

**ANNUAL REPORT  
and ACCOUNTS**

2003-2004

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# **PART ONE**

# **ANNUAL REPORT**

# MISSION, OBJECTIVES, ROLE AND VALUES

## MISSION

SEEDA's mission is to work with its partners to make the South East of England a world class region, achieving sustainable development and enhanced quality of life, as measured by:

- Economic prosperity;
- Environmental quality; and
- Social inclusion – ensuring opportunities and meaningful employment for all.

## OBJECTIVES

SEEDA's five statutory objectives under the Regional Development Agencies Act 1998 are:

- To further economic development and regeneration;
- To promote business efficiency, investment and competitiveness;
- To promote employment;
- To enhance the development and application of skills; and
- To contribute to the achievement of sustainable development in the United Kingdom.

## ROLE

SEEDA seeks to meet these objectives in the South East by working with partners

- To help businesses to create wealth;
- To ensure that all parts of the region perform to their full potential.

To do this we aim to:

- Remove barriers to higher and sustainable levels of growth and prosperity;
- Develop a skilled workforce capable of meeting the needs of the regional economy both now and in the future;
- Promote networks at local, sub-regional, regional and national levels, and internationally with the key knowledge-based economies across the world;

and in achieving this to ensure also

- That the benefits of increasing prosperity are socially inclusive;
- That we develop sustainable and strategic regeneration and community-led development;
- That increased prosperity and environmental quality go hand in hand; and
- That we maximise the contribution that the region makes to the national economy.

## VALUES

SEEDA's values are to:

- Focus on our customers and partners – understanding and responding to their needs;
- Respect and empower our colleagues – harnessing their strengths and experience and valuing their diversity;
- Learn continually – using every opportunity to acquire new skills, knowledge and experience and share it with others;
- Communicate effectively – sharing information and knowledge to the wider benefit of SEEDA and the region;
- Take responsibility – innovating and taking initiative within our areas of competence;
- Minimise bureaucracy – achieving high performance whilst maintaining probity; and
- Create an enjoyable work environment – achieving a reasonable balance between work and home life.

# CHAIRMAN'S INTRODUCTION

This Report sets out the many achievements of SEEDA and its regional partners, both private and public sector, during the year and how we have worked towards our objective of retaining our international competitiveness while maintaining the quality of life in the region. It goes without saying that we cannot make progress towards that objective without working in partnership with the many organisations, businesses and communities in the region and I will return to this theme later in my review.

I said last year that SEEDA must become more businesslike in its approach to delivering sustainable economic improvement in the performance of the region. This Report sets out many of the actions we have taken in changing our systems, devolving delivery to the best appropriate level and influencing Government when it sets performance measures for SEEDA. For instance, we need to make sure that the targets and outcomes achieved with SEEDA funding more closely align with Government Departments' public service agreements and reflect business performance in the region.

I have been particularly struck by the opportunities to work closely with South East business in driving forward the economic development of the region. It goes without saying that SEEDA needs to understand the concerns of business if it is to operate effectively. Only if we have an exact understanding of the challenges business face and of the business opportunities to be secured can we ensure that the support we offer, for example through our sector/cluster, workforce development and Enterprise Hubs/Gateways initiatives, is designed in the best possible way.

We also need to capture the needs, concerns and contributions of business and ensure that these are both reflected in the Regional Economic Strategy (RES) and SEEDA's own programmes and those of its regional/local partners, and transmitted to central government to influence policy and investment at that level.

But there are opportunities for business too in closer engagement with the work of developing the region. I strongly believe that a responsible business, engaged with its community, gains a competitive edge. I hear from business every day, for example, that problems such as the shortage of workforce skills, crime or housing shortages are affecting their bottom line. But there is a much better chance of solving these problems if business can work together on them, with SEEDA's help.

## **Supporting the Region's Businesses**

After five years of operation we have a number of mature programmes which are helping to bring businesses together in the region as well as improve their overall efficiency. I have already touched on the success of our Enterprise Hubs. This major initiative has had a huge impact on businesses across the region. As I write this introduction, we have opened no less than 18 Hubs in strategic locations across the region, bringing essential support to young businesses and helping to boost their survival rates. This is just two Hubs short of our planned total of 20. Alongside our six Enterprise Gateways, these locations are providing intensive support for some 190 new start-up and growth businesses as well as networking support for another 1,300 firms. I am looking forward to seeing this total grow to an estimated 2,700 by 2008 – 35 per cent of small, knowledge-based companies in the region.

## CHAIRMAN'S INTRODUCTION

Combine this flagship programme with our nine sector groups, 17 Clusters, 11 networks and our team of Investor Development Managers (IDMs), and SEEDA's work as a catalyst to bring the region's businesses together is having an impact on some 8,000 organisations of different sizes throughout the region.

Investment by overseas companies continues to play a major role in the region's economy. This is recognised through our Global Regions Programme which has led to an increase in the number of international businesses locating in the South East, as well as increasing profitable international business activity by companies which already have a presence here.

SEEDA's activities therefore already engage a high number of businesses in the region and this number will greatly increase as we take on responsibility for the Business Links who have contact with some 80,000 companies a year and provide more intensive support for some 7,000-8,000.

Our strategic influence is also being felt strongly in a number of ways. We already work with businesses, business partnerships and business membership organisations, such as the CBI, IOD, FSB and the Chambers of Commerce, to ensure that the business voice is heard, not just at SEEDA but also in Local and National Government. And we are of course a business-led organisation, with Board Members who bring considerable experience of commerce and industry to the table. Their interest and bearing on our major initiatives is proving invaluable to the ongoing success of many areas of our wide-ranging agenda. Through our Advisory Council, which includes 30 leading business people from the South East, we are able to address key strategic issues and identify new areas that we can influence to the benefit of the region's businesses and their continuing competitiveness on the global stage.

The importance of science and innovation for the future success of the region is something that my colleagues and I are focusing on in 2004. It is essential for businesses to innovate and we are already putting in place a number of initiatives to ensure that the region's companies of all types and sizes are able to benefit from the huge academic and research resource we have in the 26 higher and further education establishments in the South East. For instance, one of our direct actions from the Innovation Review, which was published in December 2003, has been the establishment of a regional science council. The South East Science, Engineering and Technology Advisory Council (SESETAC) brings together leading industrialists, some of international renown, and Vice Chancellors in an influential group to inform SEEDA's and the region's approach to science and technology. The importance of the Council will grow as it sets the strategic framework for the roll-out in the region of the Government's Technology Strategy and the 10-Year Science Strategy.

But we can do more. I want to strengthen business participation in the SEEDA fora such as those already mentioned, but also in other Board Committees looking at Infrastructure, Rural and Sustainability issues. Businesses must believe that SEEDA has influence and uses this on their behalf, and that they have themselves been given a genuine opportunity to influence the Government. And I want to learn from other regions and adopt their best ideas. For example the North West Business Leadership Team and the "500 Business Champions" in the East Midlands.

### Addressing Regional Needs and Opportunities

Larger corporates in the South East do not necessarily associate with the region. They may well identify and support their local community, but above that level tend to see the UK or even Europe as the business region within which they operate. Looking to the future, we need to encourage the larger corporates to associate with SEEDA and the region. We need to bring them together to contribute collectively to the delivery of regional or sub-regional initiatives on the lines of what we have seen in the USA (in Greater Washington, for example, large businesses, together with public sector partners, have been collectively responsible for promoting and funding major public-realm initiatives, including two convention centres).

In describing all this activity, however, one issue is at the forefront of my thinking – that of responsible business. The success of SEEDA's Annual Sustainable Business Awards for the South East clearly demonstrates that productivity and profitability are not the only measures of a firms' success. All the winners of the Awards share one theme - they perform well in terms of environmental management and social responsibility. I want SEEDA to encourage this sort of responsibility and awareness in businesses, big and small. "Treating the world as if we intended to stay."

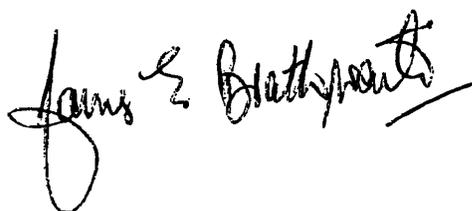
I also want to establish an inner circle of high profile business leaders and reach their wider peer group through them. I believe that in this way we can involve businesses in the regional agenda, tackling together the issues of regeneration, infrastructure, education and other big issues in the South East that contribute to making money.

### In Summary

SEEDA has achieved much, not just in 2003-2004, but also in the five years since it was founded. Between 1999 and 2003, our business strategy has enabled the formation of more than 350 companies and has also contributed to the creation or safeguarding of more than 30,000 jobs across the region. Almost 8,000 of these jobs came through SEEDA's success in attracting 124 companies from overseas. To this end, in 2003 SEEDA was also independently judged top inward investment agency worldwide out of 72 national and regional promotion agencies.

Our successes for 2003-2004 will boost these figures to an even greater level, but I don't want us to rest on our laurels, which is why I am focusing in on getting ever closer to business in our new financial year to support the Regional Economic Strategy.

In a country that is beginning to think that business can make a difference, I am sure that in the South East, 'Business is Our Difference'.



**James E Brathwaite CBE**

Chairman  
July 2004

# 2 CHIEF EXECUTIVE'S REVIEW

SEEDA's objective is to invest in the success of the South East of England as a world class region. To achieve the most from the potential of the whole region requires us to invest in areas of success, and to ensure that the opportunities created by this success can be enjoyed by everyone in the South East. We support businesses and communities across the region to achieve their very best. In my first six months at SEEDA I have seen demonstrated over and over again the extent to which sustainable economic growth and sustainable communities are inter-dependent, and mutually reinforcing.

World class businesses need world class skills – certainly high-tech researchers but also top quality crafts and tradespeople, innovative and flexible leaders, managers, frontline support staff and a responsive supply chain of related companies feeding both producers and purchasers with innovative ideas.

People choose to work where their families can enjoy a high quality of life and their partners and children aim for future success.

The Growth Areas and south coastal towns, rural market towns and villages, the most affluent parts of the region and the most disadvantaged, all depend for their vitality on the skills and aspirations of their residents. We all want to live in vibrant communities and not just commuter towns feeding the big city. High quality homes, transport and public spaces are the necessary infrastructure for attractive neighbourhoods but are not sufficient in themselves. Successful people make communities alive and attractive.

## **Results in 2003 – 2004**

So how has SEEDA contributed over the last year to the sustainable development of the South East? Through the five work streams of the Regional Economic Strategy (RES), we have

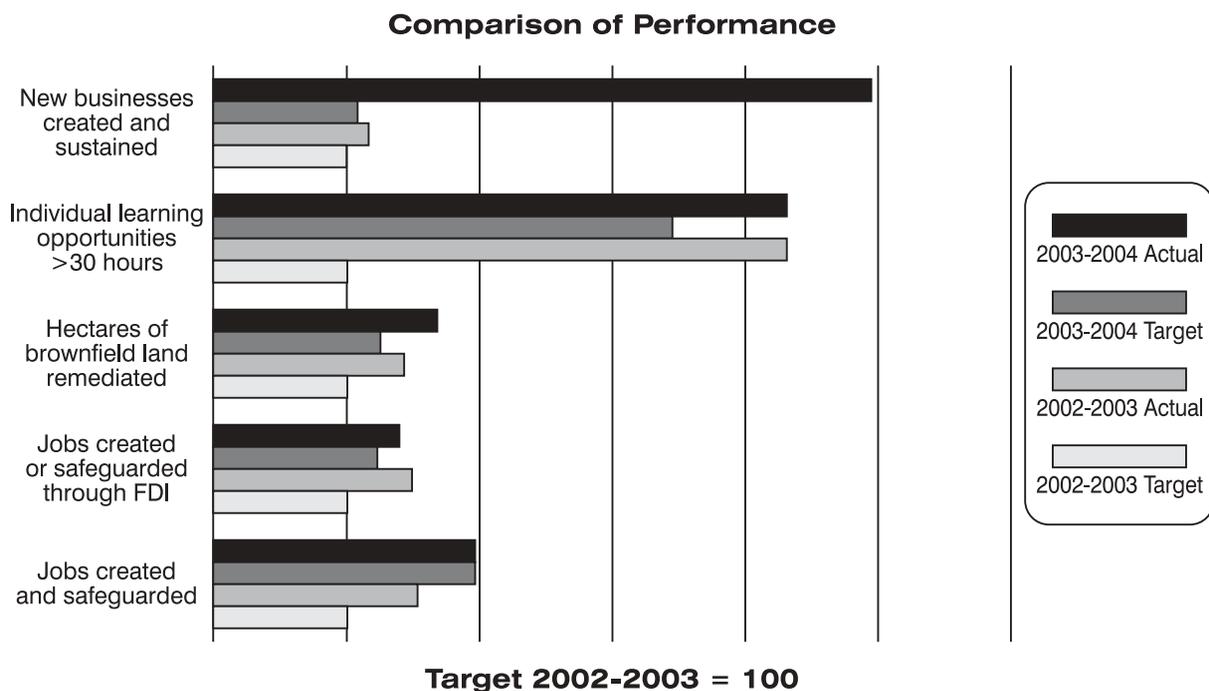
- helped some 25,000 businesses to be more competitive, and provided learning opportunities to nearly 55,000 people to be more successful;
- made real progress in community development in the Growth Areas and in our priority regeneration areas, such as the education-led redevelopment of Hastings and Bexhill;
- delivered 67 hectares of brownfield land to the market and acquired major sites for future redevelopment,
- brought regional emphasis to national transport and housing strategies, and
- continued to give a strong lead in developing sustainable uses of natural resources across the region.

It is this record of excellence on which we will build, and which has led the Government to delegate new responsibilities to the Regional Development Agencies (RDAs), notably for the Business Link services from 1 April 2005, and following the Haskins' Review of support for the rural sector, for some services previously provided by the Countryside Agency. We also expect, with our new Science and Industry Council, SESETAC, to play a major part in the Government's 10-Year Science and Innovation Strategy and have already contributed advice to the first research grants made under the new National Technology Strategy.

2004 has also brought a new employer-driven approach to skills and a closer relationship with the new regional structure of the Learning and Skills Council (LSC). This is now the basis for a much stronger partnership between the LSCs, the Business Links and Jobcentre Plus to bring employers and trainees together to deliver the action plan being developed by the new Regional and Local Skills for Productivity Alliances. The foundation for this work rests in the seven strategic objectives defined in the South East Framework for Regional Employment and Skills Action - FRESA - (Action South East) submitted to Government as our response to the National Skills Strategy in December 2003.

**Delivery to Innovate and Drive Best Practice**

This had been a very successful year for the delivery of SEEDA programmes, with the great majority of our targets met and often substantially exceeded. The full summary of our outputs can be found at page 53 of the Report. As illustrated below, our targets last year were much more demanding and our performance better than the previous year in our key performance areas.



I am particularly pleased that there was a massive take up of SEEDA's programmes to support business through specialist advice and involvement in networks, by more than twice as many businesses as in the previous year. The number of people taking advantage of learning opportunities supported by SEEDA also rose by a substantial 20 per cent. I have been very impressed by the imagination and enthusiasm for schemes such as our Computer Club for Girls (CC4G) initiative, which both addresses a potential 'digital divide' and has already encouraged girls to think of working in the IT industry. We now anticipate that this exciting programme piloted in the South East will be funded by DfES for a national roll-out.

## CHIEF EXECUTIVE'S REVIEW

This is a great example of SEEDA's use of its own resources to pilot our activities and programmes at the leading edge of good practice, producing exemplars that encourage and leverage others. We look for best practice internationally as well as nationally and we do not stand still, continuing to learn from our experience and extend the reach of our initiatives. Three areas, in different parts of SEEDA's business, demonstrate our approach:

- **PLACES** – SEEDA's work in regeneration promotes growth and development that delivers attractive, enjoyable and lively places of character in which people want to live and work. SEEDA's flagship projects and programmes in design and sustainability provide a sound basis for the South East Regional Centre of Excellence, one of a network stimulated by the Office of the Deputy Prime Minister (OPDM).
- **PEOPLE** - Enabling skills development which can be delivered in the workplace is critical in a region with very high employment rates. We are now evaluating and disseminating the best practice arising from our three years of supporting workplace basic skills development, and we are promoting this across the National Health Service. New workplace-based pilots address other areas of skills needed, such as management and leadership.
- **JOBES** – In a region where 97% of companies employ less than 50 people, our 18 flagship Enterprise Hubs are an invaluable network of knowledge and expertise to support the growth of 'gazelle' businesses – those who have the potential to become the important wealth creators and employers of the future. The Hubs are also increasingly important enablers of the high-tech clusters that are key to the region's future economic success.

### **Building on Our Capacities**

The three top priorities highlighted in the RES are transport, learning and skills. These would come high up communities' lists too, alongside safety and public spaces. I have long admired SEEDA's commitment to high quality of design and attention to character; environmental sustainability alongside economic growth. I feel privileged to inherit from Anthony Dunnett an organisation whose people are highly skilled and motivated towards delivery of this agenda. He has grown SEEDA to maturity and it is my task to identify which of our many programmes and projects will bring most benefit to the region in future.

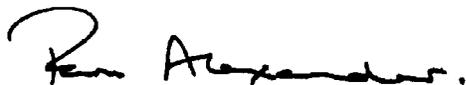
The region is large and diverse. We must recognise this in the way we work: a sub-regional perspective is essential. The Regional Economic Strategy was strongly influenced by priorities developed sub-regionally and locally, with the region's 11 Economic Partnerships playing a leading role in the consultation and development process. Building on that, SEEDA put fully into place in April 2003 four Area Teams. Each is led by an Area Director who is a member of SEEDA's senior Executive Team, has a close understanding of all SEEDA's activities in his or her sub-region, and works with all our partners and stakeholders to maximise the value that SEEDA can offer to their aspirations and objectives.

For the region's 10 Priority Regeneration Areas, this engagement has focused on the development of Area Investment Frameworks and Partnerships. Through these all the investment that will come into an area can be focused and prioritised with clear agreed objectives to secure lasting, sustainable benefit.

A challenging budget round at the beginning of 2004 demonstrated how many projects and programmes could be justified and would be valued by our partners if we had greater resources. Through our new area structures and frameworks we aim to direct these initiatives increasingly through our partners; to shape and build on best practice; and to use our influence on national policies to provide the best frameworks for regional and local action.

Our staff survey, carried out in February 2004, showed that 72% of staff find their jobs satisfying and that over 80% feel trusted and empowered to deliver and to innovate for the benefit of the region. I am greatly encouraged by this, and grateful for the positive enthusiasm of our staff in a year that has been tremendously demanding and pressured for them all. Even more importantly, our partners and stakeholders have given us very positive feedback to the changes in SEEDA introduced at the start of the year, particularly the development of the role of the Area Teams.

As we look forward to the outcome of the 2004 Spending Review, we expect that the role of the RDAs will grow in delivery of Government programmes increasingly devolved to regions. I believe that our response to these demands will build on sound foundations, and I look forward to working with all our partners to ensure that all parts of the region have the opportunity to deliver to their potential for truly sustainable economic growth and community development.



**Pam Alexander**  
Chief Executive  
July 2004

# 3 BUSINESS REVIEW

## 3.1 Strategic Economic Leadership and Influencing

SEEDA is a strategic development agency. As required by its statutory purposes, it has taken the lead in developing the Regional Economic Strategy (RES) for the South East. Achieving the objectives of the RES requires action by many partners, as well as an appropriate response from national policies and programmes to the region's needs.

SEEDA's contribution to delivering the RES comes as much from its success in exerting strategic leadership and influencing partners and policies as it does from its own directly delivered programmes.

This part of the Report sets out SEEDA's contribution through:

- Influencing policy and strategy, regionally and nationally;
- Developing partnership at the regional level to deliver results;
- Promoting best practice;
- Focusing partnership for delivery at the sub-regional and local level.

### 3.1.1 Regional Economic Leadership: influencing policy and strategy

An important opportunity to influence Government policies in the interests of the region was the invitation to all regions from the Treasury to submit their priorities as part of the Spending Review 2004. SEEDA worked closely with the South East England Regional Assembly, Government Office for the South East (GOSE) and other partners to produce the South East Regional Emphasis Document (RED).

The document describes the key challenges facing the region and makes specific proposals to tackle them. It identifies areas of policy that need more emphasis and where funding could be delivered in a more efficient way, with the emphasis on the need for investment and action to enhance infrastructure and public services, skills, innovation and enterprise. The Treasury is requiring Government Departments to take the RED proposals into account when developing their Spending Review proposals for the period 2004–2007.

#### Transport

Key to the future success and growth of the region is meeting transport needs, for which SEEDA's budget and capacity for direct delivery are limited. The focus of our activity is therefore to develop effective means to influence policy and investment decisions.

Examples of this include:

- SEEDA's response to the Future of Aviation submitted jointly with the other RDAs, substantiated the economic need and justification for further aviation capacity at Heathrow, Gatwick, Stansted and Luton, balanced with the case for a regionally diversified service supporting regional airports. It also provided a carefully researched economic justification to balance environmental issues, and SEEDA was reassured to see these matters reflected in the White Paper.
- As a direct action resulting from the joint RDA Aviation response, which substantiates the need for better surface access to airports in the UK, SEEDA supported the development of the business case for the Airtrack scheme, establishing a rail link between the region and Heathrow Terminal 5.
- The joint RDA study 'Surface Infrastructure of National Economic Importance' (SINEI) has drawn to a conclusion, and has been presented to Ministers and to a broad spectrum of transport organisations and operators. SINEI provides a set of economic, national and regional criteria to assist the prioritisation of infrastructure investment of national significance. The study was well received, and the Department of Transport has taken over the next stage of refining these assessment criteria.
- The South East is one of two pilot regions looking at the creation of a Regional Transport Board, to co-ordinate and prioritise planning of transport infrastructure as proposed in the region's Regional Emphasis Document (RED) submitted to the Treasury.

### **Brownfield Land**

The National Brownfield Land Strategy – research carried out for the ODPM shows that about 65,500 hectares of previously developed land is vacant in England, of which the South East has the second largest proportion at about 10,000 hectares. Regional issues are being tackled through the development of a Regional Brownfield Land Strategy.

Important contributions to regional needs for development land could be made by the disposal of public assets in accordance with regional priorities. SEEDA has made some progress in partnership with other RDAs to change the Ministry of Defence (MoD) and other Government Departments' approach to the disposal of surplus land. Revised Government guidance for the MoD requires that disposal must now involve discussions with RDAs and English Partnerships.

### **Housing**

Affordable housing is identified in the Regional Economic Strategy (RES) as one of the top three critical issues that the region must address. SEEDA's particular concern is that the lack of affordable housing is a threat to sustainable growth in the region. SEEDA has played an active part in the preparation of the Regional Housing Strategy by the Regional Housing Board.

SEEDA and the South East England Regional Assembly jointly commissioned a report on the 'Economic Impacts of Housing Affordability', which involved a systematic investigation of the economic impacts of housing affordability on the public and private sectors in the South East. This report helped to inform/influence the thinking of the Regional Housing Board and provided local authorities with a basis for commissioning specific research in their areas.

The Agency also made a contribution to the Kate Barker Review, highlighting issues around the delivery of housing – concentrating on the problem areas and barriers to delivery.

Directing investment to brownfield sites and increasing the density of development can be difficult to achieve in the South East, as urban brownfield sites are often small with development constraints. The Agency has, therefore, developed a model to overcome these issues that exploits economies of scale and paves a way to tackling the issue of affordable housing and key worker accommodation. **The Brownfield Land Assembly Trust** is being developed in partnership with English Partnerships, the ODPM, other Government Departments and the Housing Corporation. The acquisition of the first 10 sites has been achieved and further sites have been identified in Hastings, Reading and Thames Gateway.

### **Planning Policy & Practice**

Other areas of planning and policy influence include working with the South East England Regional Assembly on the development of the South East Plan through engaging in the various Task Groups, such as Town Centre and Retail Group and Urban Renaissance Advisory Group. SEEDA Policy Heads draft and advise on policy direction, connecting this work with the RES.

SEEDA is now a statutory consultee on all major planning applications that have implications for the RES. The formal notification to local planning authorities was issued in May 2004.

### **Review of Rural Delivery - Haskins**

SEEDA has contributed to the development of the national RDAs' response to the Haskins Review that proposed major changes to the way support to rural areas is delivered. The proposals could have major implication for RDAs if schemes at present delivered by the Countryside Agency and DEFRA are transferred to the RDAs. The decision is expected to be made early in the new financial year.

### **3.1.2 Regional Economic Leadership: developing partnership to deliver results**

#### **Framework for Regional Employment and Skills Action**

SEEDA has convened and led the partnership that has developed Action South East (the brand identity for the South East FRESA) - a partnership that drives a series of actions to create a vibrant, world class labour market for the South East.

For employers, this means increased competitive advantage and better opportunities for growth by being able to recruit and retain individuals with the right skills, knowledge and attitude.

For individuals, this means better opportunities, from quality education and training, informed advice and guidance, and more access to employment.

The seven strategic objectives of the FRESA define the key areas of improvement necessary to ensure a balanced and healthy labour market characterised by sustained increases in labour productivity, a diverse and strong sector base and a wide range of skills and employment opportunities for all.

The FRESA has successfully accommodated a diverse range of organisational objectives and has aligned them within a single strategic framework. It has improved collaborative working, reduced duplication of effort and resources and has enhanced progress towards common strategic goals. It has also brought greater structure and simplicity to the supply and demand side activities that preceded it. These benefits are significant and will continue to improve over time. The Workforce Skills Programme provides a specific example of how these benefits have accrued.

#### **Response to the National Skills Strategy**

The Action South East response to the National Skills Strategy was submitted to the DfES in December 2003. The submission placed emphasis upon the need to put employer needs centre stage; raise ambition in the demand for skills; motivate and support more learners to re-engage in learning; make colleges and training providers more responsive to employers' and learners' needs; and achieve better joint working within the skills arena in the South East.

The submission was well received and formal feedback indicated that 'the proposal had real strengths and offered a sound basis on which to develop a good Regional Skills Partnership, building upon SEEDA's achievements in creating strong regional relationships and an effective regional infrastructure in recent years'.

## Improving the delivery of support to businesses

### *Regional Business Support Board (RBSB)*

The Regional Business Support Board (RBSB) was established in 2001 and has been successful in drawing together all the key business support and business membership organisations in the region. The RBSB meets three times over the year to take forward actions to ensure that, collectively, we are acting effectively and coherently to give a good service to business. The Chair is John Peel, SEEDA Board member.

The RBSB strengthened its membership by adding members from South East Arts and Business and a member representing ethnic and diversity issues. Its work during the year was to consider and agree the RES implementation plan, provide input into the development of SEEDA policy programmes (e.g. the Skills Strategy, Management and Leadership Strategy, Business Support programme). RBSB contributed to the SEEDA input into Budget 2004 by contributing its views to issues such as barriers to start-ups, access to finance and provision of Government services to small businesses.

### *Working with the Region's Business Links*

SEEDA worked with the Small Business Service (SBS) to ensure that Business Links' delivery plans addressed support for start-ups and businesses consistent with the RES and SEEDA's own programmes, including by providing extensive comment on the Business Links' business plans. With the announcement at the end of the year of new arrangements, under which SEEDA will contract on behalf of the SBS with Business Links from 2005, the close working already established will be greatly reinforced.

A practical example of close collaboration is the International Trade Sector Advisors (ITSA), a joint SEEDA/UKTI programme, which places specialists in the Business Links to provide advice and support on exporting to companies in specific sectors. In the first year of the programme the ITSAs provided specialist advice to over 350 companies across the region.

### *Tourism South East*

SEEDA helped achieve a smooth amalgamation of the two Regional Tourist Boards into Tourism South East (TSE), retaining the support of the business and stakeholder communities. A critical part of TSE's reorganisation has been to engage at a local level which has been achieved with the establishment of six sub-regional groups and SEEDA geographical areas. Each of the TSE sub-regions now has a Board Member to ensure local representation.

One of the most important policy areas under development during the period has been the production of a regional strategy for tourism in the South East which is now having a local dimension added by the TSE sub-regional areas with final completion due summer 2004.

The SEEDA funded VISIT portal destination management organisation system linking tourists and businesses in the region is progressing well. It is moving towards interoperability between the various other tourist destination management systems in the region, and connectivity to the Englandnet portal providing the ability for every tourist business to compete on the international market.

### **Promoting the Science, Engineering and Technology Base**

SEEDA has established the South East Science, Engineering and Technology Advisory Council (SESETAC) bringing together senior industrialists and employers to discuss issues of common interest and concern with university Vice Chancellors from within the region. This is helping to forge strong relationships that will lead to better planning, co-ordination and use of the science, engineering and technology (SET) base within the South East.

A Science Strategy is being developed within the context of the RES, which has three main objectives:

- Improved knowledge transfer driven by the needs of the economy;
- Closer and more productive engagement of business with the science base, and better commercialisation of leading edge technologies;
- Supplying the right skills for the SET base and its utilisation.

On behalf of all the RDAs, SEEDA has played a key role in formulating joint strategies in response to the Lambert Review (higher education/business interactions), the DTI's Innovation Review and the House of Lord's Inquiry into Science and the RDAs, emphasising the role RDAs can play in articulating demand from business and brokering relationships with the SET base.

We have worked closely in partnership with the DTI, the Office of Science and Technology, the Higher Education Funding Council and the Research Councils to deliver this agenda. In particular supra-regional collaboration is of critical importance if we are to match the needs of business with the strengths of the knowledge base and to develop and promote the international excellence of both the regions and the UK. These partnerships are already helping to change attitudes and develop more coherent working, so that new funding streams such as the DTI Technology strategy, and the proposal for business-related R&D in the Lambert Review will have robust regional delivery mechanisms.

### **Working with the Cultural Agencies**

The contribution that the cultural sector can make to a wide range of regional strategic objectives has come into increasing focus, and is being developed through partnership working with the region's Cultural Consortium and the individual cultural agencies.

The role of culture and sport in community regeneration is an important theme in the region. One among many examples is in the Outer Shirley area of Southampton where the SEEDA fund for regeneration has enabled a special football coaching programme for young people to be developed. Young people are working alongside professional coaches from Southampton Football Club and Southampton University's Community Sports Volunteering Programme to learn soccer skills and gain recognised social qualifications.

The agencies in the cultural sector have identified strategic priorities for the sector to work together on:

- shared investment;
- joint work on the growth plans and the development of new communities and influencing the planning process;
- the development of a programme of events to promote the contribution the cultural sector can contribute to the quality of life in the region;
- the development of the Sports Events Strategy to maximise opportunities arising from the 2012 Olympic bid;
- work to celebrate the region's strengths, in particular the major cultural assets in the region;
- further research to develop an evidence base of the contribution culture is making to regional life;
- support for the Cities of Culture 2008 so that the work they have already done embedding culture in their planning processes can be disseminated and developed.

### **Involvement in Europe**

The European Union (EU) as both an economic and political entity is a vital influence on the South East, offering ever increasing opportunities for trade, investment, partnership and sharing best practice. European policies and legislation shape our interaction both with our continental neighbours and with the wider global economy, and therefore influence significantly the prosperity of the South East and well-being of its citizens.

As a major trading partner, the EU currently accounts for 58.6% (over £15 billion) of the South East exports and 61.4% (£31 billion) of its imports. The region hosts a large number of European headquarters of multinational firms. With the recent expansion through the accession of 10 new countries (with a total population of 74.7 million), there are many new opportunities for the region's businesses.

SEEDA has a strategic lead role in relation to European policy and securing funding for the region. Over the period 2000–2006 the region can expect to benefit from nearly £2 billion of funding from the EU budget.

#### *Regional Policy*

The SEEDA/South East England Regional Assembly Joint Europe Committee held a Regional Policy event to consult with partners on the Commission's funding proposals post 2006. Over 100 delegates from the South East attended this event which proved to be a stimulating discussion on the future of regional policy. The opinions articulated at this seminar formed the South East's response to the 3rd Cohesion Report.

### *European Structural Funds*

SEEDA, with assistance from the Government Office for the South East, published a summary of European funds in the region with details of projects and a number of case studies. A key fact to emerge is that the South East will receive nearly £2 billion from the EU between 2000–2006. The publication was widely circulated and has formed the basis of a television programme on European funding.

### *European Social Fund (ESF) Co-financing*

SEEDA's first co-financing programme came to an end in December 2003. Fifteen projects achieved some 3,000 positive outcomes – over 1,700 individuals and over 1,200 companies were supported. Among the actions supported were projects providing mentoring to small businesses, cluster development in the marine sector, research into web-based learning for the creative/cultural and media sectors, management development for SMEs, Centres of Excellence in ICT, Biometrics and Information Security, and transferring "Lean" techniques to the marine sector.

The ESF Team also concluded the contracting process with 10 new projects for SEEDA's second co-financing programme, for the period 2003-2006 covering activities such as research into workforce discrimination in the South East and its impact in the labour market, management development and leadership training for under represented groups, and rolling out "Lean" techniques to service departments of manufacturing companies.

### *South East Programme of Innovative Actions (SEPIA)*

Significant progress has been achieved against the South East Programme for Innovative Action, which has secured genuine joint working and collaboration between Thanet and Hastings the two most deprived areas of the region. Particular progress has been made in embedding the work of this programme with key partners, especially Business Link organisations.

## **South East England House**

South East England House (SEEH), the Brussels representation of the region, continued to develop its voice in the Brussels arena. Financed by regional partners, the South East England Regional Assembly and SEEDA, the Team in SEEH works collaboratively on a wide range of policy issues of importance to the region. During the year, SEEH initiated a new informal network of prosperous regions in order to provide input to the European Commission's discussion on regional policy. Ten priorities reflecting the needs of prosperous regions were defined in a seminar in October and submitted to the Commission.

A "Creative and Cultural Industries Event" was hosted in March. The Conference brought together experts from across Europe, business, higher education and the European Institutions to discuss the role and nature of creative and cultural industries, European cultural policy in an enlarged Europe and to learn from best practice.

### **3.1.3 Regional Economic Leadership: promoting best practice**

#### **Corporate Social Responsibility**

The promotion of Corporate Social Responsibility (CSR) in the region has been an important theme for SEEDA this year supported by the appointment of a secondee from Business in the Community. A successful project, for example, has been undertaken to assist businesses to engage with the development of market towns.

SEEDA has also worked to assist the development of national initiatives such as the CSR Academy.

#### **South East Sustainable Business Partnership**

SEEDA continues to chair the South East Sustainable Business Partnership (SESBP) which is made up of seven sub-regional Sustainable Business Partnerships as well as other relevant regional and national business support organisations including Business Link, Envirowise, Environment Agency, Federation of Small Businesses, Institute of Directors, Small Business Service and the Carbon Trust.

The Annual Forum held in July 2003 was well attended by business representatives interested in learning more about what they can contribute to the sustainability agenda.

#### **SEEDA Sustainable Business Awards for the South East 2003**

The third annual SEEDA Sustainable Business Awards for the South East attracted greater interest than in previous years – both in terms of the quality and quantity of entries received and also the interest from businesses in attending the Awards Presentation Dinner. This reflects SEEDA's success in raising the profile and level of interest in sustainable business practice.

The partnership between the Sustainable Business Partnerships (SBPs) and SEEDA in nominating candidates for the regional Awards has proved successful and has helped to raise the profile of the SBPs within the sub-regions. Most of the SBPs are now operating their own award schemes that feed into the regional Award, making the SEEDA Award an "Award of Awards".

The SEEDA Sustainable Business Awards for the South East have now contributed more than 50 best practice case studies, 20 of which were prepared during the past year. These illustrations of best practice are being distributed widely, both in hard copy and electronically.

### Urban Renaissance

Urban Renaissance is about 'place making'; creating attractive, enjoyable, lively places in which people want to live. Key components of this are careful planning and design, improving the quality and safety of the public realm, healthy town centres and active involvement of communities in the process to foster a sense of ownership.

SEEDA is working towards changing the development culture of the South East in three key ways:

- Piloting and testing new initiatives for use by partners;
- Influencing policy at a local and national level;
- Direct delivery and joint ventures with partners to demonstrate and promote best practice.

The **South East Design Champions Club** is designed to build capacity within individual champions and the local authority for which they represent. This is the first and only (to date) Regional Design Champions Club developed and launched by SEEDA in July 2003. To date 76 Design Champions have been nominated representing 55 Local Authorities.

The **Regional Design Panel** created and funded by SEEDA and operated by The Kent Architecture Centre under a three-year contract offers initial free advice on the design of significant projects, masterplanning and support for design projects through the early stages to ensure design quality. SEEDA has used the Panel for all its direct delivery projects and encouraged partners in joint ventures to do the same. This year SEEDA has focused on encouraging housing associations to use the Panel, and asked the Housing Corporation to determine methods to reach registered landlords and housing associations.

The creation of new **Architecture Centres** in the Solent and Milton Keynes to add to the existing Kent Architecture Centre is progressing with the formation of interim boards that will help drive them forward. The Board Members will develop business plans and seek funding through a range of organisations including the Commission for Architecture and the Built Environment (CABE) and SEEDA.

SEEDA is also supporting the development of a **Centre for Urban Renaissance** to help balance supply and demand of technical built environment and generic management skills across the region, and to respond to the Egan Review proposals on skills training. In order to address the need for raised awareness of sustainable communities through the school curriculum, SEEDA has commissioned the Kent Architecture Centre to

develop a regional education programme - **Shaping Places**. It involves artists, designers, architects, landscape architects and planners working with teachers from a number of disciplines and pupils in secondary schools and their feeder primary schools across the region on built environment projects dealing with environmental change. The programme links to the national curriculum in art, geography and citizenship

SEEDA has responded to the **Regional Centre of Excellence** remit from the ODPM by formalising a steering group for the Centre with GOSE and the South East England Regional Assembly, and developing a wider reference/advisory group of regional branches and organisations shaping and delivering 'excellence' in the region. To give form to the concept a brand identity has been developed - South East Excellence.

The Agency works with partners to prepare **Supplementary Planning Guidance** as the context for new development and regeneration within the Region. Particular examples of this include:

- As part of the Cowes Waterfront initiative, SEEDA drafted a development framework which has been the subject of public consultation and was very well received.
- The Creating Quality Places project at Aylesham produced a masterplan and design codes, which are currently undergoing community consultation and aim to be encapsulated in Supplementary Planning Guidance.
- Woolston Riverside has required the production of a planning brief and illustrative masterplan, which is now undergoing final consultation and will eventually become the Supplementary Planning Guidance for the area.

SEEDA has helped establish a network of **Construction Best Practice Clubs** engaging over 200 construction businesses in the latest construction techniques. The SEEDA funded South East Centre for the Built Environment based at Thames Valley University delivered a number of construction projects for SEEDA with the objective of engaging with construction businesses.

### **Awards for Art in Public Places**

Awards for Art in Public Places is a joint project between SEEDA and the Arts Council England South East to encourage excellence in the commissioning of Public Art and to build capacity by providing opportunities for involvement by students and early career artists. Over 100 applications have been received and assessment by a panel of experts is under way to shortlist the most innovative and deserving projects. The final awards will be announced in March 2005. Applicants will be steered through the development process with expert advice on hand at all stages.

**3.1.4 Regional Economic Leadership:  
focusing on sub-regional and local priorities**

**Area Investment Frameworks**

Through the promotion, and facilitation of Area Investment Frameworks (AIFs) SEEDA has acted as catalyst in developing holistic local economic development strategies for the region's 10 priority regeneration areas:

Hampshire and Isle of Wight	Kent	Surrey and Sussex
Isle of Wight	Channel Corridor	East Sussex
South East Hampshire	North Kent	Brighton & Hove and Adur
Southampton	East Kent	West Sussex Coastal
		Hastings and Bexhill

We have facilitated the mapping of investment into each of these areas and have driven the process of developing action plans for each, which identify priority areas for funding. With the extensive networks we have tapped in to over the past 12 months we have been able to act as valuable brokers in getting key partners concerned with economic development (e.g. Local Authorities, Economic Partnerships, LLSC, Business Links) together to maximise the impact of all the funding going into each AIF area.

**Kent**

The Kent Area Team has successfully encouraged the establishment of three strong effective sub-regional partnerships that are fully inclusive with active representatives from the private, voluntary and community sectors. Each partnership has a Chairman to champion the delivery of investment against identified gaps.

Joint working between AIF partnerships and the Local Strategic Partnerships (LSPs), has been encouraged through conferences and meetings. This has helped to build relationships and a foundation to ensure synergies between investment strategies and future delivery of regeneration programmes and projects.

To raise awareness of AIF policy and progress amongst the voluntary and community sector, the Kent Area Team has presented the AIFs at a conference organised by RAISE and a conference for the Kent Community Alliance Network. In East Kent, work with the voluntary sector, has resulted in the creation of a Community Chest from which smaller community projects with an economic focus can be funded.

We have worked closely with the South East Voluntary Funders Forum and held meetings with potential key funding partners in Kent and Medway, including the Kent Learning & Skills Council, Business Link Kent and the Regional Cultural Consortium to influence funding streams to address identified investment priorities.

The Kent Area Team worked closely with the Kent Rural Priority Areas (RPA) Partnership to ensure effective delivery of the final year of the Rural Development Programme. A member of the Kent Area Team was seconded part-time to Kent County Council (KCC), the accountable body, to oversee the completion of the 10-year Rural Development Programme. This helped to ensure that spend and output achievement were maximised, and the programme strategically evaluated.

### **Surrey and Sussex**

Significant progress has been made in the four Sussex AIFs against what has been a challenging process. Broad partner engagement has been secured through a number of stakeholder workshops. Linkages with existing partnerships are being developed in each AIF area, and the Team has continued to encourage joint working between AIF partnerships and the LSPs. The Area Team has undertaken a brokering role to secure a collaborative approach to the AIF process. This has encouraged partners to focus on the securing wider economic benefits at a sub-regional level, rather than being distracted by issues of competition for resources.

The arrangements have not been constrained by administrative boundaries and the AIF process has been successful in securing joint working between areas where there has been a history of limited collaboration, such as between Brighton & Hove and Adur, and in Hastings and Bexhill. In three of the four AIF areas, strong and inclusive sub-regional partnerships have been established with active representation from all relevant partners. In Hastings and Bexhill arrangements are being developed that fully recognise the unique circumstances of the area and the existing structures.

The AIF process has been instrumental in key partner organisations refocusing mainstream policies and future resource planning beyond the devolved funding allocations made by SEEDA. For example, West Sussex County Council intend to use the AIF process to guide its Education and Social Services departments in identifying and addressing specific priorities among coastal communities.

Close working relationships were maintained with the Wealden and Rother Rural Partnership during this final year of the Rural Development Programme. Provision has been made within the East Sussex AIF for continued SEEDA support of the rural agenda across the East Sussex Rural Priority Area. This has helped to embed the rural agenda within a much broader strategic framework for sub-regional economic growth than was previously achieved through the focus of the Rural Development Programme. The rural element of the AIF has been developed through engagement of a wide range of stakeholders.

### **Hampshire and Isle of Wight**

The AIF process has acted as a catalyst to focus the Local Strategy Partnerships on priority areas for action. Tackling inequality and promoting social exclusion are central tenets in all of the sub-region's AIFs.

The Southampton Partnership as a result of the AIF work is now looking to set up a new lead delivery group to work on the raising competitiveness and increasing prosperity strand of the AIF. SEEDA will be working with the Southampton Partnership through the AIF to look at priority actions focusing on improving the city image and environment and bringing employment land forward for development.

SEEDA has worked with Portsmouth partners to create a successful City Growth Strategies bid for £250,000 with match funding to come from the AIF. This will help deliver AIF priorities on business and the economy. The strategy will be business-led and should provide an example of good practice for other cities to follow.

The Isle of Wight AIF has a strategic goal of creating a quality environment (built and natural) to stimulate investment opportunities and enhance the quality of life for local people.

Urban renaissance has emerged as a strong theme from all three AIFs in the sub-region. Given the nature of the AIF areas this has primarily taken on a coastal dimension and the potential exists to link urban renaissance to marine and tourism sector initiatives to maximise the impact of investment.

### **Milton Keynes, Oxfordshire, Berkshire and Buckinghamshire**

The MKOBB Team has worked closely with the economic partnerships to continue their delivery of RES actions and to ensure that in this area of economic success the economic partnerships are working together to look at common issues.

Recognising the persistence of pockets of deprivation in these areas, SEEDA has been working on future models, analogous to the AIFs, with existing local partnership. Working with Thames Valley Economic Partnership's social and inclusion sub-group across Slough, Reading and High Wycombe a pilot project is being put together with a view to looking a longer term programme from next year. The work of the Regeneration Arc for Oxfordshire will form the catalyst of the model in Oxford and the Learning and Skills Council has agreed to bend some of its funding to support this model. Plans in Milton Keynes have been awaiting the outcome of the Community Strategy and a model will be developed which also embraces LSC funding.

The Leader + Scheme in West Oxfordshire has focused on innovative new approaches to rural development. The speed with which projects have been mobilised is attributable to the local networks' forward thinking and flexibility. Projects currently supported include The Wychwoods – Kingham Community Area Network - a social enterprise that is supplying wireless Broadband services in the area, a Culture Bus project conducting outreach work to local schools, Blacksmith training and supporting a village shop.

## Single Regeneration Budget (SRB)

SEEDA spent nearly £40 million in 2003-2004 on schemes managed by local Single Regeneration Budget (SRB) Partnerships. These schemes varied greatly in size and nature but in all cases were linked to locally determined objectives and priorities. The SRB Programme was also successful in leveraging large funds from other sources.

Many SRB Partnerships are active in the Priority Areas for Regeneration, and strategic linkages between SRB delivery and Area Investment Framework (AIF) priorities are being encouraged and developed. The Brighton SRB Partnership, for example, is already making good use of the AIF to refocus activities towards areas of identified needs and maximise the impact of devolved resources. Hastings SRB Partnership has similarly initiated a review of the scheme and is using the AIF action plan to target unallocated resources.

Our new Area Teams have worked closely with partnerships to ensure that SRB schemes secure economic and sustainable outcomes, often working with many other partners in projects that address jointly the many issues required to tackle economic exclusion effectively.

- The detached Youth Work Project is aimed at securing learning and employment outcomes for excluded young people in West Sussex. Following negotiation with partners, West Sussex County Council Social Services has committed to mainstreaming this project from 2007, demonstrating how SRB can act as a positive catalyst for change.
- The Childcare Training Centre project in the Outer Shirley Area of Southampton has been funded as part of a work based nursery development, the Centre will take the lead in promoting training and employment opportunities in child, health and social care to local people and includes a 20-place crèche for children of trainees. Training is linked to promotion of employment opportunities. This project is supported by the Primary Care Trust, NHS Trust, Sure Start and NOF.
- The Work Appreciation Programme in Portsmouth targets pupils in their final year of school from a family environment where they do not normally see an adult leaver for work. The project helps to find a work placement for the pupil and continues to provide support such as how to manage finances.
- SEEDA provided help in safeguarding the Landport Community Centre, located in the heart of the deprived area of Landport in Portsmouth. The Centre now has improved access for the disabled and the UK online centre has been retained to provide IT training.
- In Oxford we have seen projects forge strategic links across the City to form a Regeneration Arc. This has brought together three SRB schemes in addition to other activities including Surestart and Healthy Living. The East Oxford Action SRB Scheme is leading on the Regeneration Arc's development and pioneering new social enterprise structures as part of its forward strategy.

- The Slough 'Nai Roshni' SRB Scheme has successfully mainstreamed activities at the Slough Young People's Centre and is an example of how SRB revenue funding has been used to produce sustainable outputs and achieve a difference to the community. This project targets local disadvantaged young people and those excluded from school, to offer an opening into the creative arts industry, advice on health, housing and employment and seeks to bridge the skill gaps which would then lead to full employment.
- Project Sunlight in Gillingham, a densely populated and highly deprived area of Medway used SRB for the conversion of the redundant Sunlight Industrial Laundry site into a Healthy Living Centre. The Centre seeks to improve health, social well-being, education and employment by providing three GP practices, a community pharmacy, nursery, community launderette, community café, ICT training, voluntary sector support and flexible community space.

### **Sustainable Communities Plan: Growth Areas in the South East**

In February 2003, the Government published the Sustainable Communities Plan: Building for Future document. The plan identifies four areas for major growth. Thames Gateway, Ashford, Milton Keynes and South Midlands, and London-Stansted-Cambridge are targeted to deliver substantial employment and an extra 200,000 homes in the next 15-20 years. SEEDA has made a number of organisational changes to enable a step change in its response to delivering these plans. This year has seen these area-focused changes embedded into the Agency and key links established with organisations across the region.

In the Thames Gateway area SEEDA is progressing development projects in the Isle of Sheppey; Northfleet Embankment North East; Swanscombe and in Gravesend; Dartford Town Centre. Within the Isle of Sheppey, SEEDA has added to the former Twyfords site (acquired in 2002) by acquiring First Avenue, Rushenden, and is working on other possible acquisitions. Masterplanners have been appointed for the area and are exploring potential for a comprehensive mixed-use development. In conjunction with Swale Borough Council, SEEDA has also prepared an "Area Action Plan" which is currently out to consultation.

At Northfleet Embankment, SEEDA has purchased a 4 hectare site known as Red Lion Wharf, and has appointed Masterplanners to look at a comprehensive mix-use development, and is working on the next steps of discussing proposals for a mixed-use riverside development with the local private sector residents. As part of this project, SEEDA is investigating the demand for the creation of a 'south east river rail hub' to move heavy goods in and out of local sites.

SEEDA has made a further two site acquisitions in the Northern Gateway of Dartford and the adjoining town centre. Masterplanners/property consultants have been commissioned for the two areas and are looking at how the two can be brought together to produce a mixed-use site.

Ashford's strategic location and role as a gateway to Europe will help develop its potential as a location for major long term growth with a total of 31,000 homes and 28,000 new jobs by 2031. SEEDA, together with local partners – Ashford Borough Council, Kent County Council and English Partnerships (EP) – have identified infrastructure needs and are developing schemes for tackling these. Several strategic land acquisitions have been made in the Town Centre.

The Agency has been leading the Economic Visioning and Strategy for Ashford. The baseline report has been completed and the options for the visioning to move Ashford forward economically for 30 years are being finalised.

A co-ordinated land acquisition strategy for the Ashford Growth Area was agreed at an early stage with the Housing Corporation and EP. SEEDA and EP continue to work in close partnership, particularly in terms of masterplanning and delivery of key sites within the town centre area. In addition, SEEDA has fostered stronger links with Kent County Council and Ashford Borough Council to ensure the most efficient uses for publicly owned property assets.

In the Milton Keynes and South Midlands Growth Area (MKSM), SEEDA has worked closely with the other RDAs in the area (EEDA and EMDA) in looking at the MKSM Growth Area Plan, and has produced joint input aimed at strengthening the economic development focus across the growth area. The RDAs together also co-ordinated sub-regional partners' proposals for funding. Following the announcement of funding, SEEDA has worked with local partners in Aylesbury Vale and Milton Keynes in managing the delivery of the consultancy for the economic visions in both areas.

SEEDA is involved in three masterplanning projects at Wolverton, Bletchley and the new Millennium Community at Oakgrove in Milton Keynes. Wolverton and Bletchley masterplans have both identified a number of key sites and regeneration proposals for the towns. SEEDA is currently financing an Enterprise Hub Director to set up a 'Hatchery' for new businesses that will be located within an Innovation Centre to be developed by a company linked to the Bletchley Park Trust.

SEEDA is also an energetic member of the steering group for the Oakgrove Millennium Community, and has contributed extensively throughout the consultation process for the design of the new Community. Oakgrove will see the redevelopment of over 90 hectares within the Milton Keynes grid squares that will deliver in the region of 1,850 new homes, open space, community, retail and employment facilities.

### **Sustainable Communities' Delivery Arrangements**

Effective partnerships are at the heart of delivery arrangements for the Sustainable Communities Plan, especially in the growth areas, and SEEDA is playing a substantial role in each case.

At Ashford, the Delivery Board between the Kent local authorities and most of the regional agencies is chaired by the Borough Council, with the Chief Executive of SEEDA as the Vice Chairman. The Economic Visioning for the town and the land and property acquisition programme for the town centre is led by SEEDA.

In the Thames Gateway, SEEDA is a strong member of the Ministerially chaired Thames Gateway Strategic Partnership. SEEDA is also involved in the Thames Gateway Kent Partnership (whose staff are based in SEEDA's Chatham Maritime office) and the newly constituted local delivery arrangements for Kent Thameside, Medway and Swale. SEEDA's commitment to these various partnerships is made through the Chief Executive and Director of Development and a substantial programme of development projects (about half of the ODPM funded schemes) for town centres, particularly in the Thames Gateway.

Arrangements at Milton Keynes and South Midlands are different again, with SEEDA being represented by the Chief Executive at the Ministerially chaired partnership Board, and by other senior staff on the Urban Development Area Partnership Committee for Milton Keynes led by English Partnerships, on the Central Milton Keynes Board, the Oakgrove Millennium Community, and the new local delivery company for Aylesbury Vale.

### 3.2 Delivering to Support the Objectives of the Regional Economic Strategy

This part of the Report gives an overview and examples of SEEDA's own activities in support of the objectives of the Regional Economic Strategy.

Highlights of the year include:

- Over 5,500 jobs created or safeguarded, with support provided by SEEDA's Investor Development Managers across the region, accounting for nearly 2,000 of these;
- A 70% increase in the numbers of young businesses using SEEDA supported incubators, to 824 in total;
- A massive uptake of SEEDA programmes to support business through specialist advice and involvement in cluster, technology or learning networks, with 24,000 businesses benefiting;
- Nearly 58,000 people taking advantage of learning opportunities supported by SEEDA. Nearly half of these are in ICT, including enthusiastic take-up of the flagship Computer Clubs for Girls initiative;
- 67 hectares of brownfield land remediated and brought back into productive use, and important new brownfield site acquisitions to regenerate the waterfronts in Cowes and Southampton.

### 3.2.1 Competitive Businesses

The year saw a 100% expansion in SEEDA's 'footprint' within the business community resulting in nearly 25,000 businesses being involved in SEEDA funded programmes and projects to encourage business collaboration, the development of alliances and support for competitiveness.

#### Engaging with Business to Enhance Performance

- 17 Cluster projects involving over 2,500 businesses have been developed across a number of Sectors including Marine, Pharma Bio, Rural Tourism, Film Sector and IT security. Companies involved in SEEDA supported Cluster projects are developing alliances and forging new business partnerships achieving cost savings and improving their competitiveness position. Major successes of the Cluster programme include £0.5 million of new business gained by companies in the Isle of Wight Marine Cluster and a substantial number of new music businesses involved in the Brighton Underground Cluster. The Raven Alliance Cluster has established links with Australian businesses also operating in the defence field.
- SEEDA's Cluster Fund established a number of rural cluster projects designed to encourage rural tourism businesses to collaborate and produce high quality offerings to tourism customers targeted in Areas of Outstanding Natural Beauty (AONB). The Leatherhead Food Cluster is investigating options for increasing the value of rural products through new and innovative approaches.
- The Manufacturing Advisory Service (MAS) worked in-depth with over 422 companies, in addition to providing advice to over 2,400 companies through a new website service. Companies engaged in in-depth projects achieved average productivity increases of 38%.
- The SEEDA Lean project with KPMG managing the project on SEEDA's behalf, recruited 70 companies to the programme designed to take out waste from companies organisational and production processes. The Lean programme is having a major impact on participating companies supply chains.

#### Support for Key Technology Sectors

- Substantial effort was put into exploiting the South East's strengths in Nano and Microtechnologies. SEEDA worked in partnership with CCLRC Rutherford Appleton Laboratory and Oxford, Southampton, Surrey and Portsmouth Universities in addition to major companies to produce a strategic conference at Oxford University highlighting the South East's strengths in Nano and Micro technologies areas and opportunities for speeding up the development of products and technologies. The purpose of the conference was to help the business and academic communities prepare to exploit the DTI's new £90 million fund for Nano and Microtechnology .

- In support of the Healthcare Technologies Sector, SEEDA has made significant progress in developing the South East NHS Innovation Hub, NHS Innovation South East. SEEDA is funding NISE at £500,000 over three years alongside funding from Public Sector Research Establishments (PSRE) Fund and Department of Health at £1.3 million.
- Funding of £927,000 to support sector programmes has been raised through the DTI Harnessing Genomics Fund. This will fund a specific project for South East Neuroscience SMEs, the National Neuroscience Research Institute and the development of a sector-specific Biotechnology Financial Advisory Service and the creation of a Bio-industry related Regional Resource Centre.
- To support the Aerospace and Defence Sector, resources have been put into a considerable expansion of the Farnborough Aerospace Consortium Network developing it from its Hampshire and Surrey focus into a pan region network, doubling membership.

### **Working with Major Investors**

The Investor Development Team has used the past year to further embed its relationships with key companies and to expand its impact by working with new strategically important companies across the region. It has now developed relationships with over 500 companies across the region. New companies included have been in response to requests by local partners and increasingly directly from companies as the reputation of the Investor Development Managers as practical enablers grows.

The Team provided support to numerous companies on a wide range of issues including; recruitment, retention and development of staff; productivity enhancement and cost reduction; restructuring, consolidation and downsizing; supply chain development; removing local barriers to business (parking, planning, etc); and corporate social responsibility and diversity. At the year end the Team had identified over 75 projects that it was currently working on with key companies.

The Investor Development programme has introduced two new services during the year.

- The first was developed as a result of a number of large-scale closures made where the decisions were taken by foreign parents, without UK management's involvement. In response the Investor Development Team has tasked our US representatives with building relationships with 50 key businesses to allow us to better understand how they make investment decisions. This has already begun to result in a number of expansion projects and contacts within the UK operations at the request of the parent companies.
- The second was introduced as a result of the Team responding to a need to provide support to new investors to the region to provide support during their first year of operations to ensure that they are linked into the business support network and integrated into the regional economy.

The Investor Development Managers have continued to develop strong relationships with local partners including holding a number of training events with local business support partners, such as Business Links, Learning & Skills Councils, Higher Education/Further Education providers, Jobcentre Plus, and Local Authorities' Economic Development officers. The Team is also working closely with the DTI and its Business Relationship teams, conducting joint visits to a number of nationally important companies located in the region.

- The Rapid Response to Redundancies Pilot is a joint venture between SEEDA and Jobcentre Plus to provide capacity and systems within local areas to address the retraining, employability and business start-up issues arising from major closures of employers or downsizing. Since October 2003, seven brokers (one for each county) have been providing an individual service tailored to meet the needs of the employer and employees. By April 2004, 101 companies and 2,018 employees had been supported.

### **Inward Investment**

During 2003-2004 the global economy showed some signs of improvement and this combined with strengthened representation overseas has enabled SEEDA to exceed its targets for the year, recording a 66% increase (from 24 to 40) in the number of inward investment secured through SEEDA's efforts, contributing £45 million of wages into the regional economy.

As part of its inward investment work, SEEDA has continued to develop its relationship with overseas partner regions through its Global Regions Initiative. New overseas representatives have been recruited in Seoul, Shanghai and New South Wales in addition to those already in place in recruited in Tokyo and Osaka and East and West Coast USA. Examples of activities include:

- *Finnish Inward Automotive Mission* – an inward mission with FinPro, the Finnish Trade and Investment Agency, was successfully implemented from Helsinki to the Thames Valley and Oxford in the Automotive ICT sector in October 2003. This has led to two potential inward investment projects.
- *Information Security Visit Programme to Japan* - a group of companies/academic institutions in the field of information security visited Japan to showcase their technology. The group met 100 representatives from Japanese industry at two separate events.
- *Fairfax Competition* – this very successful two-way business incubation competition between the South East and Fairfax County, Virginia has resulted in a Fairfax company locating into the Royal Holloway e-security operation and an Oxford based company expanding into the Fairfax incubator facility.
- *Cal IT* – partnering event organised by SEEDA and held in London to enable new Californian technology companies to meet partners and establish channels for developing activities in Europe.

## **Supporting New and Growing Businesses: Enterprise Hubs and Gateways**

The Enterprise Hub programme has continued to support the innovation agenda, with over 250 new business creations supported by the Hubs in 2003-2004. It has been recognised as best practice across the UK and Europe. 18 Hubs now at operational stage provide incubation support to hi-tech, knowledge-based businesses. Most recently Milton Keynes, Canterbury, Slough, and High Wycombe were added to the network. During 2003-2004 360 new companies have benefited from the incubation services offered by the Hubs either as virtual or physical tenants and over 1,000 businesses have received specialist advice through the Hub networks.

All 18 Hubs are linked to Higher Education to help grow and sustain companies from the region's technological knowledge base. The Hubs are able to provide the co-ordination of a comprehensive package of support tools and guidance to ensure the survival of companies. Feeding into this has been best practice captured from across the globe, including the USA, some European Technopoles and Japan. This has included a dedicated access to finance programme for the Hub companies which was initiated during 2003-2004 and provided by Finance South East.

The Hub programme has had inward investment successes with companies from the US locating in the Surrey Enterprise Hub at Leatherhead and Royal Holloway University.

The Enterprise Gateway initiative has also developed significantly since April 2003 in partnership with the region's Business Link organisations. Six Gateways are now operational with Directors in post, including two rural Gateways and four in other priority areas; Medway, Newhaven, Adur and Slough. Gateways concentrate on working with hard to reach groups: the network is designed to encourage potential entrepreneurs in deprived wards, priority areas, rural areas and locations where there is a significant ethnic minority community. A recent example of this activity in Slough was the 'empowerment for women' event which attracted 160 Bangladeshi women interested in starting their own business.

The two rural Gateways now operational are:

- Chilterns Gateway, focusing on the business needs to the Chilterns area, particularly in relation to furniture making and working closely with the Chilterns Furniture Cluster.
- Faringdon Gateway, providing start-up support to a market town in rural Oxfordshire. The Gateway Director is in the process of developing a small 'Hatchery' facility in Faringdon itself to provide facilities for entrepreneurs to test their ideas, meet with the Director and network with other like-minded individuals

This last is an example of the Hub and Gateway 'Hatchery' programme, which provides a small facility to offer some interim incubation space for companies. Ideally, this will include some space for networking and hot desks for entrepreneurs to work in a supportive environment, until property is acquired for incubation space.

To address longer term property needs, SEEDA has also launched an innovative approach that will deliver premises to support its Enterprise Hubs and Enterprise Gateways programme. Three development companies have been appointed to work with the Agency to design, build and operate up to 20 Enterprise Centres in areas that demonstrate a shortage of suitable facilities for higher risk and starter businesses. They will be managed by the partners, with SEEDA retaining ownership of the completed projects as they are delivered. Anticipating this, workspace development by SEEDA is already underway in:

- Ropetackle, Shoreham-by-Sea. During 2003-2004 plans progressed with Berkeley Homes to develop an Enterprise Gateway Centre to provide accommodation for new business as part of this mixed-use scheme.
- The Gosport Business Centre is opened formally in June 2004 providing 63 self contained units in total with on-site management, administration facilities, and support plus telecommunications.

### **Finance South East**

Recognising the key role played by finance in the birth and growth of new companies, in 2002 SEEDA and the region's Business Links set up Finance South East (FSE), a not-for-profit organisation.

FSE works closely with the Hubs and Gateways as part of its remit to:

- Advise on the best and most appropriate financial support for growth orientated businesses in the South East.
- Develop and promote additional sources of funding for ambitious companies.
- Improve the provision of existing sources of finance through better regional co-ordination.

Among other activities, FSE was successful in securing the necessary matching bank finance from Bank of Scotland during 2003-2004 so that a DTI supported Accelerator Fund could be launched in 2004-2005; and worked to produce a comprehensive business plan for a regional approach to co-ordinating Business Angel activity.

### 3.2.2. Successful People

#### Workforce Skills Programme

SEEDA, the six local LSCs and Business Links within the South East have jointly developed a brokerage model. This provides a common core referral mechanism for workforce development intermediaries across the region, ensuring a high standard of advice and guidance to business on workforce development. This programme involves a wide range of intermediaries and is driving forward the 'no wrong door' approach to business support promoted in the National Skills Strategy.

SEEDA is also working with the six local LSCs to increase the take up of skills through the Action for Business Colleges programme. This is an ambitious transformation programme that aims to improve colleges' responsiveness and capacity to meet employers' needs. It will help colleges to develop bespoke, tailored training at a time, place and pace that suits employers. It will also help to tackle barriers to demand and the take up of workforce skills development. To gain accreditation, colleges are required to assess their current performance against a standard and to develop an action plan to address any weak areas.

The effectiveness of SEEDA's work to enhance skills was recognised by the South East England Regional Assembly's Select Committee on Learning and Workforce Skills, held in September 2003. This acknowledged SEEDA's excellent relationships with partner bodies and noted that the FRESA had brought better co-ordination to policies, programmes and activities across the region. It also recognised that SEEDA's inclusive and consensual approach had enabled it to exert an influence beyond its limited financial resources.

#### Leadership and Management

Working in collaboration with the Business Links, pilot projects are running in all six sub-regional areas. These have been selected to test a variety of different approaches to providing management development support for SMEs. SEEDA has also finalised a regional Leadership and Management Strategy that places emphasis upon the need to foster and develop management and leadership skills from supervisory level upwards.

#### Sector Skills

SEEDA's sector-based activities aim to enhance the supply and demand for sector-based skills. This will enable the region to strengthen its value chain and to underpin increased competitiveness and productivity within its knowledge-based economy.

The South East Sector Skills Forum has expanded significantly within the last year. Sub-groups of representatives from Sector Skills Councils (SSCs) are exploring common cross-sector skills needs and themes, particularly the interactions and collaborative relationships that will be required to deliver the National Skills Strategy.

SEEDA has funded six Sector Skills Development Managers (SSDMs). Based within the six LLSCs, their role is to promote and co-ordinate a sector-wide approach to the delivery of skills across the region. The SSDMs have established strong links with SEEDA's Investor Development Managers and Sector Groups and networks.

These activities have facilitated the creation of Regional Sector Action Plans for engineering, construction, pharmabio and the care sectors. These are under-pinned by Skills Task Groups that draw upon the expertise of leading practitioners and business people. Initiatives include:

- The Marine Task Group is working with Vosper Thornycroft to secure a skilled workforce to build the next generation of aircraft carriers for the Royal Navy.
- Research has been carried out into the growing shortage of aircraft maintenance engineers that could potentially affect the competitive performance of airlines and support companies in the South East (early indications suggest that the shortage could be in the region of 5,000 creating serious operational problems). SEEDA has been working with the Department for Transport to identify solutions. Initial actions have included the synchronisation of JAR 66 academic syllabus and foundation degrees releasing funding to Higher Education (HE) and Further Education (FE) for training of engineering students on Modern Apprenticeships.
- In biotechnology, a regional resource centre involving schools, FE colleges and industry was established gaining £250,000 funding from the DTI to support and promote biotechnology as a careers option.
- SEEDA has provided funding for Highbury College for the retention and expansion of construction training in Portsmouth with preferential access for applicants from the deprived wards in Portsmouth.

### **Basic Skills**

SEEDA has helped to establish the Regional Basic Skills Strategy Board – The Skills for Life Network. This has been supported by a comprehensive South East Basic Skills marketing project and creation of a generic South East brand to enable learners to recognise Basic Skills training providers through clear visual imagery.

SEEDA has also developed a multi-media exhibition and interactive presentation to promote and disseminate the good practice arising from its three-year involvement in Basic Skills. This draws upon the experience of individual learners and employers and highlights research and evaluation to demonstrate SEEDA's value-added contribution within the Basic Skills arena.

SEEDA has developed a strategy for the National Health Service University and Strategic Health Authorities to establish closer working relationships with basic skills providers at a local level. This has created flexible local models for each Strategic Health Authority area and draws upon strong partnership working with the Learning and Skills Council, Jobcentre Plus, local NHS organisations and local basic skills providers.

## Enhancing IT Skills

SEEDA has worked with e-skills UK through the 'Computer Clubs for Girls' initiative to promote careers in IT amongst girls. This responds to the IT industry's concerns that the number of women in its workforce has declined from 30% to 22% within the last eight years. In 2003-2004, over 3,500 girls in 124 schools across the South East participated in the clubs. e-skills UK, in conjunction with the DfES now has plans for a national roll-out of the initiative.

SEEDA has also collaborated with e-skills UK, the IT industry and several universities both within and outside the region to deliver an industry-designed BSc Information Technology Management course. This addresses weaknesses in current provision perceived by the IT industry. Leading professionals from industry and the best academics from institutions across the region will deliver this innovative degree.

## Tackling Worklessness and Exclusion

Much work has been undertaken in the sub-region through the Single Regeneration Budget to encourage the economically inactive and socially excluded into the workplace.

- The Employment Resource Centre in Leigh Park provides outreach workers to help the hard to reach back into work.
- Island Build is an intermediate labour market run on the Isle of Wight. It provides work opportunities for the unemployed including the hard to reach and it helps local business by addressing the skills gap in the construction industry.
- In Southampton the 'Get that job' project works in partnership with the Wheatsheaf Trust, Jobcentre Plus and the Learning & Skills Council to facilitate people facing multiple barriers to employment getting back into work through a successful outreach, training and mentoring scheme. This reaches the most disadvantaged people across the Southampton Area.
- The Wheatsheaf Trust also operate an Intermediate Labour Market project providing building craft and environmental improvement based work experience and training to unemployed people in the Outer Shirley area of Southampton.
- In Leigh Park the APEX Construction Centre, develops the local workforce to enable them to take on construction jobs in the major development area west of Waterlooville. Targeting residents of deprived wards, the project acts as a feeder to the main Highbury College Construction training facility. The project has proved very successful and is heavily oversubscribed an extension of the project is planned through the South East Hampshire AIF.

### **Multiversities**

SEEDA's policies reflect its view that the provision of skills in isolation cannot offer a comprehensive solution to problems associated with employability and productivity. Skills need to be offered in tandem with other activities to provide holistic solutions. The power of Higher Education to raise aspirations, enable access and contribute to regeneration is undoubted. SEEDA's approach encourages innovation and collaboration to meet these needs in South East towns where there is unmet need and opportunity.

#### *The Multiversity at Medway*

This involves the creation of a campus for 6,000 students at Chatham Maritime by the Universities of Kent and Greenwich and Mid Kent College and will also engage Canterbury Christ Church University College and Kent Institute of Art & Design. It will raise participation in further and higher education in the following ways:

- Increase opportunities for access through the presence of substantial new further and higher education in a new location;
- Strong progression routes will be established from further to higher education;
- Regeneration of the area will help to drive-up aspirations to progress to further and higher education;
- A number of new courses will be offered in response to local demand, eg care and construction.

It will also improve employability and combat social exclusion within deprived communities in the Thames Gateway. The Multiversity will be accompanied by improvements in housing and infrastructure, within a total public investment package of c£50 million, including £15 million from the Sustainable Communities Fund, over £8 million from SEEDA, and funding from the Higher Education Funding Council for England and Medway Council.

*The University Centre Hastings (UCH)*

UCH opened its doors to students on 23 September at the start of the academic year based on a innovative Multiversity concept led by the University of Brighton. Currently approximately 200 students are pursuing qualifications in a range of ICT, management and professional business disciplines.

Further work on developing the curriculum for the second phase of UCH, due to open in September 2004, is continuing with a number of universities in the region in conjunction with employers and the community. In particular a Media Curriculum Development Group has been established with representatives from the BBC, BT, Meridian News and other local stakeholders and a remit to develop media education and training in synergy with the Creative Media Centre. This format is being 'copied' across other key curriculum areas, including construction, tourism management, policing, youth and community work, health and social care and retail management. Negotiations with HEFCE are ongoing to secure additional student numbers.

Discussions have taken place with the Universities of Greenwich and Westminster, both of which have been successful in a recent Foundation Degree bidding round, on the potential for curriculum development. Where proposals are innovative it is hoped that the courses can be franchised nationally, bringing substantial recognition to UCH and Hastings and Bexhill.

*Universities for Milton Keynes*

This collaborative partnership between De Montfort University, Milton Keynes College, the Open University, University College Northampton and the University of Luton is being encouraged and supported by SEEDA. The objective is to develop beyond the current Joint Prospectus, now in its second year, plans for expansion and joint provision within the plans for the growth of Milton Keynes. A SEEDA funded study has established the demand for this, which is identified as a strong aspiration in the visioning study for Milton Keynes recently completed as part of the Growth Area implementation process.

### 3.2.3. Vibrant Communities

#### Hastings and Bexhill Task Force

The Hastings and Bexhill Task Force Steering Group was set up by SEEDA to spearhead plans for the comprehensive regeneration of Hastings and Bexhill following the decision against the Hastings Bypass. The Steering Group, on which all the key local partners were represented, co-ordinated the preparation of the Five Point Plan that was successful in securing £38 million to fund a first phase of regeneration. This has been consolidated with £15 million made available by English Partnerships for the Hastings Millennium Communities project. In response to this the Steering Group drew up a Business Plan to provide a framework for a regeneration programme, which has been endorsed by each of the partners.

The Business Plan identifies a range of early projects to provide a clear demonstration that regeneration is happening and to act as a catalyst for sustained economic development. Work on these has progressed well during the course of the year:

- Phase 1 of the Creative Media Centre opened on programme at the end of March, providing incubation space for up to up to 15 small media businesses and with several anchor tenants in place. The Centre is also home to the SEEDA funded Broadband Experience which works with local business to promote take-up and usage.
- University Centre Hastings Phase 1, creating education led regeneration of the town centre, opened on schedule in September 2003 with the first intake of students.
- A suitable serviced site has been identified on for the construction of the Innovation Centre which will provide managed workspace for new and expanding SMEs for creative industries.

The Task Force has also identified a small number of large projects that will create the critical mass required to promote sustained regeneration of the two town centres and deliver new employment opportunities whilst making a real contribution to urban renaissance and the quality of the built environment. Good progress was made during the year on site acquisition, planning and appointment of design consultants for several projects including Station Plaza, Bexhill Town Centre and Queensway Business Park, as well as Pelham Place:

- The creation of a high quality scheme for Pelham Place as a key seafront site is central to the Task Force's regeneration strategy to transform Hastings town centre into a vibrant business community. Following a well attended exhibition and public consultation a selection panel comprised of local stakeholders appointed world renowned Foster and Partners as 'preferred bidder' for designing a mixed-use scheme including offices, retail, residential units and a hotel.

- The Millennium Communities initiative is approved and funded by English Partnerships to create a new balanced community around the stations on the east – west rail link across Hastings. Work has focused on site assembly and the development of an Urban Design Framework for the first phase of development in the Ore Valley. The planning of the project is being carried out in close consultation with the local community.

#### *Business and Enterprise Development*

The main focus of policy development has been through innovation and incubation, linking into SEEDA's best practice programmes and exploiting the linkages between the evolving education agenda and the opening of the first phase of the Media Centre. University Centre Hastings is firmly established at the centre of high-tech business formation and development with a business hatchery linking with the newly opened managed incubation space.

#### *Broadband*

All exchanges in the Task Force area are now Broadband enabled. A new Public Private Partnership for East Sussex has been established to support wider roll-out. The Broadband Experience Centre, based in the Media Centre, offers support and advice to local businesses and the community on the take up of Broadband facilities.

#### *Transport*

For the promotion of much needed improvements to transport, the Task Force is largely dependent on influencing the spending plans and budgets of other agencies:

- The South Coast Multi Modal Study (SoCoMMS) has identified the Bexhill – Hastings Link Road as a scheme to be taken forward as part of the package of regeneration measures for Hastings.
- A programme of improvements to the A21 is being strongly promoted.
- Improvements to early morning rail services to London have been funded through the Task Force on an experimental basis.
- The redevelopment of Hastings Station achieved a start-on-site in the summer of 2003 and improvements to rolling stock are being phased in.
- The promotion in conjunction with partners of a study to report on the economic/ business case for the upgrading of the Hastings – Ashford line.

### **Flagship Mixed-Use Developments**

**The Cowes Waterfront initiative**, Isle of Wight will integrate four key elements:

- business, providing space for expansion and growth;
- communities, creating job opportunities and community living;
- maintaining environmental resource;
- brownfield sites back into use, based on site acquisitions by SEEDA and English Partnerships.

## BUSINESS REVIEW

Planning and development consultants have been appointed to masterplan a new mixed development with access to water and integrated with East Cowes town centre. In the interim, SEEDA has been letting the buildings facing the river under the banner 'Venture Quays'. NEG Micon, wind turbine manufacturers, has taken space and has recruited and trained 70 extra staff. Over the next six months they are looking to recruit a further 100. Offshore Challenges, a management company for extreme sports will be relocating to the site bringing 30 jobs.

A promotional highlight on this development was the launch, attended by Ellen MacArthur, at the Southampton Boat Show of the 'Team Cowes' boat race in the famous trans-Atlantic Transat Jacques Fabre race.

In May 2003 SEEDA acquired the 12.5 hectare **Woolston Riverside** site in Southampton, the former Vosper Thornycroft Shipyard which lies within an identified Priority Regeneration Area and one of the region's most deprived wards. This year, SEEDA has made excellent progress with English Partnerships and the City Council in masterplanning the site, having appointed the Richard Rogers Partnership to carry out the first studies and lead the public consultation.

**Ropetackle, located in Shoreham-by-Sea**, is a major SEEDA-led regeneration programme with Berkeley Homes which will produce a mix of residential, commercial, retail, leisure and community facilities, all meeting the highest design and architectural standards. This 2.5 hectare site was predominantly derelict with fragmented ownership and a history of failed private sector investment. Following SEEDA's acquisition a robust framework for regeneration has been produced – key to this is genuine joint venture and long term visioning for the area. There are three key successes this project has achieved this year following finalisation of the partnership with Berkeley Homes:

- Excellent Eco-homes rating was achieved on all properties for sale including affordable housing.
- The developers have included solar panelling as a base specification meaning environmental sustainability has been taken on board without extra cost for buyers following SEEDA's lead.
- The development will integrate an Enterprise Gateway providing opportunities for business – the optimum position for which was identified through the masterplanning process.

**Chatham Maritime** is SEEDA's largest development project and a long standing example of substantial commercial housing development. Highlights from the year include:

- The opening of the show house at the Anchorage and the start of work on the second phase of the Fishing Village as part of the residential strategy for St Mary's Island to develop large-scale speculative housing schemes built to a very high standard and Eco-homes rating.
- The disposal of land and buildings to the University of Greenwich has been agreed. This will facilitate major expansion of higher education through the joint Universities of Kent and Greenwich initiative in Medway.
- A planning application has been submitted for the mixed-use scheme of bars,

cafés, restaurants and 300 new homes adjacent to Chatham Maritime Marina at Basin 3.

- Kent Police have submitted plans for its new 8,275 sq m Medway Area HQ building.

### Excellence in Design

The promotion of excellence in design is integral to all development in which SEEDA is involved. Some key examples of activities this year are:

- **Oxford Prison and Castle.** These high profile initiatives are flagship demonstration conservation projects producing a mixed-use scheme. Both projects have now entered the construction stage and several major contract packages have been let this year including Bar Ha Ha's and Malmaison who will locate a luxury hotel in the former prison next door to restaurants and bars. Part of the 12<sup>th</sup> Century Castle will form an Education and Interpretation Centre to be operated by the Oxford Preservation Trust.
- The **Creating Quality Places** Programme is a demonstration project led jointly by SEEDA and the Princes Foundation that focuses on building capacity and promoting the Urban Renaissance agenda. The two trial projects in Aylesham, Kent and Leigh Park, Havant led a new community enabling process in local Masterplan development based on the English Partnerships Enquiry by Design model.

### The Kent Coalfields Regeneration Programme

This major programme involves community regeneration and recovery of almost 190 hectares of brownfield industrial land in East Kent for four former colliery sites: Betteshanger, Snowdown, Tilmanstone and Chislet.

- To complement the regeneration of Snowdown new community workshops at Aylesham have been developed which provide 950 square metres of incubation space for start-up businesses. These were officially launched in November 2003 along with a statue dedicated to the miners.
- At Betteshanger SEEDA proposes to combine business uses with environmental conservation and recreation. The scheme has been developed in close consultation with the local community, gaining their widespread support. Infrastructure works have now started and comprehensive redevelopment will be completed by mid 2005.

During the year, the House of Commons Housing, Planning Local Government and the Regions Select Committee launched an inquiry on the National Coalfields Programme. It commended SEEDA's work in drawing up masterplans, developing forums to ensure community input, investment in training and other programmes to maximise local benefits as being highly effective.

### **Small Rural Towns**

Building on its successful Market Towns Programme, SEEDA has developed a new programme to support small rural towns across the region with a commitment to spend more than £7 million over the next seven years. Small rural towns provide centres for jobs, business and skills development, education and leisure activities for the surrounding villages and countryside. Thriving small towns are essential for the well-being of rural areas and the Programme takes forward a key objective of the Regional Economic Strategy. The Programme was developed with the regional body representing small towns – the SEEDA funded South East Rural Towns Partnership, and it builds on the successful existing programme that already supports 11 towns in the more deprived parts of the region.

Within the established Market Towns Programme, an excellent example of what is being achieved is the Lenham Community Centre, which opened in February of this year combining:

- A community learning centre;
- A business training and conference suite;
- A landscape and environmental interpretation space;
- A tourism/visitor office driven by local volunteers.

The Centre has already proved to be a great asset with the whole community using it regularly for community events, weddings, classes (keep fit, health etc) and meetings. One of the biggest successes of the project has been the involvement of the local community – more than £100,000 was raised by local fundraising for the Centre illustrating the extent of local commitment to the project.

### 3.2.4 Effective Infrastructure

#### Brownfield Land

SEEDA has continued to make excellent progress contributing to the target of bringing brownfield land back into use through its direct delivery programme remediating a total of 67 hectares in 2003-2004. Furthermore, SEEDA has integrated economic and environmental sustainability and community issues into physical development, using direct brownfield land remediation as a tool to this end.

Part of this role includes brokering relationships between key parties to achieve comprehensive mixed-use development rather than solitary site remediation. As set out earlier in this Report, SEEDA is successfully working with partners to develop several flagship mixed-use sites across the region that will direct investment and development to brownfield land.

#### Regional Transport Projects

SEEDA has made substantial progress in securing European funding to lever additional funds into regional transport and urban development projects. The focus is on transport bottlenecks, sustainable community growth plan areas and international passenger freight links. SEEDA is leveraging potentially £13 million of additional funding into these projects which include:

- The High Speed Train (HST) Network, which focuses on the UK's first and only high-speed train link from London to the continent and the development opportunities around transport nodes offered by new international passenger stations;
- The 'Freight Intermodality and Exchange Sea and Straits in Europe' project (FINESSE), which deals with the intermodal shift from freight and re-introduction of rail ferries between Kent and the continent.

SEEDA has successfully helped to bring a regional dimension into all these projects to ensure they knit with the wider requirements of the South East and are profiled as delivering priority regional economic and sustainable objectives.

SEEDA has also worked closely with other regional partners in the Solent and the Reading areas to facilitate the implementation of the two of the most important regional transport hubs and gateways as identified in the Regional Transport Strategy.

### **Broadband**

SEEDA's Wired Region activities aim to stimulate demand and increased take up of Broadband through promoting its benefits to business, improving the physical infrastructure and co-ordinating and collaborating with commercial and public sector partners.

During the last year, SEEDA has worked closely with community projects to raise the profile and take up of Broadband at a sub-regional level. It has also established a network of Broadband contacts within each local authority and an award-winning community toolkit that demonstrates the importance of Broadband for rural and remote areas. These activities have accelerated the rate of Broadband take up within the region and have created trigger-levels to persuade British Telecom to enable exchanges within the region much faster than originally anticipated.

SEEDA has established the South East Regional Aggregation Board (RAB) to aggregate public sector demand for Broadband and to articulate and promote this demand to service providers. Work is already underway with the NHS, the schools sector and with local authorities to procure cost effective connectivity. Such work will also generate benefits for rural economies, previously seen as too remote or uneconomic for service provider investment in infrastructure.

SEEDA has championed the Oak Grove Millennium Project in Milton Keynes. This is a £300 million development that will see 1,700 new homes constructed with Broadband links.

### 3.2.5 Sustainable Use of Natural Resources

#### Sustainable Food and Farming

SEEDA has worked to develop the Action Plan for the South East to deliver the Government's new policy on Sustainable Food and Farming. SEEDA has been identified as the lead body in five of the nine key priorities for the region and a supporting role for two others. SEEDA has aligned its work to support the land-based sector to meet these objectives.

For instance SEEDA is supporting the development of local produce across the region, including support to a regional sector group – the South East Food Group Partnership - for marketing and training, and to five local county-based clusters of local businesses and a cluster to support the red meat industry. The latter has developed the work that SEEDA started with livestock farmers after the Foot and Mouth outbreak.

#### Farm Diversification

More than 32% of the region is designated as Areas of Outstanding Natural Beauty (AONB). These quality landscapes are a key economic asset for the region, attracting people to live and base their businesses here as well as attracting millions of visitors. Farms and land managers are the people who maintain this precious asset and the need to diversify their activities has been part of their business development for several years. SEEDA continues to support farmers to make use of their redundant buildings and earn more income. More than 20 new Farm Diversification Grants were approved during the year.

#### Regional Forestry Statement

SEEDA, working with the Forestry Commission, has helped develop a draft strategy for woodlands in the region. The South East has the four most wooded counties in England and woodlands make up a very significant proportion of our Areas of Outstanding Natural Beauty. The Statement is now out for consultation and key stakeholders now need to agree the key priorities to be taken forward.

### **Integrated Resources Management (Waste)**

SEEDA's Waste Market Development Group was formed to harness external expertise to advise SEEDA on how it can best develop and promote opportunities for materials recovery, re-use and recycling, especially through developing new uses for waste materials and stimulating demand for recovered materials and recyclate. Within the framework of integrated resource management, the Group has promoted, and SEEDA has funded, a range of initiatives, including:

- a key contribution to a demonstration Resource Recovery Park in Hampshire;
- developing a template for the collection of good quality data (sorely needed for forward planning) on commercial and industrial waste;
- a study to address the barriers to the use of recovered and recycled materials in the construction industry;
- the development of a Waste Accreditation scheme for the construction industry;
- funding contributed to the 'mass balance' study of the South East, which has produced the first assessment of the 'ecological footprint' of the South East (launched November 2003).

SEEDA has also been working with the region's waste planning authorities to develop the integrated resource management concept, and is working with the London and Eastern region RDAs and their respective 'ReMade' projects, to encourage the use of recovered and recycled materials, especially through influencing procurement, in the Thames Gateway.

SEEDA has recently assumed the policy lead on waste on behalf of all RDAs, which has opened up opportunities for direct influence on national policy on waste and related resource management issues.

### **Energy**

SEEDA is working with partners to promote and deliver improvements in energy efficiency, increased use of renewable energy, the greater deployment of renewable energy facilities in the region, and the development of the region's renewable energy sector. SEEDA is a key member of the South East Renewable Energy Partnership, and took a full part in the development of the South East England Regional Assembly's Energy Efficiency and Renewable Energy Strategy for the South East. While SEEDA has been reviewing its own energy-related priorities for the region, it has contributed to a range of projects, including: support for Bracknell Town Centre (Energy) Feasibility Study, support for use of renewable energy in the redevelopment of 'The Living Rainforest' project; partner support for the South East Renewable Energy Conference; a range of woodfuel-related initiatives, and a project to investigate the potential for the ground storage of energy (geothermal) in buildings. SEEDA has received funding from the Carbon Trust to employ a Regional Manager to deliver the Trust's Action Energy and Low-Carbon Innovation programmes to business in the region. SEEDA has also entered dialogue with a range of organisations, addressing topics which include the 'hydrogen economy', offshore wind (especially in the Thames Estuary), and the potential for marine and tidal energy in the South East.

SEEDA has the policy lead on Energy on behalf of all RDAs, which has provided opportunities for direct influence on the development of national policy. SEEDA represents the South East region on Renewables UK's Renewable Energy Focus Group, and represents all RDAs on the DTI's Regional Energy Group, which feeds into the Government's Sustainable Energy Policy Network.

### **Sustainable Construction**

SEEDA's 'Sustainability Checklist for Developments in the South East', promotes sustainable construction to raise the standards of sustainability performance in building developments and infrastructure across the region. Launched in July 2003, the Checklist has been very well received and has been successfully piloted in a wide range of organisations. Piloting has been followed with a region-wide Training Programme; feedback from piloting and training will inform the preparation of a revised version of the Checklist, to be produced later in 2004 and, with DTI support, to be promoted in other regions.

### **Climate Change**

SEEDA is a key member of the South East Climate Change Partnership, and has hosted the Partnership Office since 2002. As a contribution to the Partnership's research programme, a SEEDA commissioned study of the likely impacts of climate change on key sectors in the region, has provided a basis for engaging directly with businesses on adapting to climate change.

### 3.2.6. Working with the South East England Regional Assembly

#### Co-operation on Strategy Development

SEEDA works closely with the South East England Regional Assembly (the Assembly) to formulate regional strategies and plans. This year we have contributed to the Integrated Regional Framework (IRF) and the initial work in preparing the South East Plan. SEEDA officials are represented in all advisory groups of the Assembly and provide expert advice ensuring the Plan's consistency with the Regional Economic Strategy (RES) and the wider economic development agenda. The two organisations have jointly commissioned and undertaken a number of research projects to underpin these strategies.

#### Reporting on SEEDA's Progress

SEEDA is accountable to the South East England Regional Assembly and SEEDA has reported regularly on progress to the Assembly's Executive Committee. SEEDA staff participate in all the Advisory Groups of the Assembly in its work as the regional planning body. Assembly Members participate in SEEDA Board Advisory Committees.

#### Scrutiny

During the year the Assembly developed its processes for scrutiny of SEEDA's performance, using Select Committees to investigate issues of interest to its Members. Three Select Committees reported or largely took place within the year:

- SEEDA's impact on Culture and Regeneration;
- SEEDA's impact on Learning and Workforce Skills;
- SEEDA's impact on Inward Investment.

Select Committee recommendations are followed up and new issues for scrutiny identified in a new Board level Liaison Group, set up in 2003, which meets three times a year.

This Group, led by the chairs of the Assembly and SEEDA, supported by their Deputies and others as appropriate, is also a valuable forum for informal discussion of key strategic issues.

#### SEE-iN

The South East England Intelligence Network (SEE-iN) is an informal network of regional organisations, chaired by the Assembly, that performs the functions of a regional observatory for the South East. The network launched the SEE-iN Portal on 1 May 2003, to provide access to key regional data and intelligence to support policy development and decision making in the region.

### 3.3 Financial Review

SEEDA is mainly funded by central government via the Department of Trade and Industry (DTI) as the sponsoring department. The funding resource for RDAs is indicated in the Treasury three-year Expenditure Spending Review (presently the SR 2002). A single pot funding formula is applied by the DTI, which provides the total allocation of the annual resource – including direct grant in aid, a share of pooled capital receipts, and central contingency fund. In addition, each RDA is allowed to retain extra capital receipts achieved above the pooled amounts. The DTI resource allocation is provided in a 'single pot' including the known ring fenced amounts for the Regional Selective Assistance, Broadband, and Regional Centres of Manufacturing Excellence programmes.

The use of the contingency fund is however still ring fenced, for example SEEDA received funds to support the set up of the Regional Aggregation Board Partnership.

Apart from the DTI resource allocation described above, SEEDA acts as an accounting body for a number of funding streams. These include the Kent Coalfields Programme, which is administered by SEEDA on behalf of English Partnerships, plus the European Social Fund, INTERREG and the new Sustainable Communities Fund, recently announced by the Deputy Prime Minister.

It is important the spending commitments do not exceed the indicative level of funding as laid out in the Treasury Spending Reviews as notified by the DTI, without an agreed funding stream. This is necessary because many of the grant-funded initiatives undertaken by SEEDA are more than a year in duration. Commitments entered into by SEEDA are below the level of indicative future funding.

The capital structure of SEEDA is by way of a reserve of net balance sheet assets, mainly funded by the DTI annual resource allocation. The attached audited Financial Statements provide more information about the specific figures for SEEDA as at 31 March 2004. The value of net Balance Sheet reserves, as at 31 March 2004 is £103.4 million. There is an increase of the reserve from last year mainly as a result of development site acquisitions.

During 2003-2004, SEEDA received and applied a resource allocation amounting to £140.3 million, this amount includes grant in aid from Government, payments by English Partnerships for the coalfields and brownfield sites programme and European Community grants drawn down. (SEEDA was not significantly exposed to the Euro and other foreign currency exchange rate transactions during the year). SEEDA can apply the available funds to achieve performance targets and operation requirements as stated in the Regional Economic Strategy, in the Corporate Plan and as reported. To provide flexibility of planning, any allocated resource funding not used in one year is identified, confirmed with the DTI and rolled over into the following year.

## BUSINESS REVIEW

The overall financial control regulations are contained in a document issued to all RDAs each year by the DTI. This document is called the Financial Memorandum and is published by the DTI under authority provided in the RDA Act 1998. Under the Act and as stated in the Financial Memorandum, SEEDA must comply with various constraints including borrowing and lending above given limits, without the approval of the Secretary of State. The accounting policies followed by SEEDA are in accordance with Government Accounting guidance and the international Generally Accepted Accounting Practice (GAAP).

There is a Financial Procedures guidance in operation which includes delegations and is regularly updated. As from April 2005, SEEDA has commissioned a new accounting and financial control system.

# 4 BOARD AND CORPORATE STRUCTURE

## 4.1 SEEDA Chairman - James E. Brathwaite CBE

Jim is Chairman of SEAL Ltd, an environmental company based in Burgess Hill, whose equipment is used to test nearly all the drinking water in the UK. He is also Chairman of three other small businesses in Sussex. He formed Epic Interactive Media in Brighton in 1989, which he built up to become one of Europe's largest multimedia companies, and a listed company, employing 150 staff. He floated the company in 1996, becoming Britain's first black CEO of a publicly quoted company.

Jim is a member of the national Small Business Council, with responsibility for dealing with the Inland Revenue, and of the Government's Export Advisory Committee for the 'Americas'. He is also a member of the Court of the Sussex University, the DTI's Investment Committee and of the UK Trade and Investment's International Trade Development Advisory Panel. He is a Director of the University of Greenwich, and also of the National Business Angels Network Ltd. He was a Director of Sussex TEC Ltd from April 1993, which then became Sussex Enterprise in 1995, and he remained on the Board until December 2002. He was the founding Chairman of Business Link Sussex, holding the post from 1996-2001, and also a founding Director of "Wired Sussex". He was awarded the CBE for services to the Sussex economy in the New Year's Honours 2001. He was also awarded an Honorary Degree from University College Chichester in 2003.

Jim was appointed to the Board of SEEDA in December 2001 and in August 2002 was appointed Chairman.

### 4.2 The SEEDA Board

The SEEDA Board, appointed by the Secretary of State for Trade and Industry, comprises the Chairman and 14 members. The Board is responsible for setting the strategic direction of the Agency and for establishing its policies. With the Chief Executive, the Board ensures that the public funds with which the Agency is trusted are used appropriately to the benefit of the region and deliver value for money in meeting our objectives.

The Board is accountable to the Government and to Parliament. It is also required to give an account of its activities to the South East England Regional Assembly and to consult with the Assembly on the development of the Regional Economic Strategy. SEEDA values this relationship with the Assembly and recognises the Assembly's role as the representative voice of the region.

SEEDA holds a formal record of Members' interests, which is available for inspection at our Guildford office.

SEEDA complies with the standard RDA Code of Best Practice for Board Members.

In addition to the Chairman, James Brathwaite CBE, the SEEDA Board Members are:

Professor Sir Clive Booth	Deputy Chairman
Robert Douglas	Deputy Chairman
Elizabeth Brighthouse	
Poul Christensen CBE	
Sarah Hohler	
Keith House	
Janis Kong OBE	
Mary McAnally	
Terry Mills	
John Peel	
Dr Peter Read CBE	
Phil Wood	
Peter Jones	
Rob Anderson	

Biographical notes of the Board Members can be found on the SEEDA website:

**[www.seeda.co.uk](http://www.seeda.co.uk)**

### 4.3 SEEDA Board Committees

The Board Committees were first reviewed in April 2000 and were subject to a further review following the appointment of the new Chairman. The Committees retain their key role, which is to assist in informing and monitoring the implementation of the Regional Economic Strategy, but a clearer distinction has been established between the 'Advisory' SEEDA Board Committees and those Committees that assist in the management of the Agency. The Board Committee structure is as follows:

#### Advisory Committees

- Business Development
- Economic Inclusion and Corporate Social Responsibility
- Learning and Workforce
- Infrastructure
- Sustainable Development
- Rural
- Social Dialogue Forum
- Joint Europe Committee (joint Committee with the South East England Regional Assembly)

#### Management Committees

- Audit
- Remuneration
- Human Resources
- Major Projects

### 4.4 The SEEDA Advisory Council

The SEEDA Advisory Council provides a forum for harnessing a wider range of experience and expertise to inform SEEDA's strategic thinking. As well as leading influential figures from business, local government and academia, the Council includes individuals from a wider group of stakeholders with an interest in regional economic development such as the police, and religious leaders.

### 4.5 The SEEDA Executive

At the end of the financial year, the SEEDA Executive comprised five main Divisions. The Executive Directors are responsible for driving forward the implementation of the relevant elements of the Regional Economic Strategy and for delivering the programmes through which we support the activities of our partners.

SEEDA is also increasing its emphasis on the links between regional activities and sub-regional strategies and priorities. In addition to their functional responsibilities, four of the Directors therefore have geographical responsibilities, in which they are supported by other staff within the organisation.

Members of the SEEDA Senior Executive including functional and geographic responsibility:

**Pam Alexander** – Chief Executive

**Marianne Neville-Rolfe** – Executive Director, Strategy and Corporate Services, with geographical responsibility for Berkshire, Buckinghamshire and Oxfordshire.

**Charlotte Dixon** – Executive Director, Economic Inclusion and Sustainability with responsibility for Rural issues.

**Paul Hudson** – Executive Director, Development and Infrastructure, with geographical responsibility for Kent.

**Jeff Alexander** – Executive Director, Business and International, with geographical responsibility for Hampshire and the Isle of Wight.

**John Parsonage** – Executive Director, Learning and Skills, with geographical responsibility for Surrey, West Sussex and East Sussex.

### 4.6 SEEDA's Human Resources and Service Standards

#### Recruitment

During the year the Human Resources (HR) Team managed the recruitment and selection of over 70 employees and a number of secondees from partner organisations. The majority of this recruitment was to new posts since staff turnover during 2003-2004 remained low at around 8%. A number of staff moved to new posts within the organisation and a small number undertook secondments to external organisations.

#### Learning and Development

SEEDA is committed to the Investors in People standard as the framework to achieve best practice in managing its people. SEEDA's Corporate Learning and Development Plan for 2003-2004 linked closely to business objectives and emphasis was placed on evaluating the quality of training received and the business benefits. Key investments during the year included continuation of SEEDA's existing management development programme run in conjunction with Roffey Park Institute, a development programme for new and aspiring managers and a programme of Sustainable Economic Development training incorporating area based study tours for SEEDA staff. SEEDA's staff induction programme was also enhanced. The HR Team continued to encourage staff to learn from a range of activities outside traditional courses, for example by providing a range of opportunities for staff to develop through voluntary work.

#### Pay and Pensions

During the latter part of 2003-2004, SEEDA developed a new job evaluation process and pay structure to reflect the fact that the Agency had grown significantly in size since it was first set up and required a process and structure which would ensure consistency and fairness in pay policy. Implementation is taking place in 2004-2005.

In February 2004 SEEDA changed payroll provider to Logica CMG.

#### Staff Welfare

In April 2003 SEEDA implemented an Employee Assistance Programme (confidential telephone help line and face-to-face counselling service) run by an external provider for all SEEDA staff and their dependents.

#### Staff Consultation

SEEDA's Joint Staff Council met regularly during 2003-2004 to discuss a range of employee-related issues and training was provided by ACAS for new staff representatives. In February 2004 the Agency ran its second staff survey (the first was run in 2001) to obtain staff views on working for SEEDA.

### **Equality and Diversity**

SEEDA wholly supports the principle of equal opportunities in employment and opposes all forms of unlawful or unfair discrimination on grounds of gender, colour, marital status, race, nationality or ethnic/national origin, religion, sexual orientation, disability, membership of a trade union or atypical working arrangements. To this end, SEEDA adheres to the requirements of the Codes of Practice issued by the Equal Opportunities Commission and Commission for Racial Equality as well as the requirements of the Race Relations Act 1976, Sex Discrimination Act 1986, Disability Discrimination Act 1995, Part-time Workers Regulations 2000 and Race Relations (Amendment) Act 2000.

SEEDA monitors its workforce for ethnic origin and, during the year 2003-2004, 4.7% of its staff identified themselves as being of ethnic minority origin. This compares with an ethnic minority population of 4.9% in the South East region (source: 2001 Census, Office of National Statistics).

During 2003-2004 SEEDA worked with consultants Diversity International to develop an equality and diversity framework for the Agency in its roles both as an employer and as a development agency.

### **Service Standards**

SEEDA is committed to best practice standards of working in all areas. This includes high standards of clear, well written English. All SEEDA employees receive training in customer service and are familiar with SEEDA's published service standards.

SEEDA employees make every effort to answer telephone calls as quickly as possible. SEEDA's Service Standards state that all written requests for information are responded to within 10 working days of receipt unless the sender has set a different timescale for response. Where written correspondence requires a more substantial or complex answer, a response is sent within five days of receipt informing the writer of this and giving an indication of when the response can be expected.

### 4.7 Risk Management

#### Strategy

SEEDA has in place a well established strategy for risk management. The essential features include the following:

- Compliance with the Treasury (Orange Book) guidance.
- Embedded in planning, operational, monitoring and review stages of all SEEDA activities.
- Delegated responsibility to divisions within the agreed strategic framework and procedures.
- Risk management concentrates on achievement of business plan objectives, budgets and output performance targets.
- Linkage to the 10-year Regional Economic Strategy, the three-year Corporate Plan and the annual Business Plan.
- The risk management strategy is embodying a framework document available to all, and including a matrix of the wider risk framework relationships.
- Risks are assessed at project appraisal stage before any commitment is undertaken.
- Risk registers list the identified risks, the accountable and responsible persons.
- Risk registers are reviewed by an Operational Management Group and higher risk issues reported to the Executive Directors, the Accounting Officer and the SEEDA Board as necessary.
- Legal and other professional advice is taken on all significant contractual matters.

#### Policy

Risk cannot and should not be eliminated from SEEDA business and advantage will be taken of opportunities to maximise operational advantage to the achievement of objectives. Every reasonable action will be taken to reduce risk to the organisation, this will be achieved by a combination of risk identification and positive action to manage and/or reduce or transfer risk of undertakings.

### 4.8 Subsidiary Companies

During the last year, SEEDA has obtained permission from Government to participate in one new corporate body under Section 5 of the RDA Act 1998.

- South East Regional Aggregation Body LLP
  - this is a limited liability partnership, initially with the Department of Trade and Industry. Further public sector bodies are expected to join the partnership in due course, namely the regional health and education sectors. The objective is to procure Broadband capacity from the private sector suppliers and obtain financial advantage from economy of scale for the public sector. It is expected the partnership will be financial self sufficient within three years.

A list of all the SEEDA companies is included in the full Financial Statements.

# 5 SUMMARY OF OUTPUTS

<b>Core Milestones</b>	<b>Target</b>	<b>Actual</b>
Jobs created / Safeguarded (net)	2970	2970
Jobs created / Safeguarded (gross)	4000	4002
Jobs through Foreign Direct Investment	1500	1699
Brownfield Land (Ha)	50	67
Learning Opportunities (over 30 hours)	12000	14953
Business Start Ups Created and Sustained for 12 months (net)	74	199
Business Start Ups Created and Sustained for 12 months (gross)	100	451
Private Sector Leverage (£M)	37	37.3

<b>Supplementary Milestones</b>	<b>Target</b>	<b>Actual</b>
Businesses located in / using facilities of incubator units	250	367
Businesses leaving incubator units	50	48
Businesses receiving specialist advice	5860	17968
Businesses active in cluster, technology or learning network	2530	6036
Adults receiving basic skills training	10230	14931
Individuals receiving ICT training	12850	22249
Adults receiving higher level skills training	7600	5515
Individuals and businesses receiving Broadband access	2800	1209





## **PART TWO**

# **ANNUAL ACCOUNTS**

## Summary Foreword

The Summary Financial Statement is only a summary of information in the South East England Development Agency's financial statements and does not contain sufficient information to allow a full understanding of the results and state of affairs of the Agency. For further information the full annual financial statements should be consulted. These are available free of charge from the SEEDA Finance Department, Cross Lanes, Guildford GU1 1YA.

This Summary Financial Statement has been prepared in accordance with the Companies Act 1985 Section 251 and the Companies (Summary Financial Statement) Regulations 1995 (SI 1995-2092) and was signed by Pam Alexander, the Chief Executive and Accounting Officer, on 8 July 2004.

## Principal Activities

During the year, the Agency's principal activities were as follows:

- to further the economic development and the regeneration of the South East;
- to promote business efficiency, investment and competitiveness;
- to promote employment;
- to enhance the development and application of skills relevant to employment;
- contribute to the achievement of sustainable development.

## Business Review

SEEDA is actively involved in the implementation of the Regional Economic Strategy, published in 1999, including accountability plans to develop world class Learning and Skills, Environment, Business, Transport, Rural Economy, Communities and Urban Renaissance for the South East region. The Regional Economic Strategy and the corporate plan determine current and future activities for the agency. The Regional Economic Strategy was reviewed and updated in 2002.

For the financial year 2003–2004 SEEDA made no deficit or surplus.

## **Future Developments**

SEEDA will continue to deliver the objectives as set out in the revised Regional Economic Strategy and Corporate Plan. This Plan builds on the requirements of the revised Regional Economic Strategy and achievement of the outcome targets. The sub-regional priorities have been identified and geographic Area Investment Frameworks have been established, including a special project for the Hastings redevelopment. Approval has been given to create a new company for the Hastings redevelopment partnership. In addition SEEDA will play a major role in the implementation of the recently announced Growth Areas Communities Fund for Ashford, Thames Gateway and Milton Keynes.

## **Post Balance Sheet Events**

Following DTI approval, Hastings and Bexhill Renaissance Ltd was registered at Companies House on the 6 May 2004. This private company is 100% owned by SEEDA and is limited by guarantee. It will be used to facilitate urban regeneration in and around Hastings and Bexhill.

East Kent Spatial Development Company (an 80% SEEDA owned company) signed a contract on 14 April 2004 with EDF Utilities to develop an area of land in Central Thanet and Sandwich Corridor. A European ERDF grant to cover some of the costs of this project has also been agreed.

Board Membership and Directors - For a list of Board Members and Directors see pages 57 and 60.

**Income and Expenditure Account for the Year to 31 March 2004**

	2004 £'000	2003 £'000
<b>Income</b>		
Government and other grants released	115,501	84,467
Proceed from disposal of assets	5,089	5,148
Other income	4,042	2,872
<b>TOTAL INCOME</b>	124,632	92,487
<b>Expenditure</b>		
Book Value of assets sold and written off	10,564	11,205
Administrative costs	17,236	14,771
Government grants paid	97,211	66,877
<b>TOTAL EXPENDITURE</b>	125,011	92,853
Operating Deficit	(379)	(371)
Interest received	379	371
Notional Cost of Capital	3,291	3,814
<b>Deficit for the period on ordinary activities</b>	(3,291)	(3,809)
Taxation	0	(5)
<b>Deficit for the period after taxation</b>	(3,291)	(3,814)
Reversal of notional cost of capital	3,291	3,814
<b>Surplus for the period carried forward</b>	0	0

### Emoluments of Board Members

Name	Position	Aggregate Emoluments 2004 £	Aggregate Emoluments 2003 £	Date of Appointment	Date Contract Expires
James Brathwaite CBE	Chairman	73,191	15,933	14.12.02	13.12.05
James Brathwaite CBE	Board Member	0	6,306	14.12.01	Expired
Prof. Sir Clive Booth	Deputy Chairman	15,550	15,208	14.12.98	13.12.04
Robert Douglas	Board Member	10,043	7,604	14.12.01	13.12.07
Dr. Peter Read CBE FRCP	Board Member	7,775	7,604	01.11.00	31.10.06
Elizabeth Brighthouse	Board Member	7,775	7,604	14.12.01	13.12.06
Janis Kong OBE	Board Member	7,775	7,604	14.12.98	13.12.04
John Peel	Board Member	7,775	2,218	14.12.02	13.12.05
Keith House	Board Member	7,775	2,218	14.12.02	13.12.05
Mary McAnally	Board Member	7,775	7,604	01.11.00	31.10.06
Poul Christensen CBE	Board Member	7,775	2,218	14.12.02	13.12.05
Sarah Hohler	Board Member	7,775	2,218	14.12.02	13.12.05
Terry Mills	Board Member	7,775	2,218	14.12.02	13.12.05
Peter Jones	Board Member	2,268	0	14.12.03	13.12.06
Phil Wood	Board Member	2,268	0	14.12.03	13.12.06
Rob Anderson	Board Member	2,268	0	14.12.03	13.12.06
Ken Bodfish OBE	Deputy Chairman	11,015	15,208	06.01.99	Expired
Ken Thornber CBE	Board Member	3,240	7,604	14.12.01	Resigned
Barry Camfield	Board Member	5,507	7,604	14.12.98	Expired
Allan Willett, CMG	Chairman	0	40,930	14.12.98	Expired
Caroline Williams	Board Member	0	5,386	14.12.98	Expired
Kevin Wilson	Board Member	0	5,386	14.12.98	Expired
Sarah Ward OBE DL	Board Member	0	5,386	14.12.98	Expired
Winifred Oliver OBE DL	Board Member	0	5,386	14.12.98	Expired

### Emoluments of Chief Executive and Directors

Name	Position	Age	Salary & Bonus 2004 £	Benefits & Pension 2004 £	Aggregate Emoluments 2003 £
Pam Alexander	Chief Executive	50	48,371	8,949	0
Anthony Dunnett	Chief Executive – retired 31/12/03	51	120,369	19,670	161,663
Jeff Alexander	Director of Business & International	48	93,740	17,794	95,134
Paul Hudson	Director of Development & Infrastructure	57	102,554	19,750	105,538
John Parsonage	Director of Learning & Skills	56	92,140	17,793	98,585
Marianne Neville-Rolfe	Director of Strategy & Corporate Services	59	87,525	13,874	96,781
Charlotte Dixon	Director of Economic Inclusion & Sustainability	54	73,287	12,791	36,184

Pam Alexander was appointed from 1 December 2003. The Chief Executive and Executive Directors are on permanent contracts, except those on secondment. The current Chief Executive is a member of the pension scheme - PCSPS. The previous Chief Executive was not a member. His contract entitled him to a payment at a rate which was equivalent to the PCSPS employers contribution. The Chief Executive bonus has to be agreed by the Department of Trade and Industry. The maximum bonus Anthony Dunnett could receive in 2003-2004 was 20% of salary. All other SEEDA staff, including Executive Directors are covered by the annual pay remit, approved by the DTI and the Treasury. Bonuses are determined following reviews based on individual's performance against agreed objectives and competencies. The maximum amount payable for 2003-2004 was 15%. Marianne Neville-Rolfe is on secondment from the DTI. Charlotte Dixon is on secondment from the Department of Transport. The main element within "Benefits" relate to the taxable charge of using a lease car or other travel entitlement.

**ANNUAL ACCOUNTS**  
Summary Financial Statement

**Balance Sheet as at 31 March 2004**

	2003 £'000	2003 £'000
<b>FIXED ASSETS</b>		
Tangible operating assets	2,369	1,759
Intangible operating assets	8	12
Investment assets	5	5
Long term loans	215	309
	<u>2,597</u>	<u>2,085</u>
<b>CURRENT ASSETS</b>		
Stock of development assets	99,783	74,943
Debtors due within one year	9,246	12,008
Debtors due after one year	6,440	4,195
Cash at bank and in hand	10,517	6,915
	<u>125,986</u>	<u>98,061</u>
<b>CREDITORS: Amounts falling due within one year</b>	18,389	15,532
	<u>107,598</u>	<u>82,529</u>
<b>NET CURRENT ASSETS</b>		
	<u>110,194</u>	<u>84,614</u>
<b>TOTAL ASSETS LESS CURENT LIABILITIES</b>		
	6,765	6,537
<b>CREDITORS: Amounts falling due after one year</b>		
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	0	0
	<u>103,429</u>	<u>78,077</u>
<b>TOTAL ASSETS LESS ALL LIABILITIES</b>		
<b>RESERVES</b>		
Government Grant Reserve	103,429	78,077
	<u>103,429</u>	<u>78,077</u>

The certificate and report of the Comptroller and Auditor General on the full financial statements for the year ended 31 March 2004 was unqualified and did not contain a statement made under either section 237 (2) of the Companies Act 1985 (accounting records or returns inadequate or accounts not agreeing with records or returns) or section 237 (3) (failure to obtain necessary information and explanations).

Pam Alexander  
Chief Executive / Accounting Officer  
July 2004

## **The Certificate and Report of the Comptroller and Auditor General to The Houses of Parliament and South East England Development Agency**

I have examined the summary financial statement of the South East England Development Agency (SEEDA), comprising a Summary Foreword, a Summary Income and Expenditure Account, a Summary Balance Sheet and details on Board Members and the Chief Executive and Director's emoluments, which have been prepared in the form and on the basis set out in the Summary Foreword.

### **Respective responsibilities of the Agency, Chief Executive and Auditor**

The Agency and Chief Executive are responsible for preparing the Summary Financial Statements. My responsibility is to report to you my opinion on its presentation and consistency with the full financial statements and foreword.

I read the other information contained in the Annual Report and consider whether it is consistent with the Summary Financial Statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the summary financial statements.

The maintenance and Integrity of SEEDA's website is the responsibility of the Accounting Officer; the work carried out by the auditors did not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

### **Basis of Opinion**

I conducted my work in accordance with Bulletin 1999/6 "The auditors statement on the summary financial statements" issued by the Auditing Practices Board for use in the United Kingdom.

### **Opinion**

In my opinion the Summary Financial Statement is consistent with the full financial statements and Annual Report of SEEDA for the year ended 31 March 2004 and have been properly prepared on the basis set out in the Summary Foreword to the Summary Financial Statements.

John Bourn  
Comptroller and Auditor General  
July 2004

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

**ANNUAL ACCOUNTS**  
**Summary Financial Statement**

**ANNUAL ACCOUNTS**  
**Summary Financial Statement**



## South East England Development Agency

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