

SOUTH EAST ENGLAND DEVELOPMENT AGENCY

CORPORATE PLAN REFRESH

JUNE 2009

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1 INTRODUCTION

1.1 SEEDA's Corporate Plan 2008-11 was agreed by SEEDA's Board in March 2008, and was signed off by Ministers in June. The Corporate Plan was developed in the context of the Regional Economic Strategy 2006-16 and incorporated consultation with key delivery partners. The draft Corporate Plan was also subject to scrutiny by a South East England Regional Assembly Select Committee during February 2008.

1.2 SEEDA's overall Corporate Plan ambitions are that, at the end of the Corporate Plan period, SEEDA will have:

- **Embedded a living RES** as the mechanism through which regional economic development can be monitored and reviewed;
- **Established strong regional and sub-regional partnerships** which deliver RES targets with the active involvement of partners;
- **Enabled new ways of working** which deliver targets at the most effective geographic levels;
- **Allocated priorities and resources** involving local partners transparently and effectively;
- **Prepared the region to deliver a Single Regional Strategy**, working closely with local authorities, local partners and stakeholders.

1.3 The Corporate Plan takes a more developed spatial view than its predecessors, stating that the spatial priorities in the RES and South East plan will be taken forward through:

- **Pan-regional working** across the Greater South East, especially the Thames Gateway and Milton Keynes South Midlands Growth Areas;
- Using the **economic contours** of the Inner, Rural and Coastal South East to identify how RES actions connect with the particular needs of each area;
- Promoting the priority of the eight **Diamonds for Investment and Growth** in delivering the RES;
- Lifting underperformance through ongoing **regeneration programmes in Hastings and Bexhill, Dover and Margate**, and maintaining the programme to support the **Ashford Growth Area**.

- 1.4 Delivery of Corporate Plan objectives has been organised by shaping programmes and priority activities through six Corporate Plan portfolios. Of these:
- **Global Competitiveness, Smart Growth and Sustainable Prosperity** deliver directly against RES targets;
 - **Enabling Infrastructure and Development** ensures that SEEDA investment in major regeneration sites and infrastructure priorities delivers across all RES objectives;
 - **Strategic Influence and Developing SEEDA** focus on the management and development of SEEDA, in terms both of its own internal capabilities and in its capacity to work with others.
- 1.5 Since SEEDA's Corporate Plan was signed off by Ministers in June 2008, the first international financial crisis of the global age and the ensuing downturn has meant that the South East has been struck by what is now indisputably the steepest UK recession since 1980; probably the deepest and most widespread global recession since 1945; and a global economic context that increasingly bears comparison with 1929-32 in terms of the nature and scale of the risks.
- 1.6 Immediate responses by the Government to the early stages of the downturn have, since September 2008, led to reductions in RDA budgets amounting to £27.4m for SEEDA (£7.4m revenue, £20m capital) during the period 2009-11. In addition, it is now clear that the impact of the recession on property markets means that forecast capital receipts totalling £17m during the period 2009-11 will not now be achieved, meaning that the overall financial envelope for funding programmes over the next two financial years has shrunk by a total £44.4m (16%) when compared to the original Corporate Plan. A further £8m of planned receipts, which were not included in SEEDA's financial forecast but were set as an internal target to facilitate over-programming, will also not now be achieved. The total impact of these reductions is £52 million over the 2 years, giving a new net total of £251 million (including an additional £12 million provided for Train to Gain).
- 1.7 In support of the Government's '*Real Help Now*' programme SEEDA has introduced with its partners a range of measures to support small businesses through the downturn. This package amounts to refocusing at least £15 million for small businesses across the South East over 2008-11, including the £10 million Rapid Rescue Response package announced by SEEDA in August 2008. The package covers enhanced Business Link services; a £3 million Transitional Loan Fund to support sound businesses experiencing serious cashflow pressures; an expanded Grants for Business Investment programme; an expanded Continuous Employment Support Service to assist those made redundant; and extra support for inward investors and exporters.

- 1.8 As responses to the recession have developed, it has become increasingly clear to Ministers, RDAs and partners alike that the core task of RDAs in the current economic context is to assist sound businesses to survive the recession, and ensure that the region approaches the ensuing upturn from a position of strength. This is reflected, for example, in the publication by Ministers of *'New Industry, New Jobs'*, in which RDAs are seen as having a key role to play.
- 1.9 Meanwhile, the Government's plans for implementing the Review of Sub National Economic Development and Regeneration have shifted from RDAs being given lead responsibility in preparing Integrated Regional Strategies to a joint responsibility held by RDAs and Local Authorities. Alongside this, RDAs and Local Authorities are to develop approaches to joint investment planning, set within the existing RDA funding and tasking framework.
- 1.10 At the end of March, the results of the national independent evaluation of RDA activity against the Impact Evaluation Framework were published, which demonstrated that RDAs have made a positive contribution to their regional economies. As part of this programme, SEEDA evaluated 25 programmes and projects representing 81% of its spend during the period 2002-2007. The results were positive, showing that SEEDA contributed £2.64bn to the South East's economy, generating on average £5.60 for every £1 invested by SEEDA.
- 1.11 SEEDA has commissioned further research, using the information to determine where impact is greatest and why, and is working with the other RDAs to ensure that key lessons are drawn out and used in developing future interventions. The results of this programme also provide a valuable tool to inform the refocusing of SEEDA's activities, in terms of both countering the immediate impact of the recession and of positioning SEEDA to be better able to help the South East to take advantage of the subsequent economic upturn.
- 1.12 SEEDA's Corporate Plan 2008-11 provided for efficiency savings of 15% in real terms on SEEDA's administration costs. SEEDA achieved these savings required in 2008-09, and our approach to achieving the further savings required over the next 2 years will be driven by the need to reshape SEEDA to ensure that it is fit for the future.
- 1.13 Taken together, these developments mean that it is appropriate to now review and refresh SEEDA's Corporate Plan. The following sections set out in greater detail the changed economic and policy contexts within which this refresh takes place, before turning to the proposals themselves.

2 THE CHANGING ECONOMIC CONTEXT

- 2.1 The fall in output in all advanced economies accelerated sharply in the fourth quarter of 2009 following the collapse of Lehman Brothers and the rescue of other major banks in the US, UK and elsewhere. The near collapse of global financial markets and the subsequent liquidity squeeze has triggered a sharp fall in business and consumer confidence in the South East. Initially firms responded by holding back capital spending and consumers reined back on major purchases which led to an increase in unsold stock (the car industry is the most obvious example).
- 2.2 The downturn was amplified and accelerated by the global integration of supply chains (in particular manufacturing supply chains), which helped to transmit the shock around the economy more rapidly than in previous recessions. The sharp and synchronised fall in global economic activity that characterised the last quarter of 2008 continued in the first quarter of 2009. By February 2009 world industrial production declined by around 12% on the same period last year while world trade in goods declined by almost 17% over the same period. The UK GDP in the first quarter of this year contracted by 1.9%. The latest survey evidence shows that the South East economy continued to contract but the rate of contraction was not as sharp as in the majority of other UK regions.
- 2.3 The liquidity squeeze and subsequent fall in business confidence had a significant impact on investment in the South East and UK over the past six months. Business investment in the South East has been in decline over the past 12 months and the latest RDA National Business Survey Quarterly Snapshot shows that business investment remains subdued in the South East. In the three months to the end of February just 8% of businesses reported higher investment in buildings and just 6% higher investment in plant and machinery. As firms increasingly compete for new business a greater proportion of businesses in the South East reported higher than lower investment in marketing and sales (the net balance was +7%). The latest figures from National Statistics show that capital investment in the UK fell by 3.8% in the first quarter of this year or more than 8% over the year. A large fall in business investment is a worrying development that could have a significant impact on productivity and innovation and subsequently on the long-term growth rate of the economy.
- 2.4 Following a traumatic period in which business confidence and activity fell sharply, there are now increasing signs that the pace of decline is easing. According to the latest national consumer survey by GfK NOP, consumer sentiment is improving. People are more optimistic about the outlook for the economy than at any time since August 2007. Confidence is gradually returning to the financial markets, banks are starting to lend to other banks and the stock markets have increased by over 20% since early March 2009. The latest RDA National Business Survey Quarterly Snapshot and the Royal Bank of Scotland Purchasing Managers Index

(PMI) point to a slower pace of decline in business activity (output) in the South East. The output drop in the April PMI in the South East was modest and the least marked for eight months. Furthermore, according to the National Institute of Economy and Social Research (NIESR), the rate of growth in UK GDP in April was flat (the first time since last June that the monthly estimate was not negative) and the latest OECD Composite Leading Indicator suggests that the UK economy has possibly reached a trough in March this year.

- 2.5 The current picture is uneven and it is too soon to speak with confidence of an upturn. However, the region's economy appears to be approaching the bottom of the cycle. Business representative organisations report that their members have in general come to terms with the shape and dynamics of the downturn and are now implementing stabilisation strategies. Nonetheless, the labour market implications of the recent very sharp decline in activity continue to be felt. Over the past 12 months the number of people claiming Job Seekers Allowance (JSA) in the South East has more than doubled, from 69,100 in April 2008 to 153,600 in April 2009 and the number of people claiming JSA in the region is now at its highest level since March 1997. Between October and February claimant count unemployment increased by 58,000, and in February 2009 the claimant count increased by 22,500, the fastest increase in unemployment in the South East on record.
- 2.6 Early concerns that this would be a downturn in which the South East would be disproportionately hit have not as yet materialised. The employment rate in the South East has remained the highest of any region throughout the recession so far (currently standing at 78.2%) and the increase in the unemployment rate has been the second lowest in the country. Redundancy notifications have steadily increased between October and February 2009 and there are increasing signs of further weakening in labour market indicators in parts of the previously-prosperous Inner South East. Reading and Milton Keynes have seen the fastest growth in claimant count unemployment in the region over the last 12 months. The claimant count unemployment in Milton Keynes and Reading over the past 12 months has increased by 2.6 percentage points to 4.9% and 4.3% respectively. The rate of increase was well above the regional and national averages of 1.6 percentage points and 1.9 percentage points respectively. A number of other areas in the Inner South East such as Crawley and Slough have also seen a sharp increase in unemployment over the past year.
- 2.7 One in ten people in employment in the South East is employed outside the South East (largely in London) and there are a number of areas in the Inner South East such as Spelthorne, Elmbridge, Epsom & Ewell, Dartford and Sevenoaks with a significant proportion of their resident workforce employed in London. The restructuring of financial markets, institutions and regulatory regimes can be expected to impact substantially on this part of the region through its dependence on commuting to City / West End financial services jobs.

- 2.8 According to Experian South East residents have the highest level of debt in the country. In 2007 debt-to-income ratio was around 2.5 against the national average of 1.7. High levels of debt and households cutting down on spending is another factor which is likely to have an impact on growth rates in the South East over the remainder of the Corporate Plan period and beyond. The RES target was for an average annual GVA per head growth rate of 3% between 2010 and 2016. However, the unprecedented events over the past nine months are having an impact on employment and the drivers of productivity (such as business investment) and they will subsequently impact on the rate of growth in the South East (and elsewhere). In their autumn forecasts Experian expected South East GVA to expand by 2.3% on average between 2009 and 2010. Less than six months later (April 2009) the rate of growth has been slashed to just 1.5% per annum. The economy is now expected to contract by 3.2% this year, which will be followed by a mild upturn (0.7% in 2010 and 2.4% in 2011).
- 2.9 When put in historical perspective the projected rates of growth are well below the long-term average (between 1998 and 2008 the average rate of growth in the South East was some 3.4%) and the rate of growth after 2010 is well below the Treasury forecasts. However, whilst it is true that the HMT forecasting record is much better than most independent forecasting houses, the events over the past nine months will probably have an impact on the longer-run trend rate of growth.

3 DEVELOPMENTS IN THE POLICY CONTEXT

Regional Strategies and Governance

- 3.1 The *Local Democracy, Economic Development and Construction Bill* promotes local democracy and economic development, including taking proposals forward from the White Paper: *Communities in control: real people, real power*. The main elements of the Bill are to implement recommendations from the *Review of Sub-National Economic Development and Regeneration (SNR)*, to strengthen the role of local authorities in economic development, to streamline regional decision making, and to implement measures to drive economic regeneration. The Bill will also amend current legislation to ensure prompt cash flow through construction supply chains.
- 3.2 Improved economic decision making at every level will be supported by bringing together economic and spatial planning in the regions, empowering local authorities to work together on economic development (for example Multi-Area Agreements) and ensuring that each local area has a strong understanding of their economy (through a duty to prepare Local Authority Economic Assessments).
- 3.3 The RDAs and the Local Authority Leaders' Board, working closely with other partners, will have a joint duty to produce the Regional Strategy. This will build on the established policy framework set out in the existing Regional Spatial Strategy and Regional Economic Strategy.
- 3.4 Responding to this agenda, SEEDA and the South East England Councils have established new regional governance arrangements with effect from 1 April 2009. The newly established South East England Partnership Board provides the forum in which the joint duty will be discharged. The Partnership Board is supported by a Strategy Board that will have responsibility for developing the detail of the Regional Strategy and its associated implementation plan.
- 3.5 Priority is being given to the preparation of the Regional Delivery Plan. Initially drawing together the work on implementation undertaken separately for the RSS and RES this document will both serve to inform the development of the Regional Strategy and set out the region's investment needs in advance of the forthcoming Spending Review.
- 3.6 The new regional governance arrangements makes provision for three 'delivery boards', reflecting the three key funding streams included within Regional Funding Advice:
 - The Regional Transport Board;
 - The Regional Housing and Regeneration Board
 - The Economic Development and Skills Board

- 3.7 The inclusion of the employment and skills agenda as part of the Economic Development and Skills Board reflects the significance of skills investment in supporting the delivery of sustainable economic growth both through higher overall employment levels and a higher proportion of high value jobs. It also reflects the region's view that there is a need to have a forum that provides leadership on the identification of regional priorities for skills investment. The need for such a forum is all the more important given the impending succession of the Learning and Skills Council by the Skills Funding Agency, the Young Peoples' Learning Agency and the greater involvement of local authorities in the 14-19 agenda.

Planning and Regeneration

- 3.8 The *Planning Act 2008* introduces a new system for nationally significant infrastructure planning, alongside further reforms to the planning system and the introduction of a Community Infrastructure Levy from April 2010. An independent Infrastructure Planning Commission will be responsible for making decisions on major infrastructure of national significance within a guiding framework of forthcoming National Policy Statements covering areas such as energy, aviation, road and rail transport, water and waste.
- 3.9 It is anticipated that the Act will speed up the planning system for major infrastructure projects which is particularly relevant to the South East in relation to renewable energy supplies (offshore wind, tidal and other low carbon power sources), possible nuclear new build, water reservoirs and transport. The aim to reform the planning system to become more proportionate, to operate more efficiently and effectively and is more easily understood by all involved is supported by the *Killian Pretty Review* and the respective Government response (March 2009).
- 3.10 With the publication of *Transforming Places, Changing Lives: Taking Forward the Regeneration Framework* (May 2009) the Government set out a package of proposals for a renewed framework for regeneration in England. The proposals are focused on three priority outcomes:
- Improved economic performance in deprived areas;
 - Improved rates of work and enterprise in deprived areas; and
 - Creating sustainable places where people want to live and can work, and businesses want to invest.
- 3.11 The document emphasises that regeneration should be more geared towards economic outcomes; this focus will in future guide targets for expenditure on regeneration. Aiming to ensure that regeneration tackles the underlying economic challenges, to increase social mobility and support people to reach their potential the proposed framework sets out new expectations for local government, sub-regional partnerships, RDAs, the Homes and Communities Agency, and central government. Of particular importance is the recognition of the RDAs'

role to co-ordinate alignment of investment to local and regional regeneration priorities as an integral part of the devolution of power to as local a level as possible.

- 3.12 In parallel to these policy developments the Homes and Communities Agency (HCA) became operational on 1 December 2008. The RDAs collectively as well as in each of the regions have established a relationship with the HCA to ensure regional and local regeneration schemes are aligned to and delivered in conjunction with national priorities. The implementation of revised regional governance structures will enable appropriate representation and engagement of the HCA at the level of regional and local prioritisation and decision making.

Greening the Economy

- 3.13 The *Low Carbon Industrial Strategy* (March 2009) sets out the Government's vision of how economic opportunities associated with a shift towards a greener industrial landscape, boosting sustainable job creation and economic growth, can be realised. The Strategy is underpinned by four drivers:
- Energy efficiency;
 - A low carbon energy infrastructure: renewables, nuclear, Carbon Capture and Storage (CCS), and 'smart' grid;
 - Making the UK a global leader in the development and production of low carbon vehicles;
 - Make the UK the best place for low carbon business to locate and develop.
- 3.14 The Government wants the **UK to be the leading location for innovative low carbon business**: this means having the right skills in place across all sectors, a solid research base, as well as public procurement, public policy and a regulatory framework conducive to low carbon investment. South East England is well positioned to work alongside Government with leading employers and key strategic partners to stimulate demand, support business innovation and create the framework for developing low carbon skills.
- 3.15 The *Climate Change Act 2008* sets out legally binding targets for the UK to reduce carbon dioxide emissions by at least 80 per cent by 2050, and 26% by 2020. The Act includes options for carbon trading schemes in line with the *Carbon Reduction Commitment*.
- 3.16 The *Energy Act 2008* works towards a number of policy objectives: carbon emissions reduction, security of supply, and competitive energy markets. The Act includes changes to *Renewables Obligation*, designed to increase electricity generation from renewable sources; feed in tariffs for small scale, low carbon generators of electricity and the establishment of financial support measures for initiatives generating heat from renewable sources.

3.17 The *Heat and Energy Saving Strategy* is aimed at reducing energy bills by using less energy as well as reducing carbon emissions and increasing use of renewable energy. The strategy will help maintain secure, diverse energy supplies and support a shift to a low carbon economy, including retro-fitting of existing homes. Alongside the drive towards zero carbon homes and non domestic buildings (new build) and the Code for Sustainable Homes this strategy is aimed to increase demand for low carbon solutions in the construction sector (retro-fitting as well as new build) by providing investment incentives to develop and market low carbon technologies.

New Industry, New Jobs

3.18 The Government's new industrial policy, published in April 2009, recognises that the RDAs collectively and individually have a strong role in the continued development of this policy and its delivery. The Government sees this policy as a major opportunity to help shape the future economic direction of Britain.

3.19 The document 'New Industry New Jobs' sets out the need for a strategic vision for Britain's recovery and to grasp the opportunities that a post recession world will offer: It concludes that there is a need for "**a new activism**". It seeks to create a policy framework which the Government will follow with fuller statements of policy over the coming months. In doing so it recognises that the development of the country's economic potential is by its nature a joint partnership between business, government and wider society. The role and expertise of the private sector is recognised as paramount but government must itself have an equivalent expertise in creating the frameworks in which successful firms can be created, develop and thrive and in which people in Britain can maximise their potential.

3.20 An **activist approach** is defined as follows:

- Being pragmatic but not dismissive about the way markets work. There are ways in which government can act that will complement markets to produce better outcomes;
- By recognising the role of government in shaping the market when it procures goods and services and when it sets the frameworks in which the private sector operates and the consequent need to do this strategically and in a way which drives innovation;
- By targeting certain kinds of public policy measures, including tailored skills strategies and assistance with access to capital, at specific growth markets in the economy, on the basis of robust criteria;
- By bringing about a cultural change in government to enable public policy towards business to be made and implemented across departments and different levels of government.

- 3.21 Within this national framework, there is a vital role for better coordination of government effort at regional and sub-regional level, working in partnership with the private sector. Each region has a unique set of challenges and capabilities and understanding of these is critical to effective policy delivery.
- 3.22 The Regional Development Agencies will have a key role to play in leading economic growth within the English regions. The recent evaluation by PWC has demonstrated RDAs' effectiveness in generating economic growth for their regions. The new responsibility of RDAs for developing regional strategies in partnership with local authority leaders' boards will create a new and powerful means to align regional and sub-regional partners in delivering a coherent economic vision for their region, rooted strongly in the responsibility to generate sustainable economic growth. These strategies will deliver the national priorities in the regional context.
- 3.23 Delivery at local and city-region levels should also meet regional and national strategies and priorities. In particular, partnerships at city-regional level have the potential to deliver a stronger focus on economic growth and to increase alignment in support of common objectives.
- 3.24 Taken together, these developments represent an important context within which SEEDA now needs to refocus its priorities. Annex A sets out opportunities that SEEDA has seized to take forward this agenda in the region.

4 REFOCUSING SEEDA'S PRIORITIES

- 4.1 SEEDA's vision is to be the best economic development agency a top global region could have; with expert interventions, expert deal making and expert strategic advice. We need to become wholly focused on supporting international competitiveness and high growth through innovation and productivity with a strong understanding of the potential impact on local economies.
- 4.2 While the fundamentals of the Regional Economic Strategy 2006-16 remain valid, SEEDA has reviewed its role and focus in response to the changing economic and policy context within which it operates. In undertaking this review, SEEDA has drawn on the evidence assembled through the Impact Evaluation process.
- 4.3 For example, we know that our business interventions, particularly those relating to sector support, as well as trade and inward investment, show the highest regional GVA returns to date. The costs of each job created and each business assisted in these interventions are the lowest across all regional intervention categories. They also achieve higher than national average for additionality: a good result in a region with such a buoyant economy. Nonetheless, we are looking to maximize our impact by focusing our effort more on specific sectors.
- 4.4 Our long term regeneration schemes building physical infrastructure are, largely, at too early a stage to have accrued benefits. These will flow in future years. These interventions generate much wider impacts than those captured in the estimation of GVA through the Impact Evaluation work. For example, raising confidence in a location provides a catalyst for revival and yet it is not captured by a GVA estimate. Together with other RDAs, we are looking to find a way of measuring the additional value yielded from a holistic approach rather than just the sum total of individual parts.
- 4.5 Our lowest rate of return on investment lies with our people-based interventions (these interventions were not set up to provide a return on investment in terms of jobs). In our review we have re-assessed our work on skills, focusing the agency on strategic interventions which seek to ensure that mainstream provision is focused on business need. SEEDA will fund pilots only where essential to demonstrate the case for skills work when mainstream provision is lacking. This will reduce the achievement of skills related outputs from SEEDA's own funding, but should enhance delivery by other public providers.
- 4.6 Existing programmes and activities have been re-prioritised in the light of these conclusions around the twin themes of:

- Helping business to survive the economic situation in the short term;
- Investing in developing the capacity and capability of the region to respond to the eventual upturn from a position of strength.

4.7 Developing these themes means that the focus for investment is on transformational programmes with a broad reach. Accordingly our focus for the period to 2009 - 11 is to:

- **Strengthen the 'core offer'** by investing in services such as Business Link; Manufacturing Advisory Service; place-based Innovation and Growth Teams (relevant to PSA1, 2 6 and 7);
- **Support the success of businesses operating internationally**, giving greater focus to our work with global investors in the region and looking to new sources of investment from global markets, including potentially sovereign wealth funds (relevant to PSA 6 and 7);
- Continue to **support high growth companies** to innovate and to commercialise science based R&D including support for Technology Strategy Board priorities, including using public procurement and regulation to drive investment in new markets and growth sectors, with particular emphasis given to realising the potential of environmental technologies (relevant to PSA 1, 6, 7, 27 and 28);
- Continue **investment in business-critical infrastructure**, working closely with the Homes and Communities Agency (relevant to PSA 5, 6, 7 and 20);
- Continue to **lead and drive mainstream investment in education led regeneration projects** alongside the Learning and Skills Council, and Higher Education Funding Council for England (relevant to PSA 1, 2, 6 and 7);
- Realise the **opportunities to use capital investment in education and skills** – e.g. the Building Schools for the Future - to align with employment programmes as a means of retaining capacity within the construction sector (relevant to PSA 2 and 6)

4.8 Existing programmes that fall outside of these priorities have been reviewed and are being scaled back accordingly. As a consequence, a larger proportion of SEEDA's economic development targets will, in future, be delivered by other regional partners.

4.9 SEEDA's review of existing programmes concluded that the priorities set out in the Corporate Plan have not as yet been reliably translated into actions that deliver those priorities. This further emphasises the

importance of re-focusing SEEDA's investment. As a consequence SEEDA is now embarked upon a programme of organisational development through which the organisation will be reshaped to deliver the outcomes that are needed in response to the economic downturn..

4.10 We have already begun to move forward with plans that will radically reshape the organisation in order to meet this new agenda. We have identified 3 key areas for future success:

- International trade and inward investment, nurturing global companies;
- Innovation, through collaborations to commercialise new ideas; and
- Business growth, through excellent infrastructure and expert support.

4.11 Work on re-planning has been taken forward within a framework that focuses on:

- **Function.** SEEDA's focus is on helping businesses to survive the economic downturn in the short term, and on investing in the capacity of the region to respond to the eventual upturn from a position of strength.
- **Place.** SEEDA has a set of **core services** in place or in development which is available throughout the regions. This comprises programmes such as Business Link, Manufacturing Advisory Service, inward investment, the Investor Development Managers, Innovation and Growth Teams and, where relevant, rural programmes.

Beyond this set of core services, SEEDA's **spatial priorities for investment** are the 8 Diamonds for Investment and Growth, together with the 4 ongoing growth or regeneration programmes in Ashford, Hastings and Bexhill, Dover and Margate.

Initially greater priority for funding will be given to those Diamonds where delivery arrangements are more advanced: currently Urban South Hampshire; Thames Gateway Kent; Milton Keynes and Aylesbury Vale; and the Gatwick Diamond.

The spatial priorities for investment take into account the Government designated Growth Areas and Growth Points located within the region.

- **Joint investment planning.** SEEDA will work with local authorities to ensure that its interventions contribute to shared priorities, as expressed in Local Area Agreements, together Multi Area Agreements and other forms of cross-boundary collaboration. SEEDA's investment can be categorised in 3 groupings:

- i. Programmes that operate at the regional level and which are managed by the Agency – for example inward investment;
- ii. Purpose-led vehicles and delegations that provide services on a contractual basis – for example Business Link;
- iii. Place-led partnerships established to lead on delivery of sustainable economic development – for example Hastings and Bexhill Task Force/Seaspace, the Science and Innovation Campus at Harwell.

4.12 SEEDA's input into Regional Funding Advice submitted in February 2009 reflects this framework. In moving forward with delivering the new agenda for SEEDA, the importance of aligning our investment with that of partners increases. So too will the importance of SEEDA's strategic influencing role. As part of this work SEEDA will use the synergy between the spatial priorities for investment and Government designated Growth Areas and Growth Points to pursue opportunities to secure investment in support of sustainable economic growth.

4.13 The work on organisational development is being taken forward in such a way as to enable SEEDA to perform these roles effectively within a changed context.

5 FINANCIAL FRAMEWORK

5.1 SEEDA's Corporate Plan 2008-11 set out how SEEDA's investment programme would be targeted towards meeting the three strategic economic challenges identified in the Regional Economic Strategy. That programme mapped out contributions to the delivery of enabling infrastructure in terms of the following portfolios:

- Improving Global Competitiveness 25%
- Achieving Smart Growth 25%
- Investing in Sustainable Prosperity 11%
- Enabling Infrastructure 32%

5.2 Immediate responses by the Government to the early stages of the recession have, since September 2008, led to reductions in RDA budgets amounting to £27.4m for SEEDA (£7.4m revenue, £20m capital) during the period 2009-11. In addition it is now clear that the impact of the recession on property markets means that forecast capital receipts totalling £17m will not now be achieved during the same period.

5.3 This means that the financial envelope for funding programmes over the next two financial years has shrunk by a total £44.4m when compared to the original Corporate Plan. A further £8m of planned receipts, which were not included in SEEDA's financial forecast but were set as an internal target to facilitate over-programming, will also not now be achieved. The combined effects of budget raids and reduction in capital receipts means that **SEEDA has about £52.4m (18.5%) less to invest over the next two years than was envisaged when the Corporate Plan was approved in June 2008.** Against this, SEEDA will receive an additional £6.1m in each of the next two years as ringfenced funding for the Train-2-Gain programme.

5.4 Alongside this, SEEDA has to achieve a 15% reduction in administration costs over the Corporate Plan period, from £23.9m in 2007-08 to £20.3m in 2010-11. This profile was established as part of the Comprehensive Spending Review.

5.5 Through the re-planning work we have re-prioritised our existing programmes. We have extensively reviewed, and in some instances re-negotiated and re-financed through other external sources, our legal and near-legal commitments as part of this exercise.

5.6 As a result of this work our position is as follows:

- i. **SEEDA will meet all its existing legal commitments**, including those commitments that are near to becoming legal commitments. This does not preclude the option of re-negotiating some of those commitments (for example projects

delayed by external factors or partners requesting re-negotiation);

- ii. When commitments (comprising legal and near-legal commitments) are taken into account the available programme budget is almost exhausted – with £212m allocated out of a programme budget of £251m;
- iii. A further £52.5m of proposals have been identified in the ‘pipe-line’ for which there is currently no financial allocation made. This includes proposals that are work-in-progress. It also includes new activities that relate to the key areas for future success (for example the need to provide leadership on the widespread application of environmental technologies, helping to deliver a low carbon economy).

5.7 The re-planning work provides a sound basis on which to move forward. Examining this on a year-by-year basis the picture is as follows:

- iv. **In 2009-10**, once an allowance of 10% is made for over-programming, the budget is sufficient to meet the legal and near-legal commitments. It is also sufficient to enable SEEDA to take forward work to develop and plan to deliver the pipe-line proposals; this is conditional upon it being demonstrated that the pipe-line proposals are consistent with SEEDA’s refocused agenda. Funding will be allocated to these proposals if and when this condition is met;
- v. **For 2010-11**, the overall levels of funding available are substantially reduced. However, the budget is sufficient to meet the legal and near-legal commitments. Once a 10% allowance for over-programming is made, it is also sufficient to allow SEEDA to again progress the pipe-line of proposals subject to being consistent with SEEDA’s re-focused agenda.

5.8 The re-planning work has identified a number of investments to which SEEDA is currently committed but which in future it would not directly support. Where this is the case we are working with partners and potential contractors to agree either to stop the activity or alternatively develop an exit strategy. This is critical to providing more space within the budget to enable us to move forward with the new agenda for SEEDA.

5.9 The implication for each of the programmes in the Corporate Plan is set out in the table overleaf. A financial summary using Public Value Programme expenditure categories is set out in Annex B.

PROGRAMMES	2008/9 Actual (£,000)	2009/10 Revised CP (£,000)	2010/11 Revised CP (£,000)	2008/11 Revised CP (£,000)	2008/11 Orig CP (£,000)
Global Competitiveness					
Global Markets	5,533	4,918	4,691	15,142	13,155
Research & Development	14,794	13,139	10,972	38,905	47,115
Innovation and Creativity	19,460	24,955	23,575	67,990	50,525
ICT/Broadband	334			334	1,465
Total	40,121	43,012	39,238	122,371	112,260
Smart Growth					
Enterprise	27,890	27,516	26,233	81,639	87,010
Employment and Skills	5,215	2,776	2,133	10,124	16,065
Procurement and Regulation	555	0		555	2,575
Total	33,660	30,292	28,366	92,318	105,650
Sustainable Prosperity					
Low Carbon	256	892	1,000	2,148	5,790
Resource Efficiency	1,775	1,924	1,774	5,473	9,560
Natural and Rural Resources	4,298	3,570	2,843	10,711	11,550
Sustainable Communities	2,571	2,667	1,660	6,898	19,460
Total	8,900	9,053	7,277	25,230	46,360
Enabling Infrastructure					
Strategic Development Fund	51,227	48,549	25,633	125,409	117,250
Infrastructure	2,497	3,386	4,205	10,088	21,840
Total	53,724	51,935	29,838	135,497	139,090
Strategic Influencing					
Strategic Partnerships	1,709	1,890	1,845	5,444	5,595
Communications	526	560	502	1,588	2,505
Research / Evaluation	903	535	837	2,275	2,700
Total	3,138	2,985	3,184	9,307	10,304
Developing SEEDA					
Organisation Development	1,400	3,080	2,600	7,080	7,700
Total	1,400	3,080	2,600	7,080	7,700
Programme Total	140,943	140,357	110,503	391,803	421,860

6 CORPORATE PLAN PRIORITIES

6.1 We have reviewed the portfolios set out in the Corporate Plan. In so doing we have ensured that the investments made by SEEDA are consistent with, and complement, the priorities set out in the RES and the South East Plan. We have also adopted the Regional Funding Advice submission made by SEEDA and the South East England Councils as being an appropriate basis on which to take forward the re-prioritising of our existing programmes. We have also ensured consistency with 'New Industry, New Jobs' as providing a policy context.

What Do We Continue To Do/What Do We Do More Of?

6.2 The new agenda emphasises the importance of targeting our investment to support business productivity and efficiency within the context of a low-carbon economy. Central to this will be ensuring that we integrate investment in business support, innovation, skills and physical development.

6.3 It is important that SEEDA's mainstream business support offer (including Business Link; Finance South East; the Manufacturing Advice Service; the Designing Demand initiative; and Innovation and Growth Teams) is developed to encompass the industry sectors that have significant growth potential, both in terms of global markets as well as within the South East. Priority is therefore being given to those sectors and technologies that stand to make the largest contribution in regard to innovation and productivity-led growth. Particular sectors that are of significance in this respect are:

- Environmental technologies, land sciences, engineering and construction sectors;
- Advanced, high-value R&D based engineering
- Life sciences and health services
- ICT and digital services
- Creative industries

6.4 We will need to follow this focus through into our Inward Investment activity which, informed by research undertaken through our Sector Consortia, will move from a geographical focus to one that targets these key sectors.

6.5 We will need to address the business development needs of the 50% of businesses that start off as micro- or home-based; and will look to grow the global potential of the region's strengths in land sciences through a new type of sector consortium approach.

6.6 SEEDA will not have the resources to deliver capital intensive long-term physical regeneration programmes to the same extent that it has

in the past. We are therefore seeking to establish new ways in which to support regeneration and economic prosperity in tandem. For example, we are currently exploring joint venture models with the Homes and Communities Agency, which will create strategic partnerships and enable borrowing to take forward priority regeneration activity. In this context it will be important that the focus for investment in physical regeneration shifts towards critical business infrastructure, helping to ensure we provide an environment which attracts corporate investment and in which the sectors with high-growth potential can prosper. In line with an integrate approach to inward investment, this will ensure we create a competitive environment to secure global businesses.

- 6.7 Increasingly the focus will be on developing funding packages that draw on the potential of sovereign wealth funds, pension funds and other investment sources such as the European Investment Bank, rather than relying on traditional public sector subsidy. We will need to make greater use of private sector equity and leveraged borrowing, following other successful RDA models. This reinforces the significance of SEEDA providing technical leadership on the delivery and implementation dimension of the Regional Strategy in the post-SNR world.
- 6.8 Improving the alignment and integration of investment, not just across SEEDA's budget but with the investment of other agencies, is critical to delivering sustainable economic growth. Our investment in the Institute for Sustainability within the Thames Gateway is an illustration of the kind of enabling investment that provides an opportunity to support investment activities by partners, supporting the delivery of the Science and Innovation Campus at Harwell is another.
- 6.9 The importance of supporting the sectors and technologies that will lead the upturn also needs to be followed through in our investment, aligned with the Technology Strategy Board and informed by SESETAC, in collaborative research and development, particularly through the Assisted Living and Intelligent Building innovation platform.
- 6.10 Promoting knowledge transfer and co-operative working between businesses and our universities – through the development of our Knowledge Transfer Networks/Partnerships programme – is another key dimension of investing in providing an environment in which transformational economic activity can become established and prosper.
- 6.11 Where we have established companies we need to seize the opportunity to develop bespoke solutions that secure the future of major investors in our key sectors. Current examples include our potential investment to secure the future of the Isle of Wight as a cluster for world leading composite technology in the aerospace, marine and renewable energy sectors.

- 6.12 Given the importance of helping strong businesses through the recession and of maintaining employment levels, we will strengthen our Continuous Employment Service which supports individuals about to become redundant, for example through job-matching. We have established local task forces to bring together, across the public sector, a single rapid response to major redundancies or a cluster of redundancies in a local area as part of gaining a double dividend from our low carbon economy work. Delivering these new objectives will put a premium on capacity to provide leadership, including in relation to bringing innovative finance mechanisms to the region.
- 6.13 In the short term our budget commitments mean that the scope for taking forward aspects of the new agenda relating to the need to stabilise and then reduce our ecological footprint, are more limited than is desirable. However, as we move forward we must create the space within our budget to drive this aspect of our work forward.
- 6.14 We must build upon transformational initiatives, such as Pathway to Zero Waste and ensure that it becomes owned and driven by the private sector as a means of wealth creation, with the public sector in an enabling and leadership role. We must provide leadership in delivering a future-proofed energy supply that supports business growth and inward investment, in the process ensuring that we link this to business efficiency and a large-scale programme of retrofitting to existing homes in the region.
- 6.15 Finally we must use our leadership of the 2012 programme to focus effort especially in relation to culture and education-led regeneration and the creative industry sector, such as the digital sector, and the visitor economy.

What Do We Stop?

- 6.16 Delivery through partnership is critical to achieving sustainable economic development. SEEDA's contribution to that partnership though requires the organisation to critically review its activities and identify those areas where there is a need to step back from direct delivery.
- 6.17 The review of SEEDA's Enabling Infrastructure and Development programme has identified projects within the programme that are not consistent with the new agenda for SEEDA. We will nevertheless proceed with projects where there is a legal or near legal commitment.
- 6.18 A range of other projects no longer fit SEEDA's refocused priorities. In these cases, SEEDA is looking to other partners and sources of funding to take the project forward (for example the **Shoreham Harbour Masterplan**); or which are not transformational in their economic impact due to scale, and which we will not support (for

example the construction of a small social enterprise centre at **Watermill Wharf**, Medway).

- 6.19 The re-planning work has also identified a number of activities where there is a need to develop, in discussion with partners, a managed exit strategy. For example, we have negotiated an agreement with the Homes and Communities Agency to take on a commitment associated with the **Brownfield Land Assembly Company**. There is also a need for further development work with the Homes and Communities Agency regarding future support for skills needed in delivering the built environment, previously funded by SEEDA through **South East Excellence**, the Regional Centre of Excellence for Skills in Sustainable Communities. Similarly, there is a need for further work with the Commission on Architecture and the Built Environment regarding future support for regional initiatives to support design such as the **Architecture Centres** and the **Regional Design Panel**.
- 6.20 The integration of investment in economic development and skills is critical to delivering sustainable economic development. However given the focus for SEEDA moving forward we will have a much reduced role in the direct delivery of skills. The **Employ North Kent** project is an example of the kind of initiative that is currently supported and which in future is unlikely to form part of the new agenda for SEEDA; but equally our experience with the initiative should provide valuable lessons for key DWP programmes such as Flexible New Deal.
- 6.21 Instead there is a need to use our strategic influencing role to work in partnership with Job Centre Plus and the Learning and Skills Council (and its successors) to ensure that future investment meets the needs of employers now and in the future. This will include pushing at the boundaries of the new Train-2-Gain flexibilities; using our lead role to best effect to influence policy-making in DIUS and DWP; taking forward the skills simplification agenda on behalf of businesses; and leading some major work on foresight with the Sector Skills Councils and Universities on future skills needs.
- 6.22 The establishment of the Economic Development and Skills Board as part of the new regional governance arrangements post-SNR provides us with the forum in which to ensure alignment of policy and investment.
- 6.23 While support for businesses remains a key focus for the work of SEEDA we must take advantage of the work to reduce the complexity of business support. We must ensure that all business support we provide, either directly or increasingly through our delivery partners, is delivered through the national 'Solutions for Business' product portfolio.
- 6.24 We must **reduce the number of smaller scale initiatives** currently operating by concentrating activities through our mainstream

programmes. For example **mainstreaming enterprise support for disadvantaged and under-represented groups and for land based businesses** through Business Link and bringing all intensive support for high-growth SMEs within the Innovation and Growth Teams.

- 6.25 We will use the opportunity presented by the need to refresh the Corporate Plan to critically review the way in which some of our other activities are delivered. This may result in opportunities to enhance partnership working with local authorities. For example, **some of our rural programmes**, focused on regeneration of small rural towns and piloting innovative ways of delivering services to rural communities, fit with local authorities' new place-shaping responsibilities and may now be better delivered by them, with policy development functions and funding passed to them from SEEDA through a process of joint investment planning.
- 6.26 Similarly, we will review the way support for culturally and socially focused programmes is delivered. We expect SEEDA's role to be the provision of economic analysis and evidence to guide action by local authorities and the voluntary and community sector. We will continue to provide leadership on 2012 for the region, but will no longer be able to provide financial support in support of individual sporting events.

7: Outputs and Outcomes

BERR Framework		RES			Corporate Plan			
Regional Objectives	Outcome Indicators	RES Target / Transformational Actions	RES Outcomes by 2016	RES Outcomes 2008-11	SEEDA Outcomes 2008-11	SEEDA Outputs 2008-11	Milestones and Actions	Major partners and Programmes
	GVA headline target	Achieve an average annual increase in GVA per capita of at least 3%	Achieve an average annual increase in GVA per capita of at least 3%	Achieve an average annual increase in GVA per capita of at least 3%	All SEEDA work contributes to this RES target			N.B. contribution from activities across Corporate Plan and especially: Global markets; Research and Development; Innovation and Creativity; Enterprise; Procurement
		Ecological footprint Headline target	Reduce the rate of increase in the region's ecological footprint (from 6.3 global hectares per capita in 2003, currently increasing at 1.1% per annum) stabilise it and seek to reduce it by 2016	The rate of increase in the region's ecological footprint is below 1.1%	All SEEDA work contributes to this RES target			N.B. contribution from activities across Corporate Plan and especially: Innovation and Creativity; Low Carbon; Resource Efficiency; Natural and Rural Resources; Strategic Development Fund
Productivity	GVA per hour	Productivity headline target	Increase productivity per worker by an average 2.4% annually, from £39,000 in 2005 to at least £50,000 by 2016 (constant prices)	Increase productivity per worker by 3x2.4%, from £39,000 to around £42,000	All SEEDA work contributes to this RES target			N.B. contribution from activities across Corporate Plan and especially: Innovation and Creativity, Enterprise; Employment and Skills; Sustainable Communities; Infrastructure
Employment	Proportion of population in work	10. Employment TA: Raising Economic Activity Rates	Improve the productivity of the workforce and increase economic activity from 82% to 85% by bringing 110,000 net additional South East residents of working age into the labour market by 2016 (as a step towards bringing up to 250,000 residents into the labour market by 2026)	30,000 South East residents brought back into the labour market (N.B. pro rata target would be 44,000)	Strategic Added Value of collaborative working and capacity building through RSPA and LSPAs to deliver on future skills and employment frameworks strategy SAV from establishing close working arrangements with Local Authorities with further development of LAAs on employment and skills	Jobs Created: 88 28 – Cultural/Third Sector 60 – ERDF (using single pot funding) Employment Support: 15,600 – CESS 12,000 – CESS 1,600 – Enterprise Gateways 2,000 – Other skills projects	2008: Employment and skills boards operational with local action plans in place 2008: Regional framework for employment developed 2008: Regional and sub regional employment plans aligned 2008: 40 plus Flagship programme on the older workforce developed 2009: Employment and skills boards working as the strategic arm for employment and skills delivery and linked to Local Area Agreements	Main Partners: Regional Skills for Productivity Alliance (RSPA) Job Centre Plus Local Authorities Learning & Skills Councils Sector Skills Councils Further Education Higher Education European Social Fund Priority Activities: Regional Skills for Productivity Alliance Employment and Skills Boards Employability pilots European Social Fund

Skills	Percentage of working population with basic, intermediate and higher level skills attainments	6. Skills TA: Skills Escalator	Maximise the number of people ready for employment at all skill levels, and ensure they are continually equipped to progress in the labour market	73% of population at NVQ level 2 or above - on a working population of 5.2m, this means an increase of around 300,000 over the 2005 baseline 34% of population at NVQ level 4 or above - on a working population of 5.2m, this means an increase of around 200,000 over the 2005 baseline	CESS will provide support to organisations undergoing restructuring and redundancy SAV generated by Regional Minister and Stakeholders working together to support delivery of Skills and employability targets in the South East and leading the way in influencing national policy	Business Support: 1,800 600 p/a – E&S Programmes Skills Development: 30,283 21,686 – Actual 2008/9 4,800 (1,600 p/a) – Legacy Skills projects 4,867 – ESF 530 – Target 14 Higher Level Skills: 494 194 – Actual 2008/9 300 – 2009/10 People trained in land-based related activities under the rural RDPE European programme: 16,000	2009: 50% of earliest training pools projects mainstreamed 2010: 8 National Skills Academies in operation 2010: 40 plus flagship programme on the older workforce rolled out 2008: Regional framework for skills produced 2008: Regional skills for productivity alliance partners aligned to framework for delivery 2009: 50% of earliest training pools projects mainstreamed 2010: 8 skills academies in operation by year 3 2010: 40 – 70 older workers regional pilot developed	
Innovation		1. Global Business and Foreign Direct Investment	Increase the percentage of businesses located in the South East operating internationally from an estimated 10% in 2003 to 15% by 2016, maximising the South East's share of global Foreign Direct Investment	4,800 new businesses operating internationally 640 new investors	SEEDA supports UKTI in its objective to maximise UKTI's contribution to the RES outcome of 4,800 businesses operating internationally 640 new investors in the region	New investors to locate to the region: 255 Jobs Created: 10,800 10,000 – Various C&G programmes 800 - GBI Regeneration Leverage: £60m	2008: Integration of the international teams with SEEDA's innovation activity. 2008: Development of a new three year international plan. 2008: A review of Global Reps activity. 2009: New Sector Consortia in place 2009: Implementation of the new international plan 2009: Implementation of the recommendations of the review of Global Reps activity	Main Partners: UKTI Strategic Economic Partnerships Priority Activities: Regional Trade and Investment Service Regional Trade and Investment Strategy Grants for Business Investment (GBI)

	Business gross domestic expenditure on R+D as a proportion of GVA	2. Knowledge Transfer and R+D TA: Science and Innovation Campuses	Increase the proportion of businesses in the South East reporting R&D links with universities from 11% in 2005 to 15% by 2016, and increase expenditure on research and development in the South East from 3.2% of Gross Value Added in 2003 to 4% by 2016	Number of businesses reporting R+D links with universities increased from 11% to 12.8% BERD increases from £3300m to £3,565m, around £250m per annum	265 businesses engaged in major collaborations, 4-5% of RES target, developing from 1350 collaborative engagements £20M levered into the region from Technology Strategy Board funding programme Improved collaboration in land based business sector, with better links across supply chains. To be delivered through the European Rural (RDPE) programme	New networks in place: 11 - involving 1500 businesses - Cultural/Third Sector (3) New partnerships in place: 200 - involving 200 businesses, including a minimum of 45 technology transfer agreements with European partners Collaborative R+ D projects in place: 7 - involving 35 businesses New Innovation Platform Engagements in place addressing technological challenges: 3 - involving 30 businesses	2008: SE Innovation Action Plan in place. 2008: Aligned funding is managed in partnership with the TSB. 2008: Development programme for science and innovation campuses in place 2008: Environmental Technologies Strategy developed 2009-11 SE innovation Action Plan implementation phase 2009-11 Environmental Technologies Global Strategy Implementation phase 2010: Science and Innovation Campuses established and operational	Main Partners: SESETAC National Technology Strategy Board Priority activities: Innovation Action Plan Innovation Collaborations Science and Innovation Campuses
		3. Innovation and Creativity TA: Environmental Technologies	Increase the percentage of total South East business turnover attributable to new products from 12% in 2004 to 20% by 2016, and the percentage attributable to significantly improved products from 18% in 2004 to 25% by 2016	An increase in turnover attributable to new and improved products and services from £147bn to £206bn	Businesses benefiting from SEEDA investment in innovation and creativity will collectively report an average of turnover attributable to new products of at least 20% and turnover attributable to significantly improved products and services of at least 25%	Business Support: 2,600 - 2,000 specifically assisted through SEEDAs innovation and creativity programmes - 600 environmental technology businesses assisted to get involved in collaborative innovation Regeneration Leverage: £0.25m - generating a total of £0.5bn new GVA	2008: Innovation and Creativity Action Plan integrated with international teams 2008: New Innovation and Creativity Plan and Environmental Technology Global Strategy developed; 2008: Consultation with local partners on Innovation Teams 2008: RDPE implementation plan in place 2009-11 New place-based innovation teams in place across the region.	Main Partners: Sector Consortia Business Link Design Council Cultural Agencies Higher Education Institutions Priority Activities: Innovation teams Manufacturing Advisory Service Grants for R&D Proof of Concept (PoCKeT) Fund Finance SE core funding
Enterprise	Number of VAT start-ups per 10,000 adult population	5. Enterprise	Increase the business stock by 35% from 35 businesses per 1,000 inhabitants in 2005 to 44 per 1,000 inhabitants by 2016, including 10,000 new businesses run by women by 2010	6-10,000 additional VAT registrations (i.e. net gain in registration) per annum 10,000 more businesses run by women by 2010	Delivery of Business Support Simplification Programme and Implementation of Solutions for Business Mainstreaming of SEEDA's business support access and 'Information, Diagnostic & Brokerage' programmes into Business Link Appoint supplier(s) for the Business Link	Job Creation: 800 Business Creation: 9,129 Sustained after 12 months: 5,647 Demonstrating Growth after 24 months: 591 Business Support: 82,325 77,721 – Business Link 880 – Cultural/Third Sector Businesses supported under T.14: Sustainable Communities 2,500 – 2012 CompeteFor ERDF – 1,224	2008: Business Support Advisory Board established (SEBSAB) 2008: Ongoing development of redundant buildings for rural job creation 2009: Integration of Train to Gain skills brokerage with Business Link 2009: SE Business Support Framework in place.	Main Partners: Business Link Learning and Skills Council SE Women's Enterprise Steering Group Business Membership Organisations SEBSAB Social Enterprise South East SE Inclusive Enterprise Group Priority Activities: Business Link Enterprise Gateways Train to Gain (skills brokerage)

					Service from April 2010 and manage successful transition	<p>Start ups assisted (start-up penetration): 19,078</p> <p>Individuals Assisted to Start a Business: 55,741</p> <p>Supporting 6,000 female pre-start and start-up businesses (Women's Enterprise Strategy 2005-10)</p> <p>Parity take-up of business support services in disadvantaged areas and underrepresented groups: 7% of businesses based in disadvantaged areas; 31% rural; 23% run by women; and 4% run by black and ethnic minorities.</p>	<p>2009: Regional Customer Management and Information System delivered for use by Business Link Providers. Further roll-out in 2010.</p> <p>2009- 2010: Migration to BSSP portfolio and Solutions For Business Products</p> <p>2009 - 2010: Integration of Enterprise Gateways provision with Business Link and transformation into new Solutions for Business Products for intensive start-up support & Enterprise Coaching</p>	Inclusive Enterprise Regional Customer Management and Information System (RCRMIS) Rural Redundant Buildings Programme
		7. Competition and Business Regulation	Increase the level of participation of South East businesses (especially small businesses and social enterprises) in tendering for public sector contracts	Traffic light changed to green by establishing SE Public Procurement Group, , developing the evidence base and using it to develop a regional framework that reflects the priorities identified in the Government's 'Glover Review' of Public Sector Procurement	Leadership in working with regional partners to develop a strategic and collaborative approach in support of national priorities as per the Enterprise Strategy, Buggins Review and Glover Review.	<p>Strategic approach and partnership group developed.</p> <p>National and European policy development influenced (notably the Glover Review)</p>	<p>2008: Establish SE Public Procurement Group</p> <p>2009-10: Develop a South East framework on public sector procurement in response to the Government's Glover Review and its recommendations.</p> <p>2009-10: Work with Business Link to support procurement projects e.g. CompeteFor and Procurement Readiness activity (particularly for underrepresented groups and local sustainable procurement pilots)</p> <p>2008-11: 2012 regional e-brokerage in place and delivering (CompeteFor)</p>	<p>Main Partners: NHS NHS Collaborative Procurement Hubs Local Authorities Business Link Business Membership Organisations Improvement & Efficiency South East</p> <p>Priority Activities: South East Public Procurement Group Regional Framework (reflecting priorities from Glover Review) 2012 Regional Electronic Brokerage</p>
Sustainable Development and Economic Opportunity for All (Cross cutting issues)		4. Infrastructure TA: 100% Next Generation Broadband	Secure investment in infrastructure priorities to maintain international economic competitiveness	Traffic light changed to green by securing investment in infrastructure priorities and development milestones achieved: Airtrack; Brighton Mainline; SMART; M4 Capacity Enhancement; Next Generation Access (NGA) networks in all new build in the region.	<p>Strategy development: a distinctive, informed sustainable economic development voice influences the development of planning and investment strategies in the region</p> <p>Investment Planning: clear plans are set for public investment which delivers sustainable economic development</p> <p>Increased Private sector confidence in investing</p>	<p>Brownfield Land remediated: 28 Hectares</p> <p>Regeneration Leverage: Private Sector: £300m Public Match: £300m</p> <p>Housing Units: 580</p> <p>Affordable Housing: 173</p> <p>Commercial Space: 117,000 sq.m</p> <p>Commercial space capable of accommodating jobs: 1,900</p>	<p>2008: Complete baseline of evidence and targets for transport and physical development</p> <p>2008: SE strategies for reducing congestion and pollution from transport and to improve the energy efficiency of existing housing stock</p> <p>2011: Major infrastructure projects completed or on track</p> <p>2008: Completion of Single delivery framework giving combined RSS/RES leadership</p>	<p>Main Partners: Regional Assembly Regional Transport Board Regional Housing Board Private sector Development Partners Homes and Communities Agency Local Authorities Network Rail Highways Agency</p> <p>Priority Activities: Major transport investment in line with RTB priorities Thames Gateway Economic Development plan Regional Infrastructure fund Education-led initiatives</p>
		8. Transport	Reduce road congestion and pollution levels by improving travel	Traffic light changed to green by establishing baseline and agreeing regional frameworks,				

		9. Physical development	choice, promoting public transport, managing demand and facilitating modal shifts Ensure sufficient and affordable housing and employment space of the right quality, type and size to meet the needs of the region and support its competitiveness, and create the climate for long term investment through the efficient use of land resources, including mixed use developments	strategies and action plans for improving travel choice, reducing road congestion, managing demand and facilitating modal shifts Traffic light changed to green by achieving SE Plan housing numbers on housing, completing employment land review and setting baseline on efficient use of land resources, including mixed use development	in areas of relative market failure Skills development: an increased number of organisations and individuals have the skills to deliver sustainable economic development Strategy development: robust evidence to support strategy development SE Plan with robust economic dimension Integrated Single Regional Strategy Investment Planning: Single Delivery Framework in place which increases SE share of resources delivered via RTB, RHB and RFA Next Generation Access networks planned in all growth areas and diamonds.	SEEDA supported expert briefing and learning opportunities taken up by local authority Councillors, senior officers, professionals and members of the development industry: 1,000	2010: Local ICT strategy groups established in each growth area and diamond with strategic development plans in place 2009: plans in place to improve sub-regional economic performance through targeted development investment. 2009: Investment Panel in place for the Regional Infrastructure Fund 2009: Secure £25 million Department of Transport funding for the South East Regional Infrastructure Fund (RIF) 2008: Programme of skills/engagement activities delivered to support local authority growth aspirations. 2009: Statement of intent to support joint working signed by national agencies providing advice and support to local government 2009: Closure of South East Excellence (brand name for the regional centre of excellence for sustainable communities) and the transfer of appropriate activities to other regional agencies.	Pilot/demonstration projects for demand management and modal shift Local teleworking pilots South East Excellence Capacity building for local regeneration
	11. Climate Change and Energy	Reduce CO ₂ emissions attributable to the South East by 20% from the 2003 baseline by 2016 as a step towards the national target of achieving a 60% reduction on 1990 levels by 2050, and increase the contribution of renewable energy to at least 10% of energy supply in the South East by 2010 as a step towards achieving 20% by 2020	Growth in CO ₂ emissions halted and plans in place to reduce by 20% from 2003 baseline by 2016 [pro rata target would be 8% reduction in CO ₂ emissions from 8.9 to 8.2 tonnes per capita per annum, 19m to 17.5m tonnes in total] 760MW renewable energy installed by 2010, around 7% of regional electricity supply [pro rata target would be 1170MW capacity to deliver 10% supply]	SEEDA leadership and leverage results in an increase in renewables capacity and supply beyond the planned 760MW capacity and 7% supply. SEEDA leverage and support results in plans adopted for significant emissions reductions from Diamonds areas. Regional housing retrofit strategy agreed by Local Authorities, leading corporates and utilities. SEEDA emissions	Number of businesses considering sustainability in their action planning: 7,500 (2,500 p/a) SEEDA developments are at least at level 4 of the code for Sustainable Buildings or equivalent for commercial properties Leverage of funds through regional carbon compensation framework 1:4 ratio of funding by year 3 Diamond work leverage 1:1 ratio of funding	2008: Single Delivery Framework gives regional lead on this target 2008: SEEDA is exemplar organisation in terms of carbon emissions, energy and water use per employee 2010: Carbon Compensation Fund established 2010: Energy Efficiency and Renewables advice work integrated into Business Link service 2010: Supply side projects begun and linked to demand-side Renewables challenges, eg Anaerobic Digestion and	Main Partners: Regional bodies Diamonds Authorities Utilities companies and corporates Envirobusiness Business Link SE Forum for Sustainability Low Carbon Regional Leadership Group European Regional Development Fund Priority Activities: Diamond Authorities Ecological Footprint Regional Carbon Compensation Fund Green Economy Programme SE Energy Agency SEEDA Going Green programme Low Carbon Regional Leadership	

					reduced by 30%. SEEDA's strategic leadership leads to a reduction in partners' emissions		biomass CHP.	Group European Regional Development Fund
	12. Sustainable Consumption and Production	Reduce per capita water consumption in the South East by 20% from 169 litres per day in 2003/04 to 135 litres per day by 2016, and achieve a 30% increase over the 2003 baseline in GVA generated per tonne of materials entering the waste stream by 2016	6% Reduction in water consumption per capita from 169 litres to around 158 litres Increase in GVA generated per tonne of waste from £5,000 to around £5,300 GVA NB: data provided by Environment Agency	SEEDA leadership and leverage supports the Environment Agency and business to continue making progress on water reduction target. SEEDA business support activity contributes to business achieving its share of the 6% reduction in water consumption. SEEDA leadership of Zero-Waste Region contributes to the reduction targets in the SE Plan and the increase in GVA generated per tonne of waste Green Economy programme contributes to water reduction target.	Number of businesses considering sustainability in their action planning: 7,500 (2,500 p/a) Construction and Demolition waste diverted from landfill (Tonnes): 2,100,000 2008/09 – 250,000 2009/10 – 650,000 2010/11 – 1,200,000 NB: data provided by Environment Agency quarterly in arrears	2008: Zero-Waste Region Strategy in place and starts delivery on construction material. 2010: Business resource efficiency support and advice mainstreamed into Business Link 2010: Regulations changed to provide right standards for waste re-use.	Main Partners: Environment Agency Regional bodies Water Companies Business Link European Regional Development Fund Priority Activities: Zero-Waste Region Project Business support on resource efficiency Smart Construction European Regional Development Fund	
	13. Natural Resources and the Environment	Achieve measurable improvements in the quality, bio-diversity and accessibility of green and open space	Traffic light changed to green by establishing baseline and agreeing regional frameworks, strategies and action plan for ecosystem services	SEEDA support to Natural England results in clear regional strategies and action plans SEEDA's own developments are exemplar projects of new regional strategies SEEDA influence results in increased quality of green infrastructure in Diamonds	Rural & RDPE outputs included under T6. Skills, T2. Knowledge Transfer & T5. Enterprise 50% of ERDF programme outputs can be counted by SEEDA and are included under T.5 & T.10	2008: Natural England supported to develop long term spatial targeting framework to guide all Green Infrastructure work bringing together all agency priorities; and used in all SEEDA-funding physical development work. 2008 Cross-agency/LA programmes identified so as to bend funding streams to best effect. 2008: European RDPE Regional Implementation Plan in place 2009: Cross-agency/LA programmes start to be implemented.	Main Partners: Natural England Environment Agency Rural partners Priority Activities: Economic aspects of land use Green infrastructure Exemplar projects Rural Programmes	

	<p>14. Sustainable Communities</p> <p>TA: Making the Most of 2012</p>	<p>Enable more people to benefit from sustainable prosperity across the region and reduce polarisation between communities</p>	<p>Traffic light changed to green by establishing baseline and agreeing regional frameworks, strategies and action plans for inclusion, culture and place-making that demonstrate clear contributions towards GVA, Productivity, Quality of Life and Wellbeing</p>	<p>SEEDA leadership results in clear regional strategies and action plans in placed based on robust evidence</p> <p>Targeted SEEDA investment and strategic advice leads to cultural assets and improved public realm in key coastal resorts</p> <p>Increased understanding of how to address persistent deprivation and economic and financial exclusion within the SE Region</p> <p>SEEDA leadership and co-ordination ensures that all 2012 partners deliver agreed outcomes and outputs</p>	<p>Increased and more targeted contribution and collaboration from Corporates in delivering regional economic strategy</p> <p>SE Festival Offer has increased national and international profile and increased sustainability</p> <p>Strong and distinctive creative and cultural offer in each part of the region with clear understanding of the target audience and ability to increase GVA, innovate and improve productivity</p> <p>T14. outputs shown under: T.2 Knowledge Transfer, T.5 Enterprise, T.6 Skills and T.10 Employment</p> <p>Economic and financial inclusion research dissemination programme provided to all SE Local Authorities: 1</p> <p>Regeneration Leverage: Public Sector: £2.5m (Cultural/Third Sector projects, including SeaChange)</p> <p>Coastal Towns where regeneration supported: 3</p> <p>2012 Pre-games training camps secured for South East: 10</p>	<p>2008: Corporate Cabinet Partnership launched and operational</p> <p>2008: Cultural and Creative Opportunities Framework developed with partners</p> <p>2008: Regional data gathering and analysis tool created - regional ISEW developed and refined</p> <p>2009: Financial Inclusion Strategy developed and rolled out</p> <p>2009: Best practice models in homelessness prevention and service delivery developed</p> <p>2010: South East partnership for 2012 delivers with SEEDA's co-ordination and support</p> <p>2010: support and advice given to coastal resorts seeking to obtain funding through DCMS Seaside Resorts fund</p> <p>2010: Increased collaboration and contribution to by Corporates to digital innovation, development of social enterprise, and 2012.</p> <p>2010: Significant progress in all aspects of the SE 2012 offer.</p> <p>2011: Small Rural Towns Programme completed</p>	<p>Main Partners: RAISE Culture SE SE Health Partnerships Local authority Partnerships</p> <p>Priority Activities: Evidence Base Workless and Polarised Communities Vibrant Places and Communities Communities and Corporate collaboration New paradigm – new Markets Making the Most 2012 Small Rural Towns</p>
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NEW INDUSTRY NEW JOBS

- 1.1 SEEDA has ensured that in refocusing its priorities it has seized the opportunity to support delivery of the Government's new industrial policy: 'New Industry New Jobs'. SEEDA's approach seeks to deliver action in the short term while at the same time ensuring that our programmes make a positive contribution to delivering the policy in the medium to longer term.

Action in the Short Term

- 1.2 SEEDA has published 'Open for Business' setting out the range of support from SEEDA, Business Link, JobCentre Plus and the LSC. This has been sent to partners and stakeholders. Highlights include:
- Strengthening the Continuing Employment Support Service, a joint SEEDA/Jobcentre Plus programme. Working in partnership with the main government agencies it offers a free, tailored, in-house package of support to all affected workers before they leave their employment, thus negating the need in many cases to access benefits.
 - Helping companies shedding jobs find new opportunities for redundant people, such as at Sony at Basingstoke where 300 jobs were shed. Our Investor Development Managers are helping about 50 of these people to be re-employed at a Nokia subsidiary company.
 - The establishment of the SEEDA Transition Fund to help businesses survive the economic downturn. The Fund has now had offers loans accepted by 19 companies with a value of just over £2.2m. It is projected that, so far, 684 jobs will be safeguarded or created.
 - Our Business Links have carried out nearly 11,000 healthchecks businesses (out of about 58,000 in England)

Preparing for the Upturn

- 1.3 SEEDA is investing to ensure that the South East approaches the upturn from a position of strength. The Agency is doing this partly by acting in a counter-cyclical manner to maintain construction employment and create a platform for growth. £26m was successfully drawn down from CLG in 2008/09 into the North Kent Thames Gateway Project. SEEDA is building Canterbury Innovation Centre to facilitate knowledge transfer between the University of Kent and high growth businesses.
- 1.4 We are also investing in the technologies that will help secure the future success of the South East. For instance, last year SEEDA completed its £2 million investment in the ASTRAEA programme which has the

objective of allowing unmanned aircraft to operate safely and effectively in UK civil aerospace. Our investment is supporting a high level of research and development spanning business and public sector research establishments ensuring through the SEEDA funded Farnborough Aerospace Consortium, that smaller and medium sized businesses in the supply chain are fully involved to gain maximum benefit. Future benefits of this investment are estimated at £42.9m GVA per annum and 1,070 jobs per annum based in the UK capturing 4.2% of the overall potential market in the next 10 years. Industry aspirations in terms of market share are much higher at nearer 17%.

- 1.5 SEEDA is also working with EEDA and LDA to support ALPHASAT, a major aerospace investment in the Greater South East. Investment totalling £36m has made in this programme that will support development of the next generation of mobile telecommunications satellites (the Inmarsat-XL). As a result of this intervention, the satellite will be designed and constructed in the UK protecting and creating large numbers of very high value jobs in a key sector. The benefits, just over a year in to the programme, reveal a total of £14.5m of revenue flowing into the supply chain in the Greater South East with 73 contracts in total having been placed across the UK, a majority to SMEs.
- 1.6 SEEDA is increasingly refocusing its projects and programmes around the core theme of productivity gain. This will take the form of more innovation support to businesses, for instance the refocused Manufacturing Advisory Service (which includes Supply Chain 21 as a new element), encouraging R&D linkages between universities and business; infrastructure investment with a strong economic growth dimension to it (such as incubators); targeting inward investment in key sectors which reflect the intellectual and skills base of the South East; and focusing on fast growth business whilst using Business Links for volume support.
- 1.7 The Environmental Lightweight Fan (ELF) programme is a joint venture between GKN and Rolls-Royce aimed at developing a composite fan blade for aircraft engines to exploit the market opportunity in relation to new short range commercial aircraft. The ELF programme has received funding from the TSB to support the research and development phase. SEEDA's investment of £7.4m over the next three years will build on this investment to help establish a new state of the art pre-production facility at GKN at Cowes on the Isle of Wight. This will safeguard 750 skilled jobs with the potential to lead to further major manufacturing investment as GKN establish the Island operation as a centre of excellence in propulsion systems.

Investing Now for the Longer Term

- 1.8 SEEDA investment is supporting the development of an "Innovation Culture" through its innovative business support products and services such as the Manufacturing Advisory Service, the development of our eight Innovation and Growth Teams, Knowledge Networks and sector development activity.

1.9 Priority is being given to the development of a Low Carbon Industrial Strategy, including working across the Greater South East. Specific opportunities being taken forward include:

- Developing proposals for a major retrofit programme for existing buildings including attracting significant EIB funding, to achieve energy efficiency and increase productivity for businesses and public sector alike;
- Investing in the Institute for Sustainability Science and Innovation Campus in response to calls from the TSB to develop measures that support realisation of low impact buildings;
- Opportunities to develop the technology required to implement carbon capture and storage, in particular in relation to a Thames Gateway cluster;
- Support for the roll-out of ultra low carbon vehicles, including support for the Mini E demonstrator for Innovation Platform;
- Providing a route into innovative finance for clusters of businesses, public bodies and householders to develop retrofit and renewable projects that will create market and supply chain pull;
- Generating grass-roots behaviour change programmes in the run up to and beyond Copenhagen;
- A proposal to develop an Assisted Living Science and Innovation campus which brings together healthcare and communications strengths, taking advantage of industrial opportunities in an ageing society;
- Building on the location of the European Space Agency at Harwell and the potential of the space sector to develop a 'Space Innovation Centre' offering an environment where businesses, universities and government bodies can work together to create new technologies, applications and IP for UK, European and global space programmes.
- Supporting the development by Vestas of a global R&D Centre on the Isle of Wight for the development, testing and demonstration of the next generation of off-shore wind turbines. In the short term this will secure the Island as a centre of excellence in composites (linked to the investment in ELF and GKN); in the medium term it will place the UK and the South East in a good position for taking maximum advantage of Round 3 off-shore wind and thereafter, including potentially the manufacture of next generation turbines.

Breakdowns for Public Value Programme

£M

	2008-2009		2009-2010		2010-11		Total
	Cap	Cur	Cap	Cur	Cap	Cur	
Business							
individual business support	13.2	23.8	9.4	17.8	7.0	16.1	87.2
cluster business support	0.1	1.7	0.0	1.4	0.0	1.4	4.6
R&D and innovation	12.7	3.6	12.5	9.6	7.9	11.9	58.3
other	1.6	9.2	1.7	7.8	1.2	7.4	28.8
Total (Business)	27.5	38.4	23.6	36.6	16.0	36.8	178.9
Place							
land reclamation	47.7	4.3	43.4	5.0	21.6	4.7	126.7
public realm	0.0	0.0	0.0	0.0	0.0	0.0	0.0
tourism	0.2	2.1	0.2	1.9	0.2	2.0	6.7
other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (Place)	47.9	6.4	43.6	6.9	21.8	6.7	133.4
People							
skills and training*	0.0	5.1	2.0	10.2	1.4	10.1	28.9
job matching	0.0	0.0	0.0	0.0	0.0	0.0	0.0
other	0.0	2.5	0.2	3.4	0.7	3.8	10.7
Total (People)	0.0	7.7	2.3	13.6	2.1	13.9	39.6
Other							
SRB							0.0
Hybrid Non SRB+Other	2.7	10.4	2.3	11.5	1.8	11.5	40.2
Total Other	2.7	10.4	2.3	11.5	1.8	11.5	40.2
Overheads	0.0	23.1	0.0	23.2	0.0	21.0	67.3
TOTAL	78.1	85.9	71.8	91.9	41.8	89.8	459.4

* CESS

	0.1		0.6		0.5	1.2
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Overheads for 2009/10 and 2010/11 include an additional £0.7m funding for administration of the Rural Development (England) and ERDF programmes which has been allocated since the approval of SEEDA's original Corporate Plan 2008-11.