</b>	<b>152,468</b>	<b>156,580</b>	<b>154,589</b>	<b>-1,991</b>
<b>Administration</b>	<b>18,399</b>	<b>18,399</b>	<b>17,650</b>	<b>-749</b>
<b>Non Cash</b>	<b>7,800</b>	<b>6,800</b>	<b>10,600</b>	<b>3,800</b>
<b>Sub total Prog + Admin + Non Cash</b>				<b>1,060</b>
<b>Less Additional Funding</b>				<b>-1,100</b>
<b>Net Expenditure Variance</b>				<b>-40</b>

## 6.2 OPERATIONAL REVIEW

### 6.2.1 Head Count and HR Operational Issues

SEEDA has 347 employees in March 06 against a year start off position of 292. Increased headcount was almost entirely due to the new responsibilities assumed by the RDA this year (i.e. Business Links, R&D Grants, etc) reflecting its broadening agenda. SEEDA also hosted a number of secondees from partner organisations. As an indicator of SEEDA's commitment to career development, 30 staff moved – either permanently or on secondment - to new posts within the Agency and a small number undertook secondments to external organisations. Staff turnover for the year was around 13%.

### 6.2.2 Performance Management

2005/6 saw the implementation of the new RDA Tasking Framework from 1 April, even though work continued on developing the output definitions and disaggregation methodology. The 2005-08 Corporate Plan was developed on this basis. The requirement to reforecast outputs at half year due to the lack of definitions was minimal, with only one output reforecast. The roll out of, and greater strategic use of strategic added value has raised the profile of SAV within the Agency.

SEEDA has developed a cohesive evaluation policy, strategy and framework to guidance published by DTI and OffPAT. This has been rolled out across the Agency with the initial round of evaluation training having received positive feedback from project managers. An evaluation database has been set up to support this and assist ongoing learning.

The Performance Development Team (PDT) has advised on both project and programme evaluations in 05/06. To focus resources in 06/07 PDT developed an evaluation work programme in 05/06 which is currently being worked through.

The creation of two new teams (the Systems Improvement Team and the Business Management Support Team) have produced great improvements throughout the past year. The SIT team work constantly to improve the systems SEEDA uses. One great success this year has been the full automation of reporting from the Project Management System (PMS). The BMS team provide coherent and detailed induction and project management training as well as forming a knowledge base of all SEEDA processes. A central Knowledge Centre has been set up to collect all guidance in one place and improve organisational learning.

## 6.3 EFFICIENCY PLAN PERFORMANCE

SEEDA overachieved against both the Gershon efficiency target of 2.5% set for all RDAs and the efficiency target set by SEEDA's Board of 5%. Performance has been good this year, but this is partially due to it being easier to identify efficiency savings within the first year than it will be in the second. These savings have been achieved in both cash and non-cash terms. The 2005/06 summary results are as follows:

Item	2005/6 Target	2005/6 Achieved
Rural Programme	£110,000	£132,000
Area Programme	£200,000	£200,000
Consultants/Advisers	£200,000	£2,160,000
Property Income	£100,000	£1,329,000
SPV Funding Leverage	£650,000	£3,321,000
Administration	£160,000	£390,000
IT Systems	£160,000	0
Cross Cutting Teams	£80,000	£80,000
Non Cash Outputs	£1,660,000	£2,221,000
Total	£3,320,000	£9,833,000

SEEDA has taken on board the findings of the Gershon Review and as well as the statutory efficiency plan has developed a full performance improvement programme using LEAN methodology and the new 'Design Immersion' technique to define new solutions.

The first stage targets are to reduce the lead times on developing and approving projects by streamlining current processes, developing skills further and using best practice techniques, this is currently in progress.