

# **SOUTH EAST ENGLAND DEVELOPMENT AGENCY**

## **HALF YEAR REPORT**

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## **EXECUTIVE SUMMARY**

The first six months of 2005/06 have been highly successful for SEEDA. It has been a very challenging period, with a combination of major new initiatives such as the review of the Regional Economic Strategy (RES), the first discussions around the Regional Funding Allocation; nine Local Area Agreements currently under development; the implementation of a new tasking framework; and substantial new responsibilities such as Business Links, Research and Development grants, and new Rural Programmes.

The following sections set out details of some of the results delivered by the Agency under the five headings of our new Corporate Plan for 2005 to 2008. Particular highlights include:

### **Strategic Influencing**

Preparation for, and the launch of the RES review has been a major focus of work across the Agency. Initial feedback and levels of involvement from stakeholders and partners have been very encouraging, supported by the deliberately challenging nature of a number of the issues addressed and the presentations made to support them. In particular, the challenge of sustaining and reinforcing the South East's global position whilst improving the sustainability of our development has raised great interest. A real issue had emerged in the South East about the desirability for those who already have much of further economic growth. The debates preceding publication of the consultation document in November have moved this thinking on into considerable agreement about the needs of sustainable prosperity and ways in which it must be delivered. Over 2000 people attended the events designed to inform the consultation document, many led with us by the Economic Partnerships. Encouraging real debate amongst businesses is a priority for the interactive consultation upon which we are now engage

SEEDA was invited by Government Office for the South East to be a key partner in the development of the fourth block in the Local Area Agreements (LAAs), Economic Development and Enterprise, providing expert advice to the next round of six counties and three unitary areas as they work up the LAAs for introduction in April 2006. There has been a variable level of response and quality in these documents and one of the future challenges will be to transfer the best practice from one area to the others, and to establish a sound template for the future.

### **World Class Innovation**

There have been a number of initiatives at the start of a three year plan to drive up levels of innovation in the South East. One of the key developments has been real business focus brought to the work of SESETAC by the Corporate Plan and the appointment of Dr Annette Doherty, Director of Sandwich Laboratories, Pfizer as Chair. The new online Directory setting out the research strengths of the SE HEIs has also delivered a useful new tool for shaping future collaborations and priorities.

Support for R&D in targeted sectors particularly in high technology and in encouragement to work with Higher Education Institutions is at the core of the

programme to deliver this change. The appointment of twelve Business Fellows, and a wide range of sector skills support will also build on the current base.

The Enterprise Hub Network has continued to develop its networks and strengths in delivering increased outputs and outcomes in support of business development. Whilst satisfaction rates are high (81% of members very satisfied), awareness of certain services was patchy and work is underway to improve dissemination of knowledge across the network. Close links made with Chinese regions under our Global Regions Initiative have lifted this network onto a new plane in this period and we contributed to the Government's response to the Lisbon Agenda, which has become increasingly relevant to the region's approach to a knowledge-based future.

### **Competitive Enterprise**

A key priority for SEEDA in 2005 has been to improve our strategic links with businesses of all sizes and sectors. Business South East is proving to be a valuable forum for bringing top business people together to discuss, for example, the South East Plan and the Regional Economic Strategy. It will also be a channel for setting up wider reaching forums with individual businesses.

The transition of the Business Links from the Small Business Service to SEEDA was extremely smooth with no decline in targets or customer satisfaction – a major success given the financial constraints as well as the change management needed. The focus is now on a 'no wrong door' approach to business support: feedback consistently reports that the complexity and fragmentation of various support measures and advice is one of the major concerns to developing businesses. SEEDA, Business Links and the Learning and Skills Council have set up the Joining Forces initiative, with the aim of making it easier for business to access advice and support. The key driver is to simplify and integrate the ways in which advice and support can be accessed

The Regional Skills for Productivity Alliance (RSPA) has been important in achieving developments in this area including good progress in Action for Business Colleges with seven accredited already. Task groups have been established in a number of areas to support the agreed delivery framework, to stimulate the supply of skills to meet the needs of businesses over the initial period to April 2007.

The network of Sector Consortia is now complete, with new establishments in the Marine, Health Care and Digital Content sectors. The willingness of senior business people in the sector to get involved and help lead the consortia has been a major strength.

The Enterprise Gateway programme and Women's Enterprise initiatives have both taken off, with the publication of the consultation draft of our Women's Strategy and several awards for our Enterprise Gateways. Both are focused on improving the inclusiveness of enterprise opportunities. As the Gateway network has grown stronger and integration with other stakeholders has consolidated Gateways are increasingly seen as a medium to support wider social enterprise issues. Enterprise Insight has provided exciting opportunities to create a stronger enterprise culture by engaging young people in business competitions.

## **Quality Places**

**South East Excellence**, the regional Centre of Excellence has been launched, a virtual centre for best practice and skills in placemaking which builds on the many successful quality initiatives for the built environment in the South East.

A large programme of work continues in the Growth Areas including a focus in this period on the Queensborough and Rushenden area. There has been a major programme of community involvement to create active engagement in the development of plans. A great deal of co-ordination has been necessary with ODPM, Kent County Council and Swale Borough Council etc.

SEEDA's new statutory planning role has led to nineteen planning applications being received and responded to over the six month period, the largest submission being for 4320 dwellings on 222 Hectares of land outside Milton Keynes. This was supported as it aligned with local and regional priorities.

Infrastructure is a critical issue for businesses across the South East and SEEDA has been closely involved in the work of the Regional Transport Board. Work is now underway to address particular issues which could have a significant impact on the future development of the economy in the South East if not addressed. The initial work will seek to address funding and planning alternatives which would allow specific projects to be brought forward alongside the current identified priorities (i.e. Hindhead road improvement).

An international and cross RDA consortium has been brought together by SEEDA to develop a €10.5m European Regional Development Fund project on multi-modal port access, one focus of which is the support for the enhanced rail gauge to allow the new larger containers to be transported by train from Southampton to the West Midlands.

## **Area Based Regeneration**

Work has continued to help partners develop exit strategies from the Single Regeneration Budget (SRB) programme, and to develop the Area Investment Framework (AIF) and Area programmes in the light of the Local Area Agreements which are currently being developed in nine areas in the region, and which will subsequently be rolled out across the region. Coordination and dissemination of best practice has been developed through cross AIF working on impact evaluation and strategic and operational liaison groups.

Capacity building both in the AIFs and in the communities they serve remains at the core of this theme in the Corporate Plan. This has included support for Local Regeneration Partnerships in Kent with encouragement for joint working and support from specialist advisors, including Business Links, to help prioritise projects.

Programmes such as Inspire Isle of Wight designed to raise local aspirations and the Leader + programme to support innovative and exciting projects in the rural communities continue to generate very good and valuable outcomes.

As a new initiative, the Area Programmes in Milton Keynes, Thames Valley and Oxfordshire have developed more slowly than anticipated as strategic priorities have taken time to develop. The sharing of experience and best practice has now been established, and levels of involvement necessary to extract the best value from the programmes is now in place, but they will continue to need close SEEDA support.

Developments in Hastings have continued as planned with the Queensway office development being prepared for construction, to support the growth of the largest private sector employer, General Dynamics (UK) Ltd. Future momentum for the Five Point Plan requires further commitments from central Government, the bid for which has not yet been progressed and will now be part of CSR 2007. Meanwhile, additional funds are being sought from a variety of sources and mechanisms. For example, this 16,000m<sup>2</sup> development of commercial and industrial space is intended to be funded in large part by a bank loan which is currently being negotiated. SEEDA has also made available £19 million to ensure the continuation of the regeneration project to 2008.

### **Operational Performance**

Outputs in the first half of the year are set out in detail from Page 36. Overall the performance has been strong with a number of targets exceeded. However, in the nature of the targets some of this has been due to events beyond SEEDA's control. For instance the Employment Support target has been greatly exceeded, entirely as a result of the Re-employment Unit's success in supporting unexpectedly large groups of workers made redundant in the region.

In some areas performance has been below the anticipated level, in particular in Jobs Created and Regeneration Investment Levered. Performance in those areas is under review to seek to improve the outcome by year end.

One of the targets set, in respect of Support for Achievement of a Level 2 Qualification will be re-targeted as the current level had been set before some details of the Tasking Framework have been set. There was a resulting misunderstanding in the definition of the target which cannot now be met.

There is a programme under way in SEEDA to address feedback we have received internally and externally with regard to SEEDA's policies and procedures. The primary targets are to reduce the lead times on projects by streamlining their development, appraisal and implementation. A 'Lean Office' methodology is being used by a management team from across the Agency to help identify and address issues in this area and others and once the opportunities are clear the Agency will pilot 'Design Immersion' to define new solutions.

Sharper profiles developed from earlier commitment to projects should help to address the rate of spend issues discussed in the Financial Review section, and materially enhance the ability of the Agency to enable it to meet and exceed its efficiency targets. However, the annuality of spend introduced by the lack of ability to trust in end year flexibility is a major backward step.

## ECONOMIC BACKGROUND

The latest estimates of the UK GDP growth in the third quarter of 2005 show that GDP rose by 0.4%, down from 0.5% in the previous quarter.<sup>1</sup> Service sector output rose by 0.6%, followed by 0.4% increase in manufacturing and a fall of output from the production industries by 0.6%.

The latest survey results from British Chambers of Commerce (BCC) for Q3 show that the home manufacturing market in the South East suffered a downturn for both deliveries and orders, though deliveries were still strong in relation to the national average, for instance, +12% of manufacturers report an increase in home sales, down 24 points from the previous quarter but 9 points above the national average.

The export market was more positive, with deliveries remaining stable and orders accelerating, with +32% of manufacturers report an increase in home orders, up 22 points from the previous quarter and 24 points above the national average.

In the service sector, the picture was less encouraging, the export market deteriorated significantly and moved into negative territory. -6% of service sector firms report an increase in export sales, down 20 points from the previous quarter and 13 points below the national average.

The home market likewise slowed, but was still positive, +8% of service sector firms report an increase in home orders, down 9 points from the previous quarter and 5 points below the national average.

The latest independent forecasts from Experian (Experian Business Strategies) show total GVA in the region expanding by 0.32% in quarter two (1.5% on a year ago). In the third quarter of the year, total output growth had accelerated to 0.86% on the previous quarter or 2.1% on previous year (significantly above the national average).

The labour market in the region remained subdued over the past six months, with total employment in the region remaining broadly the same as a year ago.

Between April 2005 and September 2005, claimant count unemployment had increased from 69,700 to 72,800, an increase of 3,100 or 4.4% over the period. The South East had experienced a similar trend to national average, and all English regions had seen an increase in claimant count unemployment over the past six months. Scotland and Northern Ireland were the only parts of the UK experiencing a decline in claimant count unemployment. In spite of a small increase in unemployment over the past six months, the labour market in the region remains rather healthy, with the latest independent forecasts showing a recovery towards the end of the year and early in 2006.

In spite of this, the latest Labour Force Survey (LFS) data indicate that the trend in the employment rate may be starting to increase.

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<sup>1</sup> Quarter three is the second quarter of this financial year

## **CORPORATE PLAN STRATEGIC THEME**

### **STRATEGIC INFLUENCING**

#### **The Review of the Regional Economic Strategy 2006-2016 (RES)**

The first phase of review of the Regional Economic Strategy sought active engagement with South East stakeholders through a series of 16 thematic and sub-regional events launched on 15<sup>th</sup> July, addressing three key challenges: global competitiveness; productivity through 'smart growth and securing increased employment by greater yet participation in the labour market; and sustainability. More than 2000 people took part in these events across the region and in Whitehall. Event feedback and responses since the launch of the consultation have been favourable in terms of the perceived quality of debate, geographical coverage of the region in the engagement phase and the inclusiveness of the RES events. A detailed exercise in gathering stakeholder opinion will be sought during the statutory consultation phase until 17<sup>th</sup> February 2006.

The Consultation Document was launched on 16<sup>th</sup> November at a plenary session of the Regional Assembly and received a broad and warm welcome, particularly for an innovative approach to the definition of three different economic types of sub-region. This approach is being developed further to define growth points around our key cities – 'diamonds for growth' – and the unique assets of the 'string of pearls' that is our coastal towns. A strong theme of the review sees the need for regeneration not as disadvantage but as opportunity. It is backed by a strong body of evidence which is summarised in several companion documents: the Economic Impact Assessment of the RES 2002; the Interim Evidence Base Document and the Strategic Environmental Assessment and Sustainability Appraisal. Ensuring that the new RES, the South East Plan and the region's advice on the Regional Funding Allocation are mutually reinforcing in their priorities is a top priority for the coming six months.

The independent Economic Impact Assessment of the RES was commissioned from KPMG to assess how far the 2002 Strategy met its key objectives and was overseen by a steering group comprising representatives from across SEEDA. The Interim Evidence Base involved data collection from March to August 2005, with data analysis feeding in to the RES "engagement phase" from July to early October. Overall over 150 different indicators have been used in the data analysis at regional and sub-regional level. Qualitative evidence (largely from surveys) has been used to further strengthen the document and to identify those policy pointers which provide a link to the RES consultation document.

The Strategic Environmental Assessment and Sustainability Appraisal of the RES consultation document has been commissioned from ERM to ensure that the consultation document and final version of the RES contribute positively to the sustainability of the South East, and that potential negative impacts of the RES on the sustainability of the region are mitigated

All four documents are being given wide exposure through SEEDA's website, through the issue of a printed version and through a planned schedule of presentations to and

discussions with key partners. The new Regional Economic Strategy will be deposited with Government towards the end of this financial year/beginning of next.

### **The RES Leadership Group**

The RES review process has been informed by a “RES Leadership Group”, which met for the first time on 9<sup>th</sup> September. This has brought together the expertise of business, science, higher education, innovation, culture, sport and skills, alongside elected members and economic and social partners from the Regional Assembly. The Group has shaped the direction and content of the consultation document to date. GOSE has been involved and central government has attended this Group as an observer.

### **Regional Funding Allocations**

Initial work was undertaken on the preparation of guidance for Regional Funding Allocations, leading up to the completion of a first draft for consultation produced by GOSE with input from SEEDA and the Regional Assembly in early November. SEEDA’s Board is the regional Board responsible for the economic development element and has a close interest in the transport and housing elements. SEEDA’s Chief Executive sits on the Steering Group while SEEDA’s Director of Strategy and Sustainability attends the working group. The coincidence of this work with the development of the RES has been particularly challenging in terms of resources and coordination, however feedback suggests that SEEDA has still managed to make a substantial and valued contribution.

Early work has been informed by the emerging Regional Economic Strategy. The identification and mapping of economic areas within the South East has been commented upon as to be being valuable to partners. The ability to hold the region together on considered prioritisation of top priority projects within greatly constrained budgets is still being tested but the initial stages have had coherence and a practical and radical approach to options for delivery.

### **Business South East**

Business South East was established early in 2005. One objective is to provide strategic, coherent and persuasive business input to influencing Government policy and investment programmes. The focus of Business South East in the first part of this year has been to capture their early views on the initial thinking by SEEDA on the review of the Regional Economic Strategy and the South East Spatial Strategy (South East Plan), which was discussed at a meeting, held on 14 June. Hope and expectation amongst Partners is that this will prove to be a powerful voice for business in the region and beyond.

### **Local Area Agreements**

During 2004-05, SEEDA worked closely with the two initial Local Area Agreements in the South East (Brighton & Hove and Kent), with SEEDA’s Chairman and Chief Executive sitting on the Kent Public Service Board. This has continued during the first



half of 2005-06, with SEEDA's Area Teams providing close support (including secondment of staff to the Kent Local Area Agreement).

Building on this early progress, SEEDA has been involved across the second round of LAAS and was invited by the Government Office for the South East to lead and coordinate the development of the new 'fourth block' (Enterprise and Economic Development) by the 6 Counties and 2 Unitary Areas as they work up Local Area Agreements for introduction in April 2006.

SEEDA's Area Directors have worked closely with individual areas, advising and shaping the initial submissions that were sent to GOSE in September. A particular focus has been to encourage and equip Economic Partnerships to play a more effective part in this process by bringing business perspectives and an understanding of economic development issues to bear. The quality of initial submissions under Block 4 has been mixed, but feedback from partners and GOSE reports that SEEDA's involvement has been very beneficial.

### **Sustainable Development**

A key area of activity has been in seeking to embed the principles of Sustainable Development into regional strategies, including the Draft South East Plan the development of the RES; continuing input to the development of the Integrated Regional Framework (IRF); and ongoing contributions to the delivery of the Regional Waste Management Strategy and Regional Energy Strategy.

SEEDA has continued to lead and engage broadly with external partnerships to promote best practice and behaviour change in business and other sectors. Significant activities on the first half of this year have included the establishment of the South East Sustainable Energy Partnership, ongoing refinement and wider dissemination of the Sustainability Checklist for Developers, the 2005 Waste Summit, and the South East Water Resources Forum's focus on water efficiency.

SEEDA has also offered financial support for research, 'flagship' and best practice demonstration projects in the areas of waste, water and energy, including an anaerobic digestion scoping study.

The forward plan includes closer working with developers on sustainable construction to continue to support more sustainable developments than would otherwise be the case; earlier engagement in key schemes would improve the opportunities for influence. There is still progress to be made on the adoption of whole-life costings and in articulating a specific SEEDA policy for Sustainable Construction across the region.

### **Economic Partnerships**

The Economic Partnerships have been encouraged to continue and develop their role in enabling the business sector to contribute actively to the economic development agenda. Many provided a high level of support during the initial RES Consultation. In particular,

Hampshire Economic Partnership took a strong lead on the SE Plan, holding a series of meetings for businesses to explain the process and draw in views, which led to a very good quality discussion with substantial business presence at their RES event.

### **O2C (Oxford 2 Cambridge) Arc**

A review of the O2C Arc and its future re-launch has been instigated by SEEDA Milton Keynes, Oxfordshire, Berkshire, Buckinghamshire (MKOBB) team. It has now been re-formed with much stronger commitment from East Midlands Development Agency (EMDA) and East England Development Agency (EEDA) and the surrounding Economic Partnerships in Bedfordshire and Northamptonshire. At SEEDA's request the cross regional partners have agreed to undertake a comprehensive research assignment to baseline indicators and suggest policy recommendations.

### **Europe and ESF**

SEEDA's ESF Co-financing programme has continued to deliver, with the research projects contracted in March 2004 coming to an end and the delivery projects passing the halfway point. Despite the programme being only 42% committed at this stage outputs are ahead of profile in most areas. A regional mentoring project for businesses in high tech knowledge based industries aims to support 250 newly started Small Medium Enterprises (SMEs) and 20 entrepreneurs. They are well on the way to meeting their SME target and have found a much higher number of entrepreneurs seeking support than anticipated.

An interim report from the Greenwich research project into gender and the labour market in the South East was the focus of a well-attended conference at the University of Greenwich and was mentioned in *Jobs for the Girls*, a report by the House of Commons Trade and Industry Committee. The findings of the Healthy Working Centres project continue to feed into SEEDA's growing flexible working agenda which will be progressed by a cross functional team in SEEDA.

Good progress was made in taking forward the **Grow** initiative - a €7.5 million Interreg IIC project developed by SEEDA as lead partner in collaboration with the South East England Regional Assembly and the Environment Agency. The programme aims to achieve balanced, sustainable and economic growth across a network of five high growth regions in Italy, Spain, the Netherlands, Poland and England.

Between 18-25 projects will be approved for the duration of the programme with an aim to support strategic co-operations in:

- **Green Growth** – Environment
- **Business Growth** – Business cooperation, innovation and entrepreneurship
- **Inclusive Growth** – Employment and social inclusion

Work in the first half of the year laid the foundations for a successful first call for projects which ended in November with the approval of eight projects.

## **CORPORATE PLAN STRATEGIC THEME**

### **WORLD CLASS INNOVATION**

As lead RDA SEEDA is closely involved in the developing national strategy and priorities for Science and Innovation within the framework of the 10 Year Plan, working with the Funders' Forum, the Technology Strategy Board and the RDA working group RIST and network of Science and Industry Councils, as well as with OST and DTI. This year is year one of a three year plan for innovation in the South East. Over the next three years we plan to pilot a number of approaches to drive up innovation in the South East and bring business and the knowledge base together to share ideas and development.

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

RDAs continue to collaborate on sharing good practice at working level. In the South East this work is led by the South East Science and Industry Council the **South East Science, Engineering and Technology Advisory Council (SESETAC)**. Recently SESETAC have appointed a new chair, (Anne Doherty, Vice President of Pfizer) and the council is working well. SESETAC is now moving to implementation and strategy and has identified 3 priority themes to work on: emerging technologies for knowledge transfer, innovation support and SET skills. A member of SESETAC oversees work in each of these themes.

SEEDA is now focusing collaborations on a small number of technologies linked to those highlighted by the Government's Technology Strategy Board and where the region has unique strengths and capabilities (nanotechnology, complex systems and extreme environments, technologies underpinning the healthcare sector, and sustainable technologies for energy and the environment.). Support will focus on and fund activities intended to speed up the commercial application of emerging technologies. This period has seen the launch of the **emerging technologies programme** with a flagship project on the nanotechnology theme now underway and development of three knowledge networks.

SEEDA has funded a Nano and Micro expert, Dr Jason Wiggins. As a direct result of his work, a further £3m has been received from the DTI this year for three Nano projects. A project was also agreed with University of Oxford that will lead to an investment of £900k for the fitting out of state of the art laboratories at the Begbroke Science Park, for Nano, and Microtechnology companies.

**Support to companies seeking to innovate will be delivered in several forms.** A pilot for **Business Fellows** builds on the model successfully developed over the last 3 years in London by the London Technology Network and to increase the number and quality of interactions between companies and the technology research base in selected HEIs in the South East. The project has successfully recruiting the target number of 12 Business Fellows, with an intensive 3½ day training programme in May attended by the Business Fellows to help them acquire the necessary skills and understanding. The main achievement has been raising industry demand for HE-based knowledge by helping companies understand benefits from a range of knowledge transfer mechanisms and enabling companies to be more efficient in accessing knowledge from London's

universities. The project has now been extended with a further 24 fellows from HEIs across the region being recruited and trained in January 06.

**Grant for Research and Development** was transferred to SEEDA from DTI (Small Business Service). In the first six months of the year, SEEDA focused on the transfer and integration of the scheme with the existing team to create a new 'Business Grants' team. SEEDA established a network of innovative partners and business support intermediaries to increase the quality of grant applications and improve success levels.

A major focus has been to strongly promote the availability of grant funding to R&D small and medium sized enterprises with key partners such as Finance South East, Federation of Small Businesses, Oxford Innovation Trust, UKT&I, Farnborough Aerospace Consortium. Grant applications were fewer and slower to materialise than anticipated in the first six months of this year for several reasons including last year's change in strategy from 'rolling application' to 'competitions. However, applications are much higher quality and our success rate has continuously increased to the current 58% from 2004-05 12% (competition basis) and 2003-04 of 44% (application basis).

**The Innovation Advisory Service is underway, with** a team of 7 Innovation Advisors based in the region in formation. These advisors will be industry experts, each with different sector experience. The Project is now contracted, interim advisors have been identified and are being trained, and a marketing plan is in development.

**Projects focussing on skills for leadership and management essential to innovation are also underway.** Two Student Entrepreneurship Events were held across the region to raise awareness among undergraduates and graduates of the benefits of starting a business, with a third, week-long residential entrepreneurship programme for those wishing to develop confidence and competencies to take entrepreneurship opportunities further.

The Business Owner Managers – Skills for Success (BOSS) programme to improve business survival rates by increasing the skills and knowledge of owner managers of new and early stage businesses has continued. At the heart of the process was the Small Firms Enterprise Development Initiative standards, which has been accredited by the Qualifications and Curriculum Authority (QCA) and awarded by Edexcel as an NVQ 3 in Business Start Up. So far 378 managers have been trained.

**The new PoCKeT** fund offers repayable awards of up to £30k to innovative SMEs or entrepreneurs to undertake collaborative work with a Higher Education partner at the proof of concept phase of commercialisation. Activity to date includes eight awards over twelve months. PoCKeT has received a significant amount of interest and a large number of enquires. We are responding to the success by substantially increasing the fund. Feedback from SMEs, HEIs and others strongly suggests that the level of funding (£30,000) is appropriate and the structure of the fund supports the proof of concept stage of development.

The **Research Expertise Directory (SEE RED)** was developed by the University of Sussex to understand the strengths and excellence of the science base across the South

East and to identify those more vulnerable areas for further action. Areas of research strengths were mapped against the South East's business sectors, DTI Technology Strategy themes and Higher Education Statistics Agency (HESA) disciplines. The tool is an effective way for businesses both in the UK and the rest of the world to locate and select a Higher Education Institute (HEI) to work with on collaborative projects. It is also invaluable for businesses locating in the region to find good quality graduates to employ.

### **Sector Development Skills**

#### **Regional Skills Brokerage Model:**

Within the **Regional Skills Brokerage Model**, the three key partners established supporting structures, including the Workforce Development sub group providing strategic direction and the Implementation Group to operate as an active network developing the building blocks. A regional portal has been built to capture data on skills support offered across the South East, and Service Level Agreement and lead handling protocols have been created and agreed at regional levels.

SEEDA has entered into a new regional partnership with **Science Engineering Technology Network (SETNET)**, the national organisation whose purpose is to help stimulate the interest of young people in science, technology, engineering and mathematics (STEM). SETNET has recently appointed Regional Directors to co-ordinate this work. SEEDA are facilitating partnerships between industry Further Education (FE), Higher Education (HE), and schools to address the whole continuum of SET skills and at all levels. Sir Gareth Roberts, Chair of SETNET, has asked us to pilot ways of getting the best out of science initiatives in schools, including work with teachers, to inform Lord Sainsbury and the science strategy.

#### **Manufacturing Advisory Service – South East (MAS-SE)**

SEEDA has built its new **Manufacturing Advisory Service – South East (MAS-SE)** Phase II programme (commenced in July 2005) around the core national MAS programme and aligned its offerings with the needs of the South East manufacturers specifically. SEEDA's role in developing MAS-SE programme has been evolving from a "delivery partner" model to a "broker" model. SEEDA has brought together consortium stakeholders: SMEs, the major manufacturers, and the delivery partners to ensure that genuine best practice is offered to manufacturing in the South East and that sectors gain maximum leverage from the lean offering.

### **Wired Region**

**SEEDA's Wired Region initiative**, was initiated last financial year with Broadband Partnerships set up in Hampshire, West Sussex and East Sussex. The project has been broadened this year to include Partnerships in Berkshire, Surrey and Oxfordshire. Partnerships have been successful in raising matched financial and other contributions equal to or exceeding SEEDA's funding support.

## **Enterprise Hubs**

The **Enterprise Hub Network** (EHN) has now been working to its joint business plan for eighteen months; this business plan is now under review, led by the Enterprise Hub Directors. Examples of particular successes in the individual hubs in this period include:

Canterbury Enterprise Hub - The Automatic Number Plate Recognition (ANPR) data centre solution that the company developed in association with Kent Police was launched in October 2005 and has assisted with a national strategy for the commercialisation of ANPR – thereby reducing crime and increasing public safety.

Reading – Reading Hub’s life sciences sector group (Thames Valley Life Sciences Network) is rapidly developing and is delivering additional services to its member base including specific educational workshops, e.g. intellectual property for life sciences businesses.

Eastbourne – A series of lunchtime workshops combined with ‘Engineer Your Business’ (with University of Brighton) have proved effective at engaging businesses locally and helping to expand network activity.

A recent survey undertaken by the Work Foundation showed that overall 81% of EHN Portfolio members were very satisfied with the support they had received in relation to their business activities. However, the survey also concluded that levels of awareness for certain services were low in areas, particularly among wider network members. We will be seeking to address this in the near future.

## **Global Regions: Inward Investment**

Full advantage was taken of the opportunities created by the visit by the Chair and CEO to China in February (including the signing of a Memorandum of Understanding with Shanghai Foreign Economic Relations and Trade Commission). For example a further MOU was signed in June 2005 with the Beijing Municipal Bureau of Industrial Development. Together with the Shanghai MOU, this will allow SEEDA to collaborate on a broad range of economic development programmes increasing the region’s competitiveness in this fast developing global market. Tangible results are already being delivered both in business interest and research collaborations.

The Inward Investment team has assisted fifteen international companies to create a projected 977 jobs over the next three years. This has exceeded the half year target of 765. This was primarily due to one large investment from Chinese company, Huawei Technologies, who are expanding their operation in Basingstoke to create an extra 750 jobs over the next three years. This is the largest mainland Chinese investment in to the UK to date. These jobs will be recognised as outputs when they are filled.

In this period SEEDA developed plans to bring together its International Team with the UKTI regional team to achieve a single team reporting to both SEEDA and UKTI. The Head of Investor Development has recently been appointed Chair of the National Investor Development Forum which brings together all of the Heads of Investor Development from the RDAs and DAs, as well as representatives from UKTI and DTI's Business Relations teams. This group meet quarterly to formulate/influence national policy on investor development and to share best practice. For example, this Forum is developing a pilot programme to encourage joint working between RDAs on a number of major foreign owned companies that have operations across a number of regions. UKTI will be co-ordinating this activity for the pilot, as well as providing input from partner companies through Embassies and Consulates overseas. Six companies have been identified for the pilot, which will operate from January to December next year.

## **CORPORATE PLAN STRATEGIC THEME**

### **COMPETITIVE ENTERPRISE**

The transfer of the Business Link network and contracts was completed successfully and SEEDA has built on this considerable throughout the first half of the year through leading the Joining Forces programme. SEEDA Chairs the Enterprise Directors Group and has membership of the Business Link Strategy Board and the Business Link Implementation Group. We have been actively involved in issues such as the future of the Performance Management Framework, National Consultants' Register, Brand Guidelines and BL marketing.

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

SEEDA agreed to provide £330k core funding over the next three years to enable FSE to undertake several specific tasks including, deliver the Early Growth Fund (Accelerator Fund) which has been awarded by the SBS to FSE, participate in a bid to establish an Enterprise Capital Fund, establish a Business Angel programme to increase deal completion through regional co-ordination, and work with the region's Business Links to deliver an investment readiness service across the South East.

FSE have already delivered successfully the South East Proof of Concept Fund (a £1m fund awarded from the Higher Education Innovation Fund to support innovation and technology transfer at the Universities of Brighton, Kent, Greenwich (Medway), Portsmouth and Oxford Brookes).

#### **The Regional Skills for Productivity Alliance (RSPA)**

RSPA involves a number of key partners on the supply side, including the Learning and Skills Council (LSC), Job Centre +, Government Office for the South East (GOSE), Higher Education Funding Council for England (HEFCE), Regional Action and Involvement South East (RAISE) and Business Links. A number of key employers and employer's organisations are also represented. The RSPA is also supported by six local Skills for Productivity Alliances which operate in Kent & Medway, Berkshire, MKOB, Sussex, Hants & IOW and Surrey. They are key local bodies aimed at stimulating the supply of skills to meet the needs of local businesses.

In April 2005 the RSPA produced a delivery framework detailing the key areas of activity that the Regional Alliance will take forward over the period April 2005 to April 2007. Recent activity includes:

**Action for Business Colleges (A4BC)** is a joint flagship programme backed by SEEDA and the SE Learning and Skills Council. The programme focuses on improving the responsiveness of FE colleges in meeting the training and business needs of employers. To date there have been seven colleges awarded A4BC status with the hope of thirteen more within the next year.



### **Business Support – Joining Forces**

SEEDA successfully took on responsibility for the Business Link service in the region on 1 April. The prime initial objective of no drop in the quality of service provided was met. SEEDA's ambitious plans for making maximum use of the opportunity to drive up the efficiency and quality of publicly funded business support was taken forward through the Joining Forces initiative also involving the BLOs, LSC, UKTI and GOSE. Joining Forces proved increasingly effective in providing an integrated framework for business support encompassing, for example:

- agreement of higher (in quantity and quality) output targets for the BLOs reflecting efficiency gains achievable through a more integrated approach and delivery through brokerage rather than direct provision of specialist advice;
- increased numbers of referrals of customers between providers in all sectors (“no wrong door”);
- the Skills Advice Service providing quality employer-focused brokerage services across the region;
- new integrated arrangements for the delivery of trade services by UKTI and the BLOs
- a consistent offer to Business Start ups;
- an agreed region-wide ‘Access to Finance’ service through Finance South East;
- the first regional marketing plan to increase take up of business support.

### **Enterprise for the Young**

Includes the following projects:

**Up 4 Enterprise:** SEEDA funded the development of teaching materials that were used to build primary and secondary school children's skills for of enterprise by delivered lessons in emotional intelligence, a competency required for enterprise and employability. After a very successful pilot in Portsmouth the project is now being extended to 50 schools in Hampshire and Kent. SEEDA has influenced the LEA, LSC and local businesses to engage in enterprise learning for school children.

**Project View** provides young people with virtual access to real workplaces. The project has been designed to meet the demand of young people wishing to access an employers workplace. SEEDA has already produced a number of CDs focusing on BAA at Gatwick Airport, Ford Motor Company, Construction, Stoke Mandeville, Coastguard Station (IT), Eli Lilly Pharmaceuticals. Three Enterprise CDs were also developed to support the 5 days of Enterprise Education required by Schools.

### **Basic Skills/Basic Skills NHS**

### **Basic Skills Academy**

There has been a major change of direction in terms of approach to this which is now sectoral. A feasibility study re a public sector health academy is currently underway. The project is now at the scoping stage and is looking at the work of the NHSU and identifying what may be used in the possible new academy.

### **Oxfordshire Skills for Health (OSfH)**

OSfH have been working with stakeholders to develop a model of organisational learning that can be rolled out to NHS and other workplaces across the region. Strategic Health Authority has offered funds to NHS organisations to develop a learning infrastructure for low paid workers. The OSfH work is likely to receive funding through this and will be badged as a Skills Escalator. There will be opportunities to work in partnership with Bucks CC (Get on Board project) and the Workwise project (WEA) under this funding.

**Learning through Work:** The SEEDA Basic Skills Programme has created learning partnerships centred on the low-paid workplace in NHS trusts across the South East Region. These learning partnerships offer a unique opportunity to investigate simultaneously, across a number of sites, how to widen participation in learning, supporting both organisational performance and the skills development of low-paid workers in the NHS. The project is in three phases and is currently in phase one which is gathering practice evidence and expert evaluation to determine what opportunities the low-paid workplace offers for “on-the-job” learning

### **Sector Consortia**

In the past six months the planned Sector Consortia network has been completed. The strength and credibility of the Chairmen and Board members demonstrates that from the outset the Consortia are seen by both the business community and regional stakeholders as champions for priority sector activity and growth.

The past six months has also witnessed some early collaborative activity particularly through Farnborough Aerospace Consortium (FAC) and South East Centre for the Built Environment (SECBE) in terms of coordinating bids to SEEDA for support through ASTREA a national defence and aerospace programme and the more recent GROW Interreg II funded programme that the Enterprise Team is managing

SECBE has set up four working groups, comprising of 30 businesses and 15 stakeholders. The workgroups have met to develop and agree focused action plans to address the sectors agreed priorities. SECBE have also identified a list of 1,450 key businesses to target for engagement and SECBE membership.

### **Enterprise Gateways**

In the past six months the Enterprise Gateway Programme has started to position itself as an access point to wider business support services and programmes delivered by other regional partners and stakeholders.

Achievements have included the establishment of a critical mass of Gateway Directors to the extent that work has commenced on an Enterprise Gateway network business plan along similar lines to that developed by the Enterprise Hub Directors.

Gateways are increasingly being seen as a medium for wider social enterprise issues such as Women's Enterprise with three Gateways currently contributing to a pilot project under the Enterprise Team's Strategic Development programme.

In Newhaven, clients are doing business amongst themselves, supporting other clients, learning from other client's mistakes and building stronger businesses through these effective relationships. Several new Gateway companies have been referred from companies that are already being supported by the Gateway indicating the companies are pleased with the level and quality of support that they are getting.

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

With the Business Link move away from 'delivery' to a 'brokerage' service, SFIE has focused on strengthening the knowledge of SFIE to enable businesses to receive some level of support at application stage from other sources.

SEEDA worked closely with Kent International Airport following the receivership of the airport owners, Planestation, and encouraged the retention of the airport as a 'going concern' and put measures in place to reinstate/support employees made redundant. Grant funding which has provided strategic added value includes the retention of a large internationally mobile specialist call centre in an Assisted Area, which has initiated linkage between the local region and SEEDA with Corporate Social Responsibility. The GKN Aerospace element of the new Composites Knowledge Transfer Network (KTN) has been supported and we have worked closely to maximize and expand upon the current network, interlinking with the East Cowes Marine Cluster and the Portsmouth City Growth Strategy to encompass a wider region of the South Coast.

### **Enterprise Insight**

Our 'Understanding Enterprise' events have been particularly successful learning events for local schools engaging around 60 Key Stage four pupils per event. The business angle is provided through SEEDA's Enterprise Hub and Gateway Networks. In the past six months 12 of these events have been held around the region engaging with over 750 young people and 60 businesses.

In June, a major event was held on the Isle of Wight engaging with the Isle of Wight Economic Partnership and five High Schools. Over a three month period, 60 students were challenged to form competitive teams to race against each other in the 'Round the Island Race'. This included learning and experiencing all relevant business skills: sponsorship, PR/Marketing, budget management, team management, technology analysis, project management etc.

### **Women's Enterprise**

The SE Women's Enterprise Steering Group has been focusing on developing a strategy to significantly increase the number of women-owned businesses in the region, with strategy consultation events to be held in Q3.

Over the last six months, SEEDA has established an excellent relationship with Prowess, the UK association of organisations and individuals who support women to start and grow businesses. We have also published a regional women's business support directory to help women find business support organisations that understand their specific needs. Over 1,000 of these have been distributed to date.

### **Corporate Social Responsibility (CSR) & Sustainable Business**

Significant work has been focussed on the Sustainable Business Awards. Regional entries have now been completed and short-listing of finalists is currently underway. We continue to nurture relationships with businesses and organisations who lead in CSR activity, these include meetings with Microsoft, Slough Business Community Partnership and Business in the Community. A joint RDA meeting is planned for early 2006.

### **Re-Employment Unit**

This is a regional three year pilot project delivered in partnership with Jobcentre Plus South East Region. Performance in the first half of the year has been well ahead of expectations.

So far 269 companies have been supported and 8265 employees. In one particular case, brokers have worked closely with P&O in Dover and Hampshire. In Hants the brokers went out on the boats to and from France to enable them to meet with as many staff as possible. They were able to make presentations to approx 460 staff in all.

### **Rural**

#### **Rural Business Support programme**

SEEDA is working with Business Links to look at the future support for farm business advice for the time in 2007 when the current Defra support ends. A specific project the Community planning database project is acting as catalyst for SEEDA with contributions that are leading to the broader policy development and intelligence for the future by bringing together all the community planning work in one central place.

#### **Rural Skills Programme**

This programme contributes to SEEDA's development of its Leadership and catalytic role with the South East through two significant projects whose activities highlight this activity:

Entrepreneurial Leadership involved setting up twelve employer groups or networks for existing and new rural start up businesses across the region. The networks will enable rural businesses to build and develop management and leadership capacity to improve their productivity. By the end of December, all the groups will have had an inaugural meeting and established objectives for forthcoming months.

### **Rural Local Produce**

SEEDA is continuing to deliver the approved Sustainable Food and Farming Action Plan for the region. (SSFF board) held in August and next in November. The selection and support for specific sector champions within the agriculture industry are being seen as exemplars of good practice. The food programme continues to support brokerage between producers, market outlets and skills providers and research organisations.

SEEDA has provided support for partners' events that influence and reinforce the value of rural enterprise in food production, and maintenance of high quality landscape has raised the profile and understanding of these areas of work amongst policy makers and the general public.

The Red meat project has a role that acts to influence as a broker for the Food standards Agency and Meat Hygiene service, and abattoirs and cutting plants, to facilitate compliance with new regulations and pragmatic enforcement for the industry. The Cross regional partnership between producers and processors is facilitated by Eblex on behalf of SEEDA.

In Marine fisheries, our role has been instrumental in obtaining finance for a regional grants facilitator, and obtaining consensus amongst the industry and DEFRA for a development programme.

## CORPORATE PLAN STRATEGIC THEME

### QUALITY PLACES

#### Sustainable Communities Plan: The Growth Areas

**In the Thames Gateway**, SEEDA has undertaken a masterplanning exercise for the Northfleet Embankment as a basis for a comprehensive planning application. SEEDA's close consultation with Gravesham Borough Council and GOSE, along with high quality background work will hopefully result in a planning permission secured well in advance of the adoption of the Local Development Framework (LDF), enabling early progress against ODPM objectives.

In Dartford, SEEDA is working closely with the private sector to ensure development proposals for redundant sites in the town centre are aligned with the emerging masterplan for the area, building in economic and environmental sustainability issues at the outset. Consultations on the masterplan have begun with key stakeholders such as Kent County Council, the Primary Care Trust, Network Rail and the Environment Agency.

**On the Isle of Sheppey**, SEEDA's resources have been coordinated to ensure a mix of environmental, business, skills and development expertise provides a cohesive regeneration delivery programme. Partnership links with the ODPM, Kent County Council, Swale Borough Council, Swale Forward, Queenborough Town Council and the community are of key importance.

The local community of Queenborough and Rushenden has been fully engaged by developing a masterplan for the area using the "Planning for Real" technique. The objective of Planning for Real is to ensure communities are given a stake in the regeneration of their area, from the very start of the process, to promote ownership and to empower. In total, twenty five consultation events were held with nearly 1000 people attending and generating 5000 responses.

The key to the successful regeneration of the area is much better links into and out of the island; current bottlenecks are likely to be aggravated further by projected increases in the volume of traffic. SEEDA has initiated with partners the submission of a bid to the Community Infrastructure Fund (CIF) for approximately £20m to fund the construction of the Rushenden Link Road to the new Swale Bridge. A final decision is expected to be announced in early 2006.

The 84 acre **Rochester Riverside** project reached a key milestone when the planning applications, submitted jointly by SEEDA and Medway Council were considered by the council's Development Control Committee on the 22<sup>nd</sup> of June. A resolution was proposed to approve both, subject to a comprehensive S106 agreement to ensure that the scheme provides all the necessary facilities for the new community, of about 4,000 people.

At **Chatham Maritime**, work began on Dickens World, a major new leisure development adjacent to the retail centre. The Universities at Medway reached a major milestone with the completion of the Drill Hall conversion into a hearing Resource

Centre to serve the four institutions based at Chatham Maritime. The total development programme is some £50m, of this £23m is being provided by SEEDA and ODPM. The lonely elements of commercial development are now in place with new buildings for MHS Homes and Lloyds of London under construction.

In the **Ashford** growth area, SEEDA progressed the land assembly programme adjacent to the station with the purchase of the former Crouches Garage site. This is a major acquisition to implement the purchase of International House, the comprehensive refurbishment of which is now well underway.

In the **Milton Keynes** Growth Area SEEDA development is led by English Partnerships. SEEDA has continued to support work in central Milton Keynes and the regeneration programmes at Wolverton and Bletchley. Our main involvement is in Aylesbury Vale through membership of Aylesbury Vale Advance (AVA), the local delivery company. AVA has now commissioned a baseline assessment and comparator analysis from external consultants.

### **Strategic Direct Delivery**

Apart from the Growth Areas, SEEDA's physical development programme is concentrated largely on the Coastal towns. South Hampshire is a major focus for activity, with the remediation of the former Vosper Thornycroft shipyard at Woolston in Southampton now well underway, and the developer selection process started in partnership with the City Council. On the Isle of Wight, similar site clearance and remediation programmes have begun at East Cowes and West Medina Mills.

### **Housing and Construction**

Led by SEEDA, the joint RDA Best Practice in Construction document was published in April 05. This included showcasing two SEEDA's initiatives, the Regional Design Panel and the Design Champions Club.

SEEDA is a full and active member of the Regional Housing Board, whose Regional Housing Strategy was submitted to Government in July 2005 if contained SEEDA input such as the inclusion of the sustainable construction agenda, the promotion of good eco design, and the BLAT initiative to increase the supply of small brownfield sites for affordable housing.

### **Statutory Consultee**

Under SEEDA's new role as a statutory consultee, a total of 19 planning applications have been received and responded to over the last 6 months.

The largest submission was for a scheme in Milton Keynes encompassing 222 Ha of agricultural land. The application proposed to deliver 4320 dwellings, of which 30% would be affordable. SEEDA unconditionally supported the application as the site is identified within the Urban Development Area and is part of the proposal to expand MK by an additional 44,900 dwellings in the period up to 2021. It also aligns with the priorities in the RES of affordable housing, providing jobs, and raising ICT standards by building in high speed internet access.

Applications for development of land to the south of Marine Parade, Folkestone have been the most contentious SEEDA has dealt with so far. The proposed development is for a 150 bedroom hotel, leisure and food and drink uses plus residential development of 671 dwellings. Folkestone is considered a priority regeneration area for SEEDA and the seafront is currently a much underused resource. SEEDA believes this area should be used to promote tourism and contribute towards the regeneration of the town centre

### **Increasing Co-ordination, Alignment & Partnership**

Work with partners to align investment and activity towards regional priorities is a key focus for the Agency. SEEDA has long established relationships with the Ministry of Defence (MoD) to influence the release of land to the best strategic effect and wider economic benefit. Over the last six months discussions between SEEDA and the MoD have increased, reflecting the number of potential opportunities. In particular, Daedalus, a 186 hectare site on the border of Gosport and Fareham, has been the focus of such discussions and the Agency is currently in negotiations for the purchase of this large site.

SEEDA's role in transport is to exert influence and provide leadership in the Region. Most notable is the Agency's success in bringing together a transnational partnership consisting of private port operators and public sector bodies to work together in developing an ERDF investment project that would revive multi-modal port access across the South of the UK, France and Belgium. Membership includes SWRDA, AWM, local authorities and port authorities in France and Belgium. The group has support from GOSE, DfT Rail, DfT Port Division and the DTI. The group developed a bid for €10.5m that has been submitted to the European Commission. If successful, the project will lever €2m into rail access investments for port projects in the South East .

SEEDA's response to the consultation draft of the master plan for Heathrow was to continue to support its growth in line with previously expressed views and Government policy, including the option of a third runway, and to reaffirm the need to improve surface access to Heathrow, particularly by rail from the South West (AirTrack).

In the much longer term, SEEDA sees an increasing potential for High Speed Train transport. To this end SEEDA is a lead partner in HSTconnect, an INTERREG IIIB NWE project that concentrates on two key issues: developing the secondary public transport system to feed efficiently and economically into the primary HST network and making stations better places to travel to, through and from – and to do business in.

The project held an 'HSTconnect Day' in April at which 250 delegates witnessed the award of the first HST Certificate of Excellence in Liege for the contribution to improvement in quality high speed train access in Europe and the inaugural signing of the HST Concordat in Maastricht. SEEDA's key achievement was the demonstration of the potential to secure additional ERDF leverage into existing transport projects of 'domestic' regional significance while adding value to those projects by facilitating better design, faster implementation, additional infrastructure or increased knowledge.

### **South East Excellence**

In response to the Egan Report and the Government's Sustainable Communities Plan, SEEDA has launched the Regional Centre of Excellence for the South East. The



objective of South East Excellence is to bring together organisations that have the skills needed to build, maintain and renew the region's communities, to share learning and best practice, and help them reach new groups. The project launch event took place at the Madejski Stadium in Reading on 14<sup>th</sup> September 2005.

A 3 year action plan has been agreed and the Agency is working to secure a framework panel to provide support for taking the plan forward.

### **Design Champions Club**

This year the club has taken the Design Champions to Southampton to share best practice in public art and public realm. In June, the group also visited Chelmsford, Essex and reviewed residential planning including how to develop mechanisms and strategies to embed design quality.

Last year the Design Champions model was adopted by CABE who are now stimulating the inception of events in other regions. This year, Kent Architecture Centre (KAC) undertook a review of the club which concluded that it was working to good effect, increasing in membership and that feedback from participants was extremely positive. It proposed a next stage which will be to look at the impact of the club on member's behaviour and on advancing organisational change.

### **Institute of Urban Renaissance**

SEEDA is providing three years' core start-up funding for the Institute for Urban Renaissance, located at the University of Greenwich to include the appointment of a Professor of Urban Renaissance to provide leadership and direction. Through South East Excellence the project links into the Academy for Sustainable Community, delivering knowledge through events, conferences and CPD programmes to built environment professionals. The Chief Executive of SEEDA has been invited to join a new and limited leadership group, the Academy of Urbanism.

### **Market Towns & Small Market Towns**

In Kent a first project under the Small Rural Towns (SRT) scheme was approved to redevelop Sandwich Community Centre, to provide a location for community activities and learning space. This corresponds to a number of other projects within the regions, like Market Town Managers in New Milton and Whitehill/Bordon, where the posts will lead to improvements of the infrastructure of both town centres, and a package of business support measures with an anticipated spend of £480k from the SRT programme. Whitehill is an instrumental part for the developing 'Whitehill/Bordon Opportunity' which could see the town becoming a significant centre for housing growth in the region.

### **Europe**

In Europe the South East region and the Randstadt region of Holland set up a network for the more crowded and pressured rural regions around major cities of Europe during late 2004. The first conference of the network was held in Paris in April where we were joined by two other regions. Surrey County Council represents the region - with David Davis – the Leader of the Council acting as Vice President. SEEDA is the supporting agency and has also been involved with negotiations with the EU and met DG Agriculture in Brussels in September. Surrey is hosting the next conference in October.

## **CORPORATE PLAN STRATEGIC THEME**

### **AREA BASED REGENERATION**

#### **Kent Area Team**

##### **Kent Thames Gateway**

The area team continues to working closely with the Thames Gateway Kent Partnership (TGKP), the three ODPM funded Local Regeneration Partnerships (Kent Thameside, Medway Renaissance, Swale Forward) and the North Kent Community Forum to prepare an Investment Plan for SEEDA funding for the next two years. This includes reconfiguring the current AIF programme into the new plan. Three key themes will be developed, community regeneration, skills and learning and enterprise. Strategic advice on locally prioritised proposals will be sought from thematic specialist advisors (Business Link Kent, Gateway Knowledge Alliance and North Kent Community Forum) to help decide which projects have the best strategic fit and impact against priorities.

In Dartford and further to stage 2 of the masterplan and initial public consultation, SEEDA has facilitated in depth discussions with key service providers at Kent County Council (KCC) and the Dartford and Gravesham PCT to determine spatial requirement for incorporation into area specific plans. A service provider meeting took place on 11th November, attended by the PCT, social service, youth services educational and libraries, sports, culture and heritage. A detailed position statement identifying spatial requirement, phasing and funding routes has been developed.

##### **Queenborough and Rushenden**

SEEDA continues to work to ensure a holistic approach to redevelopment in the community. Activity included delivery of a holistic Health Impact Assessment in association with Swale PCT, discussions with key partners regarding a potential employment initiative and support for community action groups to develop quick win projects.

##### **Ashford**

SEEDA has provided a part time resource to work with key partners to develop the Economic Sub Group and Action Plan. We have also coordinated compilation of 'Priorities for Growth', a document of 60 priority projects approved by Ashford Future board in May 2005

#### **Hants and Isle of Wight**

##### **AIF**

All AIF partnerships have developed well established processes for the identification of priority investment gaps. The Area teams have worked with the partnerships to get them to draw in more partners and to develop even closer ties with local LSPs. The LAA process has caused some confusion as it appeared to cut across AIF plans. We have helped partners see the links and encouraged LAA partnerships to build on the AIF

process and learn from our experiences. The IOW LAA has recognised the AIF as a building block and the LAA has helped sharpen priorities.

The AIF partnerships of SE Hants and Southampton are now working to support the aims of PUSH and a number of joint AIF proposals have developed.

### **Inspire IoW**

Inspire IoW is a project aimed to change attitudes about the Island from within and externally. It has a particular focus on raising the aspirations of the young. It has held some high profile events around the revamped Gipsy Moth and sporting facilities. Several other towns e.g. Plymouth have requested help with similar activity and the team have been asked to speak at several national events.

The Inspire programme has the greatest amount of SEEDA devolved funding to deliver in the context of overall AIF funding for the Island and is a cross-cutting programme that if successful could deliver many tangible and intangible gains. There is risk, which lies not in what we are trying to achieve but how we try to achieve it. We are planning a case study exemplar for how this can be done. Our intervention and project management will be key to achieving the desired result. We are taking a stronger role with the project and are directly contracting with this project in future as Isle of Wight Economic Partnership (IOWEP) will be delivering this project with the IOW Council.

### **Solent Synergy Cross AIF South Hants**

Solent Synergy champions the need for innovation and high value added growth, exploiting the link between business & university. This initiative arose as a direct result of a SEEDA funded university/local authority study tour to San Diego to learn from the successful knowledge transfer models in operation. Southampton, Portsmouth & Solent Universities are involved along with key businesses such as VT Group and local authorities. Paul Lester the Chief Executive of VT Group Chairs the group and has drawn in investment from the private sector.

Solent Synergy has secured funding from both the Southampton and SE Hampshire Area Investment Frameworks and represents an excellent example of cross- PUSH area working. Following their involvement in this work Southampton University has recently received a £1.5m DTI award to further US-UK collaborations.

### **Gateways to the City, Southampton**

The AIF has funded several linked activities aimed at improved the physical appearance of the major gateways and using them to generate wealth for Southampton. In Southampton the AIF is encouraging private sector involvement in areas of work that they might otherwise ignore, such as Central Station and the Cruise Industry where the AIF funded studies have involved key private sector companies Network Rail and Sea Trade.

### **Portsmouth City Centre Learning Campus**

This is a £550k AIF capital to part-fund purchase of a development site owned by Portsmouth City Council. Our money unlocked LSC funds (about £10m) and persuaded council to not release land for housing. Highbury (lead) and Portsmouth Colleges

involved. The centre is in one of the most deprived areas. Its objectives include enticing young people back into education, particularly those who are disengaged at beginning Key Stage 4 and 16-18, improving essential skill levels, opportunities and improving the employment prospects of young people.

### **SRB**

As schemes approach the end of their funding lifecycle SEEDA is assisting SRB partnerships to consider exit strategies for key projects and is investigating the potential of development trusts as a vehicle for sustaining regeneration activity in these areas. SRB partnerships are being challenged to develop strong business plans for future income generation. Our early intervention has helped dispel concerns over “life when SRB finishes” and have helped partners value the Voluntary and Community Sector. We have worked especially hard on this on the Isle of Wight, where our efforts are paying off as the VCS have a clear role in the LAA and their paper on community engagement has been widely praised and held up as a role model across the SE.

The strategic added value of SEEDA’s intervention lies in the capacity-building it has enabled amongst local partner organisations. Particularly the not-for-profit sector partners have shown a profound understanding of local need, vision, excellent project development and management and a commitment to developing a strengthening cross-sector partnership working.

We continue to experience project delays on some of the larger capital schemes especially with Southampton. The **Combined Heat and Power Scheme** has reviewed the source of fuel, as gas prices have made the original scheme unviable. The new scheme using biofuels is more imaginative and fits with emerging plans for sustainable energy. It is also likely that the scheme will generate more income than originally planned which will flow back into the SRB area for further developments. These changes have meant that the scheme is fast running out of time as the end of SRB approaches.

### **Whitehill, Borden and Andover**

In **Whitehill and Borden** we have worked with the consortium to help plan the redevelopment of the town should the Defence Training establishment transfer elsewhere. We were one of the first partners to put in funding towards the masterplaning work, which has brought in others funds. Our involvement has helped bring some realism to their plans and also helped them lift their game.

In **Andover**, we decided to act because of the potential loss of the major employer, HSA. Our initial contribution to the development of a vision has allowed them to draw in employers who have also invested, and use a top name in town and City design, Charles Laundry. The increased confidence of the council is very evident and they have taken the innovative step of allowing the project to be led by the Chief Executive of HSA, Des Benjamin. The LSC as a result have now recognised Andover as a key development need and established an area team to link with this initiative. The Area Director has helped get business involved with the project through presentations and working with individual businesses.

### **Work with Business**

We have sought to ensure that business leaders are closely involved in all key partnerships and projects that concern business. We have supported the development of two strong business networks, City Growth Portsmouth and Business Southampton. Additionally we have made sure other business organisations are engaged in developments and have pushed business networks in Southampton and IOW.

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

#### **Area Programmes**

Three Area Programmes address the needs of communities falling within pockets of deprivation that fall in the bottom 20% nationally. In the first year of establishing Area Programmes in affluent areas with pockets of deprivation, progress has been slow. Bringing together key stakeholders to work together and agree their strategic priorities for disadvantaged communities has taken longer than anticipated. The right representation and level of involvement is now beginning to reap some positive impact. The Thames Valley (TV) has proved to be a greater challenge as the Unitary Authorities have not previously worked closely together. They are now modelling certain programmes on good practice from each other and have broadened their engagement to include High Wycombe, which in the past was considered to be outside the boundary.

A broad policy framework has emerged independently from each of the three Area Programmes. The framework priorities for the local neighbourhoods are community learning, employment ladders, entrepreneurship and interestingly for this prosperous sub-region, Corporate Responsibility. This has led to a cross county debate around consolidating the approach of a proliferation of organisations operating in this field. The team have been leading on the co-ordination of this activity. Three Local Futures Audits were commissioned to provide an evidence base for the LAAs in Bucks, West Berkshire and Wokingham as the evidence was lacking.

#### **Solar Cities Congress**

The Area Team has supported an Oxfordshire partnership to enable them to hold an International three day conference on renewable energies and environmental technologies focussing in particular on solar energy and establishing an international profile for Oxfordshire.

#### **Surrey and Sussex**

The four AIF partnerships and to integrate with LAA are beginning to focus on drawing up their strategic and forward programmes and to integrate with the LAA. Brighton has a much more cohesive approach, helped by their tighter geographic coverage and the LAA pilot on 04/05 decided to participate in the economic development block.

The team have worked closely on the development of AIF's across the coastal strip, looking to build on synergies. This has translated into two AIF groups, one strategic and one operational which meets quarterly and looks for synergies and developments. This has led to some joint projects, notably work to develop a methodology for their impact assessment. This work will inform other AIFs and also join with SEEDA's own

evaluation. Gatwick Diamond also joins this meeting (covering the Gatwick and Crawley economic area) as a quasi AIF.

AIF are streamlining their operations. Coastal West Sussex AIF has realigned its Board, reducing its membership from 30 to 9. This is significant and displays an increase in partnership working, as the councils have agreed to be represented by one person as have the LSP's and Primary Core Trusts (PCTs). A similar approach is being considered by Hastings.

## **Hastings and Bexhill: 5 Point Plan**

### **Enterprise and Incubation**

The development of the Creative Media Centre and in particular the successful opening of the second phase in September has strengthened collaborative working with the Media Industries, attracting both the BBC and Meridian TV to take space in the Centre and to look to developing the film and TV sector locally. The team have worked with local production companies to put together an E-Film bid to Interreg which will support the development of local talent.

The team have also been in detailed negotiation with GOSE and the AIF Partnership to secure further funding to continue the highly successful SEPIA funded Broadband Centre, which has assisted 320 companies to date. Additional funding has also been secured from Arts South East and the Phoenix Fund as part of a regional initiative to provide specialist business advice to the arts sector.

### **Pre Development and Infrastructure**

Following the granting of planning approval for the comprehensive redevelopment of Station Plaza a multi agency steering group has been established to progress the detailed design in the light of the final outcome of the Post 16 Review. Partners include the LSC, Hastings College and Hastings and St Leonards PCT. The development will act as the catalyst for the provision of new centrally based facilities at the heart of Hastings Town Centre, within the 18,000 m<sup>2</sup> of commercial space.

The major area of concern is the direction of the Post 16 Review which remains uncertain, and until such time as this is finally resolved the detailed development of the Station Plaza scheme remains on hold. Efforts will concentrate on working with key partners to generate proposals that meet the criteria set by Government, local aspirations and are capable of being funded.

The Queensway Office development, which will provide 16,000 m<sup>2</sup> of commercial and industrial space, is progressing. Sea Space has secured an offer of £17.6m loan from the Bank of Scotland to fund the major part of the cost of the development, a relationship which has the potential to be extended to further developments in the future thereby reducing the need for public sector funding.

## **Coalfield Regeneration Programme**

The major focus of activity over the past two quarters has been to progress the appraisal work for Snowdown. If approved, site works could commence mid 2006 and completion December 2007. The Snowdown Colliery is the most challenging of the Kent coalfield sites and SEEDA has been leading the project preparation work including site appraisal, investigation, surveys and reports, environmental and ecological assessments and traffic impact studies.

Closely linked with the colliery are the plans for Aylesham Village Expansion in which SEEDA, Dover District Council and English Partnerships have been working together to market the site and identify a suitable developer. Eventual works are hoped to produce up to 1,000 new homes and associated employment, education, recreational and commercial uses. A masterplan and design statement document have been produced in consultation with the community through the SEEDA funded 'Enquiry by Design' process.

At Betteshanger there has been good progress in relation to all the infrastructure, site preparation and landscaping works and the main works contract was completed at the end of August 2005. Betteshanger is now fully serviced to provide development plots of up to 10 hectares, business development floor space of up to 240,000ft<sup>2</sup> and the potential for up to 500 new jobs.

The new Country Park and cycle circuit is currently subject to a final works programme and is due to open to the public in the spring 2006. The Park will include a new Visitor Centre and cycle hire facility. The cycle circuit has been designed and constructed to International Olympic Committee standards and SEEDA has already received requests from a number of cycle clubs to use the site as a training base in advance of the London Olympics in 2012.

## **Rural Programmes**

The majority of projects transferred from the Countryside Agency to SEEDA on 1<sup>st</sup> April 2005 supported rural transport. We inherited more than £1 million. The projects are delivering on target and most are expected to finish by the end of this financial year. The projects include support for local partnerships through Rural Transport Officer posts - which also have a small delegated fund to test initiatives, the operation of several community run bus schemes as well as other individual small projects.

SEEDA is already working on a new programme to deliver against the new PSA target 'to improve accessibility to services' and using the expertise of rural transport partnerships.'

In its third year, and firmly established in the South East, five rural partnerships each receives an annual grant under Leader +, and have provided a number of innovative and exciting projects that support the rural community, and sustain the economic prosperity within their community, as well as maintaining the quality of life. These partnerships, supported by SEEDA, provide a catalyst for leadership and partnership building, and their organisations involve partners from all parts of the community including the private,

public, and business sectors roles in the five areas. In particular one group, the Forest Friendly Farming Initiative in the New Forest, has been successful in delivering ICT training for Commoners who had previously been extremely hard to reach.

A SEEDA funded project was recently chosen for a visit by the new Rural Advocate Doctor Stuart Burgess as part of his regional visits throughout the UK visiting the rural communities. The project highlighted a number of major issues for food and farming, and included the cross regional training for Butchery and meat skills as part of the cross cutting group of all RDA's.



## **CORPORATE PLAN STRATEGIC THEME**

### **LEAD ROLES AND CROSS-RDA WORKING**

#### **Innovation**

Lead role activity includes:

- A SIC (Science Industry Council) in every region which SEEDA lead and helped to implement good practice.
- Co-ordination of the RDA response to the national DTI Technology Programme and relevant bids.
- Lead for RDAs and DTI on best practice in innovation support services, including analysis of best regional and global practice.
- The Skills for Innovation message is being accepted and repeated back to RDAs by government.
- Science Cities are under development in all regions, with 6 named already. A Greater South East Steering Group has been set up with SEEDA strategy team involved and facilitated by the Cambridge Massachusetts Institute (CMI) to develop the model of a tri-RDA Science City-Region.
- RDA lead on the Sir Gareth Roberts pilot for Regional SET Hubs, which will lead to a small number of national and regional initiatives which have a real impact.
- SEEDA led on the introduction of the new “Lambert” outputs for innovation and knowledge transfer including core output 4a (new business collaborations with the knowledge base), which have transformed RDA commitment to innovation. RDA expenditure on innovation has increased by 50% to £360m pa in 2005-06.

#### **Enterprise**

The lead role for enterprise came to SEEDA on 1 July 2005, from EMDA (in exchange for the manufacturing lead role). SEEDA is currently pursuing discussions with DTI to set out an agreed programme of responsibilities and action.

Key achievements & progress include:

- Tackling the Confusion in Business Support: SEEDA led the collective RDA contribution into DTI’s proposed approach to reducing the confusion caused by proliferation of business support schemes. RDAs suggested strongly that the level to tackle the issue was regional, with RDAs best placed to lead strong regional partnerships. This was accepted by Alan Johnson, who wrote to Cabinet Colleagues outlining the approach and asking for their commitment to pursuing this work.
- SME Procurement: SEEDA, as lead RDA, worked with the SBS to deliver training to small businesses on how to source suitable contract opportunities in the public sector and how to effectively bid for these contracts.
- Coaching for High Growth SMEs: SEEDA led the mapping of current provision at a national/regional and local level and developed an options paper on future coaching provision. SEEDA leads the RDA Task & Finish Group which is

developing a High Growth Business Coaching model approach for flexible adoption at the national and regional levels from April 2006. HM Treasury have made clear that RDAs should not expect additional funding through the CSR.

- **Social Enterprise:** In co-operation with DTI/SBS, SEEDA produced a joint RDA social enterprise supplement to be in the Observer on social enterprise day during Enterprise Week (14-20 November). An RDA national position statement on social enterprise is being developed to clarify RDA engagement in the social enterprise development agenda. SEEDA is representing the RDAs on the National Social Enterprise Strategy review group, chaired by Alun Michael.
- **Local Enterprise Growth Initiative (LEGI):** SEEDA is a core member of the LEGI interdepartmental working group, putting forward the views of all of the English regions in the policy development and implementation process. This has included the development of national assessment criteria (developed in partnership with EMDA) for RDAs and Government Offices. The Area Teams have worked closely to support bid from South East Local Authorities.
- **Phoenix Fund:** SEEDA sits on the devolution working group and will, in consultation with RDAs, develop recommendations for the process and content of devolved programmes resulting from the end of the Phoenix Funding stream.
- **Enterprise Insight:** SEEDA, together with other RDAs, played a key role in helping coordinate enterprise activity in their specific regions for Enterprise Week (14-20 November). SEEDA will be continuing the work started by EMDA, by coordinating the RDA approach to Enterprise Insight and Enterprise Week to ensure best practice is highlighted and duplication of work is avoided for the 2006 and 2007 campaigns.
- **Pam Alexander, Chief Executive, SEEDA,** represents all RDAs on the recently set up 'Enterprise Campaign Coalition' group which was set up by Enterprise Insight Chief Executive, Kevin Steele to provide high level strategic guidance to support the campaign.

## **Broadband**

### **E-agenda**

Responding to OFCOM Telecoms Review: As lead RDA for Broadband, SEEDA has responded to the three stages of the review; which aims to make sure the right regulations are in place to encourage competition in the Telecoms industry and pave the way for next generation networks

### **Lobbying**

To move forward this agenda, Wired Region is actively brokering relationships with parties including, Government departments and regulatory authorities, (particularly OFCOM), (however, more work needs to be done with ODPM) telecommunications companies, namely BT and other smaller providers, and developers.

### **4<sup>th</sup> Utility**

Wired Region is working with EMDA to improve and update a current ICT toolkit produced by EMDA for planners, developers and others involved in planning, land and property development or regeneration projects. The aim of the toolkit is to change planners' and property developers' thinking so that ICT supply is considered at the

beginning of the planning cycle along with the three utilities (Gas, Electricity and Water). There is further to go to get these changes implemented in development regulations.

### **Waste**

The Business Resource Efficiency and Waste Fund was set up as a three year fund commencing April 2005, with Defra and HM Treasury beginning consideration in 2006 as to whether this funding stream will continue after 2007/08.

RDA Network has been involved in a number of informal meetings to discuss aspects of the review of Waste Strategy 2000 (i.e. the role of RDA in delivering the move to resource management, commercial and industrial waste provision and the Business Resource Efficiency and Waste Fund).

SEEDA Chair, Jim Brathwaite, met the Parliamentary Secretary, Ben Bradshaw to discuss amongst others the key issues for the Comprehensive Spending Review above and the need for certainty and consistency in the implementation of EU Directives.

The RDA network submitted a co-ordinated outline business plan for BREW Year 2 funding. The plan included some pan regional collaborative projects. The funding bid amounted to £11.6m slightly above the indicative RDA allocation.

Among the key continuing issues is the need to continue to lobby for an acceleration of the Landfill Tax escalator and a continued commitment to make tax financial neutral on business by recycling the revenue from the escalator back to business. There is also a requirement to review the effectiveness of the current Business Resource Efficiency and Waste Fund's use of national delivery bodies to deliver specialist support to business, and to look at alternative models such as channelling additional resources through RDA network to generic business organisations like Business Link and the Manufacturing Advice Service.

### **Energy**

Activity has included advice to Defra on the forthcoming review of the National Waste Strategy 2000, and developing stronger and closer working arrangements with DTI and other Government Departments on energy issues including membership of the government's Sustainable Energy Policy Network (SEPN).

SEEDA has also played a key role in establishing the national RDA & Regional Assemblies' funded 'SCPNet' (Sustainable Consumption & Production Network), which is intended to develop an evidence base in support of SCP policies, linking with Mass Balance studies and the World Wildlife Funds 'Ecobudget' work.

## **CORPORATE PLAN STRATEGIC THEME**

### **OUTPUTS**

#### **Summary of Performance Against Output Targets**

##### **First Half 2005-06**

The overall performance for first half 2005-06 exceeded Corporate Plan forecasts for seven of the headline targets.

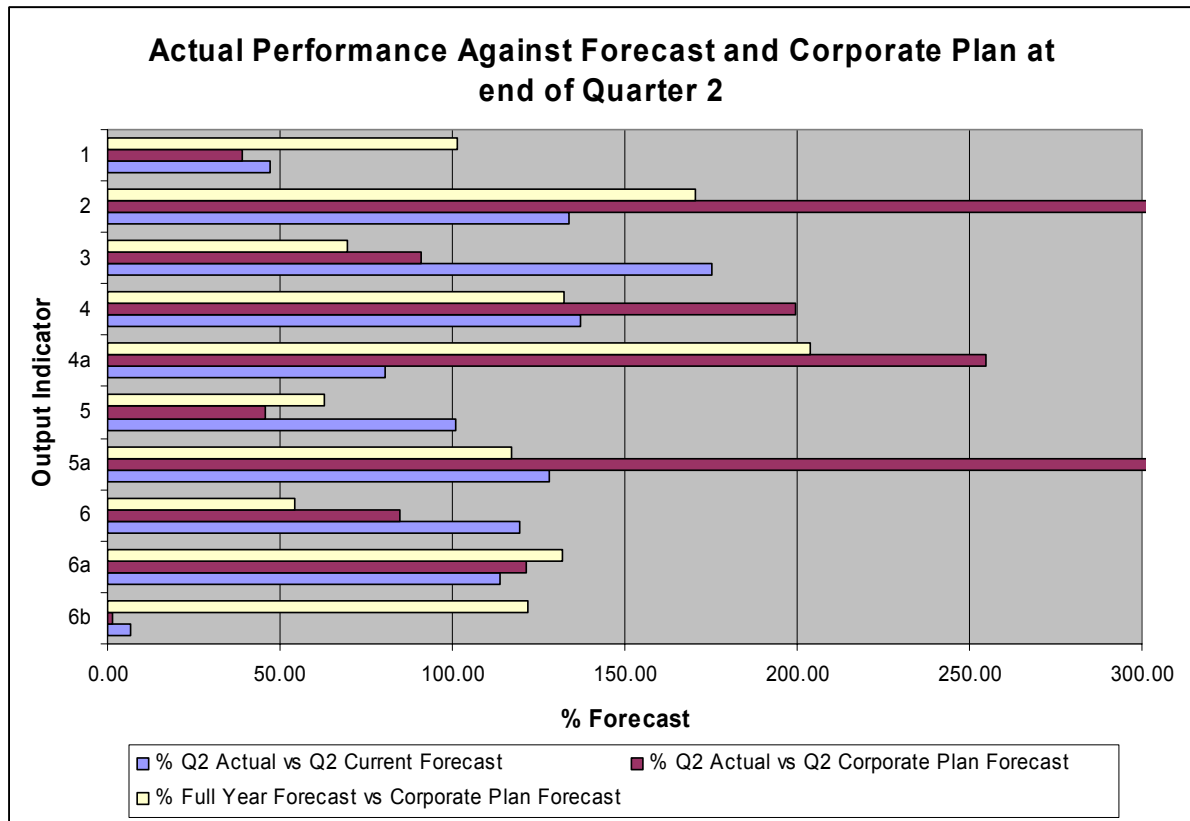
- 2. Employment Support
- 3. Business Creation
- 4. Business Support
- 4a. Number of Businesses in New Collaborations with the Knowledge Base
- 5a. Brownfield Land Remediated
- 6. Skills
- 6a. Adults receiving Basic Skills training

Forecast outcomes were not met for three headline targets;

- 1. Job Creation
- 5. Public & Private Regeneration Infrastructure Investment Levered (£m)
- 6b. Adults Supported to Achieve a Level 2 Qualification

An in-depth analysis and review of progress has been carried out for Quarter 2, Half Year and Corporate Plan targets and current projections are included at **Annex I**.

**Figure 1**  
**Performance against Forecast and Corporate Plan at end of Quarter 2**



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

The actual of 1145 jobs created or safeguarded achieved in the first half fell short of its Corporate Plan forecast by 748 jobs, or 40%. A large project, which had been expected to come to fruition in quarter 2 has been postponed until January 2006. It is expected that it will create approximately 750 jobs, and will be captured in second reporting. SFIE outputs were affected by the loss of three projects and the delay of a fourth. The most noteworthy, EU Jet, was abandoned due to its parent company going into administration. These had a combined effect of reducing outputs by some 250 jobs.

Current forecasts combined with the loss of SFIE outputs suggest that SEEDA will undershoot its overall Corporate Plan target of 4100 jobs created/safeguarded by 10% at year end.

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

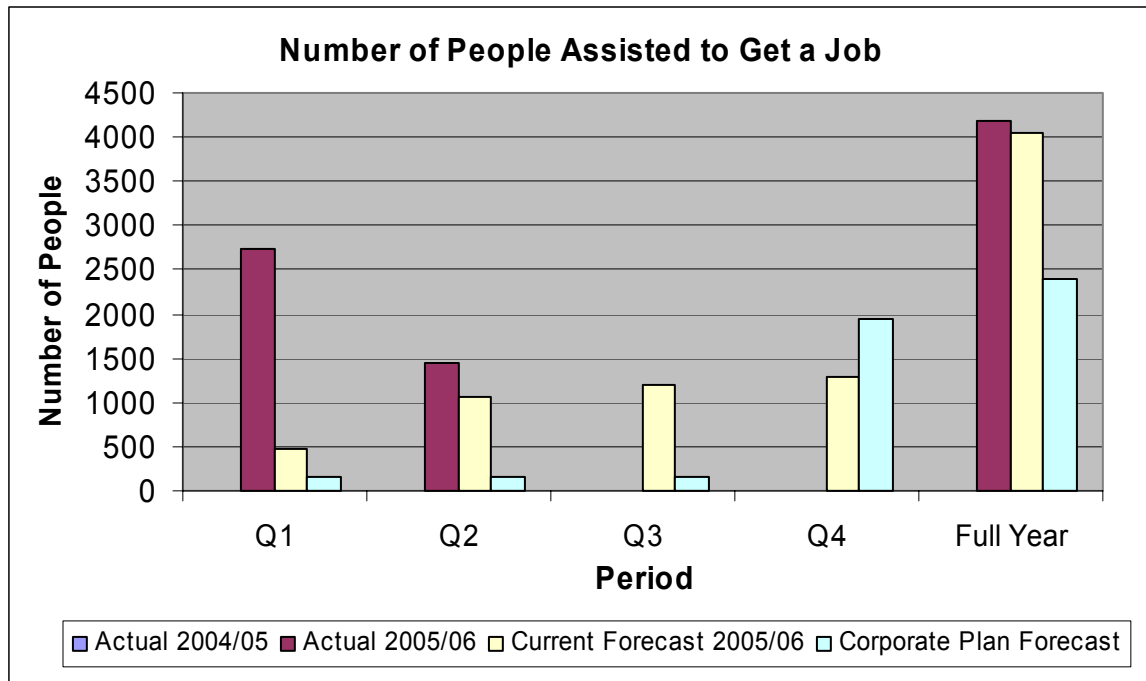
In the first half SEEDA reported 4183 people assisted to get a job against the full year Corporate Plan forecast of 2400.

This target is entirely dependant on redundancies decisions which are difficult to predict. The Re-Employment Unit project in the Learning & Skills division achieved a high proportion of the outputs (1324 of the 1437) total. Their achievement was so high due to a spate of redundancies from some large employers. Nevertheless, a new development in

this period is that the Enterprise Hubs and Gateways assisted a total of 171 people to get a job for the half year, against a forecast of zero.

These factors mean that SEEDA has exceeded its annual Corporate Plan forecast of 2400 by 74% target at half-year, achieving a total of 4183 people assisted to get a job.

**Figure 4**  
**People Assisted to Get a Job**



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

The actual of 948 new businesses created is comfortably in excess of the previous forecast despite a slow down in the second quarter.

One significant contributor was the result of the SRB projects under Surrey and Sussex changing their focus from building management to business support.

Business Links outperformed their forecast expectations for the first half to contribute over 50% of the total. It is worth noting that targets were set when the definition was to report the number of businesses created and sustained. The definition has been amended to report only on businesses created. The Business Links team have requested to reforecast their output targets at half year in light of their consistent over performance.

Internal forecasts and actual outputs achieved indicate that SEEDA are on track to meet its Corporate Plan target of 1920 for the year.

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

These outputs exceeded forecast significantly in the year to date to show a 62% increase over target.

The largest contribution to this variance was from the Tourism programme who were able to capture 2023 businesses against their Corporate Plan forecast of 850 this quarter, as a consequence of the launch programme for ENTICE which provides the back office function for VISIT and supplies the base business information and marketing data for England.net.

Business Links have also performed strongly and recorded an additional 1014 businesses this quarter against their Corporate Plan forecast of 1733; increasing the actual achieved figure to 2747.

The RAISE Core Funding project also achieved significant Business Support outputs against a Corporate Plan forecast of zero.

The Enterprise Hub and Gateway programmes had a very successful half year and broad range of initiatives across the network enabled them to more than double the numbers of businesses assisted. Examples include:

- The Newhaven Gateway continues to offer a comprehensive range of business support, including working with Sussex Downs College Learning Board to help with training needs and delivery of training, providing advice and guidance on a one to one basis with businesses on a range of subjects.
- There was broad out-performance across the region, in particular the Reading Enterprise Gateway is a new gateway and it was not expected that they would be established enough to be generating outputs. However the Gateway director organised a number of workshops which were oversubscribed. Subjects included Confidence building, Motivational and one on Job Scene.

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

There has been an overachievement in this new output target of 150%. Two new pilot schemes have proved extremely successful, creating 24 new collaborations with the knowledge base, and have been extended. They are the Knowledge Transfer Networks and the Proof of Concept (Knowledge Transfer) PoCKet.

In the first quarter it was identified that there had been some misunderstanding in the definition by the Business Links. This has now been clarified and 91 businesses engaged in collaborations with the Knowledge Base were identified at this quarter, indicating a 49% increase against the Corporate Plan forecast of 100 for year to date. Forecast for the full year is the target range.

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

Regeneration Funding Levered fell short of its Corporate Plan forecast by £31.87m, in the first half.

The Queensway project, has had an offer of £17.6m bank finance subject to DTI approval. The project was presented at the Board meeting on the 8<sup>th</sup> December, and now DTI approval will be sought as a novel financing structure is proposed.

Internal forecasts and actual outputs achieved indicate that SEEDA will not meet its Corporate Plan target of £130m for the year. It is currently 41% below target at £76.17m Regeneration Levered. As a result of the continued under-performance against this output, actions are being identified to improve this performance in the second half.

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

Year to date 84 hectares have been reclaimed against the Corporate Plan forecast of the same amount. We remain on course to meet our target of 96 hectares for the full year. The majority of the area relates to the Kent Coalfields project with the 70 hectare forecast delivered in the first half year.

The East Cowes project contributed 2.5 hectares this quarter. Demolition and remediation of the buildings East of Castle Street/ Maresfield Road have been completed earlier than originally expected. Demolition and remediation on the West Medina Mills project was completed earlier than anticipated and allowed SEEDA to capture an additional 6 hectares not forecast.

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

Whilst the target for the target for the actual number of people assisted in their skills development achieved in the first half was met, with nearly 15,000 people being assisted, current forecasting for the full year suggests that without further action SEEDA may not meet its overall Corporate Plan target of 37350 people assisted.

This is partly as a result of some lack of clarity in the definitions at the time some of our devolved partners were setting their targets. For instance the Kent Initiative on Drugs project within the Kent & Medway SRB programme achieved a total of 5 against their half-year forecast of 1608 people assisted. The profiles were generated whilst output definitions were being finalised, and are now being amended. However, the result remains within the target range.

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

SEEDA has exceeded its Corporate Plan forecast of 1444 by 631 adults gaining basic skills training, representing an over-achievement of 44% for the quarter. The Turning the Tide project within the Surrey & Sussex SRB programme, and an additional 80 adults gaining basic skills through Work Aid during quarter 2 contributed to the total.

The Basic Skills and Basic Skills–NHS programmes contributed strongly in the first half as a result of a greater release of staff than anticipated within the Trusts as managers begin to recognise the importance of Basic Skills within their workforce.



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

This measure was mis-forecast at the start of the year and very few outputs have actually been achieved, the result primarily of a lack of understanding of the definition which has now been addressed. For instance the Vocational skills for Life project achieved only 3 outputs against a forecast of 160 in the last quarter. The outputs were not recorded under 6b as forecasted because, at the time of forecasting, it was not understood that 6b's could only be reported if a level 2 qualification was completed.

Having only achieved 81 in total against a Corporate Plan forecast of 1740 for both quarters 1 and 2; this output will need to be re-profiled at half-year to a more realistically achievable and jointly understood target.

**Notes**

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

As not all projects are able to instantly switch reporting methodology, an internal process was devised to aid in the sole reporting of the new Tasking Framework outputs.

SEEDA have agreed that all SRB projects would continue reporting in Tier 3 outputs as most are in their final year. For Corporate Plan purposes, an educated guess was made to see how much of the Tier 3 could be 'mapped' across and reported under the new Tasking Framework Skills output, which can only capture people receiving skills assistance of 6 hrs+. This comprised of a % of C3A (3-30hrs) and C3B (30hrs+) Tier 3 outputs to make up this figure.

**Annex I**  
**PERFORMANCE AGAINST OUTPUT TARGETS**  
*Quarter 2 2005-06*

Targets	Quarter 2			Year to Date			2005-06		
	CP	FC	ACT	CP	FC	ACT	CP	FC	FYFC
<b>Headline</b>									
1 Number of Jobs Created or Safeguarded	981	815	383	1893	1611	1145	4100	4159	3693
2 Number of People Assisted to get a Job	150	1074	1437	300	1544	4183	2400	4252	6891
3 Number of New Businesses Created and Demonstrating Growth After 12 months and Businesses Attracted to the Region	468	243	426	750	416	948	1920	1058	1590
4 Number of Businesses Assisted to Improve their Performance	4315	6287	8618	9778	13293	15885	23000	29791	32382
4a Number of Businesses Engaged in New Collaborations with the Knowledge Base	36	113	91	100	176	149	390	946	919
5 Public and Private Regeneration Infrastructure Investment Levered (£m)	30.53	13.85	13.96	67.66	38.75	35.79	130	79.13	76.17
5a Reclamation and Redevelopment of Brownfield Land (Ha)	7.30	23.21	29.73	84.10	98.21	84.73	96.00	112.68	98.82
6 Number of People Assisted in their Skills Development as a result of RDA Programmes	7220	5129	6135	14345	9669	14905	37350	26623	31859
6a No of Adults gaining Basic Skills as Part of the Skills for Life Strategy that count towards the Skills PSA Target	722	768	875	1444	1719	2075	2650	3548	3903
6b No of Adults in the Workforce who lack a full Level 2 or Equivalent Qualification who are Supported in Achieving at least a full Level 2 Qualification or Equivalent	870	204	14	1740	265	81	1800	2261	2077

**KEY:**

CP – Corporate Plan forecast

FC – Internal forecast on PMS

ACT – Actual achievement

FY FC - Full Year Forecast (comprises of half year actual achievements plus quarters 3 and 4 internal forecast data)

## **FINANCIAL REVIEW SEPTEMBER 2005/06**

Attached are the results of expenditure for the year to date and projected expenditure for the remainder of this Financial Year. This latter profile incorporates changes recognised and discussed in the Half Year Review.

Year to date the results show actual expenditure being approximately £15.9m below the profile projected at the start of the year. The rate of expenditure, whilst higher over the last two months has still not reached anticipated levels.

The major variances at the mid point of the year include:

- a) SFIE and Research and Development grants have both been delayed awaiting full information to allow payments to be made. In its first year of operation R&D grants are proving particularly difficult to predict. (Total £1.7m)
- b) In addition to delays at the Shoreham Enterprise Gateway, progress on the Oxford Motor Sports Hub is behind expectations. It is expected however that both projects will make up lost ground by year end. (Total £2.4m)
- c) University of Medway has been very slow to make claims but is anticipated to claim in full by year end. (£2.0m)
- d) Significant expenditure on the Turner Centre (£1.2m) and compensation payments at Rochester Riverside (£4.5m) have now been removed from this year's forecasts as a result of delays to these projects outside our control.
- e) As in previous years, SRB claims have been slow to come forward. Whilst some, such as Westergate House are likely to make up lost time (£800k), others such as the CHP project in Southampton and the Healthy Living Centre (£1.1m) are now unlikely to be drawn down this year.

As projects have been developed and reviewed over the course of the year some of the originally programmed projects have slipped back, resulting in a currently unallocated amount of some £13m against the original budget of £152m. This amount will be absorbed by the development and bringing forward of other projects, examples of which are set out below.

SEEDA management has undertaken a thorough half year review of project expenditure to date against the budget provided by both Single Pot resources and capital receipts, together with the outturn forecast as at 31<sup>st</sup> March 2006. This review has involved examining all existing approved and pipeline projects with each budget holder and the project manager, in order to determine the accuracy of forecasts and forward plans. The overall result has been discussed by the Directors Performance Review Group with a view to clarity and transparency in choices of the projects to be brought forward and their linkages to outcomes and SAV sought for the year.

As a result of the upgrade in our financial systems and reporting we have been able to review in greater detail and with more certainty than in previous years. Each project forecast was reviewed for minimum and maximum expenditure amounts taking into account the risks identified by the responsible managers, and a mid point figure between those two has been used for the basic analysis in this exercise.

Taking into account the actual expenditure as at the end of September 2005 and the remaining monthly forecast to the end of March 2006, the outturn position based only on the originally targeted projects is estimated to result in an overall under spend, of £12m–£13m. The overall review has concentrated on the more significant project under spends, which have higher levels of strategic importance, recognising that minor under and over spends are capable of being balanced within the divisions.

A summary of the more significant areas of forecast under-spend are as follows. These amounts are all capital and are due to timing slippages rather than any changes in the project validation or requirement:

Urban Renaissance (Kent)	£0.9m
Chatham Maritime	£0.8m
Rochester Riverside	£4.5m
Infrastructure Planning (East Kent)	£3.7m
SRB – Hants and IOW	£1.9m
SRB– Sussex and Surrey	£0.5m
Total forecast under spend	£12.3m

There is a further risk associated with the receipt and payment of partner claims in March 2005 which, if delayed, could prejudice expenditure plans for 2005/6. However, much of this should be able to be accrued in the final accounts. As a consequence, no account has been taken for possible slippage of these payments in the above totals.

Although our assumption is that end year flexibility means it is still possible to roll-forward unspent budgets, to do so would be to take on unnecessary risk both economic and reputational, so that is not our intention or our goal. The net under-spend currently forecast on budgeted projects provides an opportunity to bring forward additional important projects waiting funding which are already in the planning and approval stages, and which can be completed earlier if required.

#### **Resource Available Outside the Single Pot**

The DTI notified the Agency that there is a potential total of £23m to entitlement for EYF which if confirmed would be available for extra capital funding. This large amount takes account not only our recognised underspend from last year (£19.6m), but also amounts related to prior years (some of which we had not been made aware of by DTI). However we were notified only in mid November that the sum available would be much smaller at £7million. This leaves all RDAs in a difficult situation in planning for this extra expenditure released late in the financial year and justifies our prudent approach to projects relying on these funds.

#### **Alternative Project Expenditure**

In order to maximize the benefit to be gained this year in fully spending the Single Pot budget and the possible extra funding for EYF, a list of projects was prepared to be brought forward as listed below. The first four items are projects already in the pipeline approval process via MPC and the SEEDA Board.

Daedalus airfield	– site acquisition	£12.0m
Rimmel Ashford	– site acquisition	£3.0m
Margate town Centre	– grant	£3.8m
Euro Kent Ramsgate	– grant	£2.2m
University of Kent	– grant	£5.0m
Canterbury Marlow Theatre	– grant	£2.0m
Chatham Dockyard	– grant	£2.0m
Manufacturing Advisory Service	– grant	£0.8m
Hastings Regeneration		£1.0m
Total additional projects		£31.8m

From now until year end we will continue to monitor closely the progress of identified projects against the updated profiles agreed at the half year review. When the amount of EYF available this year is finalised we will confirm draw down and finalise the balance of receipts and approved new projects. We will reschedule the delayed projects into our future budgets as appropriate to balance the bringing forward of the others from the possible list identified above.

At the request of the Board, this report will be enhanced on a quarterly basis to include other sources of funds where SEEDA is responsible for the delivery of the projects i.e. ODPM Growth Area Funding and European grants and programmes.

# SOUTH EAST ENGLAND DEVELOPMENT AGENCY

## EXPENDITURE REPORT Half Year to Sept 2005

	Budget Sept Ytd £000's	Actual Sept Ytd £000's	Variance Sept Ytd £000's	Full Year Budget £000's	Full Year Forecast £000's	Forecast Variance £000's	Comment
<u>Business &amp; International</u>							
Area Based							
Regeneration	1,001	602	-399	2,443	2,534	91	
Enterprise	12,672	11,592	-1,080	29,956	30,117	162	
Innovation	4,927	4,386	-540	15,065	15,407	343	
Total Division	18,599	16,580	-2,019	47,463	48,058	595	
<u>Development &amp; Infrastructure</u>							
Area Based							
Regeneration	3,239	898	-2,341	9,267	9,131	-136	
Enterprise	4,288	2,555	-1,734	5,700	6,503	803	
Quality Places	10,229	8,892	-1,337	29,786	18,454	-11,332	
Total Division	17,757	12,344	-5,412	44,753	34,088	-10,665	
<u>Hastings &amp; Bexhill</u>							
Area Based							
Regeneration	7,636	5,500	-2,136	12,300	12,074	-226	
Total Division	7,636	5,500	-2,136	12,300	12,074	-226	
<u>Learning &amp; Skills</u>							
Area Based							
Regeneration	3,207	1,453	-1,754	13,747	13,604	-143	
Enterprise	1,024	655	-369	2,830	2,909	79	
Innovation	2,301	832	-1,469	8,170	7,210	-960	
Total Division	6,532	2,941	-3,591	24,747	23,723	-1,024	
<u>Resources</u>							
Area Based							
Regeneration	1,925	1,488	-437	13,204	11,226	-1,978	
Innovation	0	2	2	0	175	175	
Strategic Influence	169	34	-135	730	574	-156	
Total Division	2,094	1,524	-570	13,934	11,975	-1,959	
<u>Strategy &amp; Sustainability</u>							
Area Based							
Regeneration	1,288	745	-543	2,477	2,821	344	
Enterprise	1,578	891	-687	3,156	3,260	104	
Innovation	347	103	-244	915	954	39	
Strategic Influence	1,411	695	-716	2,723	2,368	-355	
Total Division	4,624	2,433	-2,191	9,271	9,403	132	
<b>Total Single Pot Programme</b>	<b>57,241</b>	<b>41,322</b>	<b>-15,919</b>	<b>152,468</b>	<b>139,321</b>	<b>-13,147</b>	
<b>Administration</b>	<b>8,954</b>	<b>8,015</b>	<b>-939</b>				