

# **South East England Economy** **A joint response to changing economic circumstances** August 2008

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# Foreword

**The global economy is facing unprecedented challenges. The twin impacts of tighter credit conditions and increases in global commodity prices, in particular oil, mean we can expect difficult times for the UK economy in the coming months. This will affect each region in different ways in line with their different economies. After the unprecedented growth of recent years, the South East and other regional economies will need to prepare themselves for a more challenging economic climate.**

At this time it is critically important that national Government and regional bodies listen carefully to the experience of businesses and other local groups to ensure they understand what is happening on the ground. And it is important that businesses are clear what support is offered by Government and by regional agencies to help them manage these difficult times.

This document has been drawn up by the Government and SEEDA as an initial framework for discussion with business, councils, housing groups, the voluntary sector and community groups. It sets out how the Government and SEEDA will work with other agencies across the

South East to support the economy, build on the South East's strengths and help South East families and businesses through the tougher times ahead. In addition to the work detailed in this document there is other extensive work being done by local councils and the voluntary sector to support economic development in their areas.

We expect this to feed into a comprehensive programme of work across a range of different organisations across the South East, as well as informing the Government's work in the run-up to the Pre Budget Report.

Last week the Government launched the second round of the Regional Funding Advice (RFA) exercise, which offers regional and local partners the opportunity to advise on their long-term priorities to support sustainable economic growth. The South East is being asked to provide advice on regional funding allocations which amount to over £1.1bn in 2008-09. The advice will enhance the South East's input into policy development and public spending decisions that affect the region, to help ensure that investment is focussed on the right developments, at the right time.

This document encourages local businesses, the voluntary sector and other local groups to continue communicating with regional bodies and with central Government about how the economy is changing in their area, whether current policies are working, and what further needs to be done in specific areas or sectors.

Whilst times may be harder over the coming months, there is no doubt that the many strengths of the South East economy will help it through this difficult period. This document sets out how SEEDA, working with other regional and local agencies, together with central Government, will support the region's economy to perform well in the coming months and years.



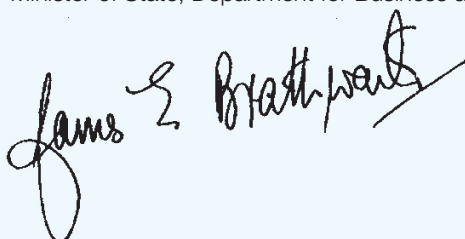
**Jonathan Shaw**  
Minister for the South East



**Pat McFadden**  
Minister of State, Department for Business and Regulatory Reform



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# Tougher economic conditions in a world-class region

The UK economy has grown continuously for over 15 years, the longest period since the second world war. However, over the last 12 months, two world shocks, the global credit crunch and rising commodity prices, particularly food and oil, have combined to knock the UK economy off course. This means that the UK is facing challenges not seen for a generation. The tougher economic conditions we are now seeing will have an impact on all businesses, although the effect will vary in different places and sectors.

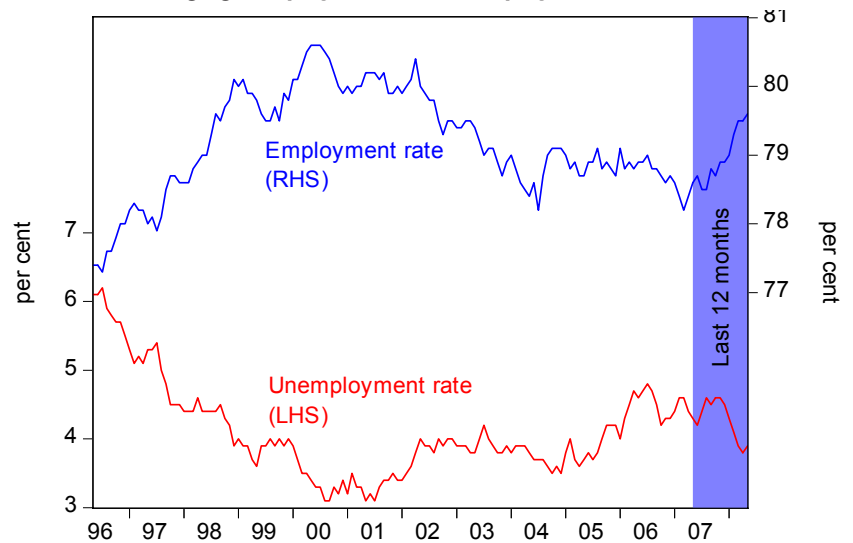
Businesses are finding it harder to raise the capital they need to fund investment, while raw material prices and running costs (especially energy) are rising. This means that expansion plans are sometimes being delayed, while at the same time profit margins are being squeezed and prices of finished goods and services are being pushed up. Meanwhile, individual consumers are experiencing higher bills for fuel and weekly shopping, while many are also paying more for their mortgages.

So far the South East economy has held up well to the new challenges, although overall growth has been slowing since the second half of last year. There are now signs of a more significant impact, with growing evidence of slowing order books especially among businesses that are more dependent on UK markets.

Smaller businesses in particular are tending to become less confident about economic prospects, although this has not yet translated into a decline in business activity or performance. Looking ahead, it will be vital to help businesses resist the effects of the slowdown over the rest of this year and into next year.

**Manufacturers** in the South East continue to report resilience and growing order books, particularly in export markets. However, there are recent signs that the growth in export orders may be slowing, particularly

South East working age employment and unemployment rates



Source: National Statistics 2008

among smaller businesses.

Pressures on the manufacturing sector include rising energy costs, continued recruitment difficulties due to skills shortages at all levels, and increases in prices of raw materials. Whilst these pressures are long-standing features of the economic landscape for manufacturers, some are now intensifying.

Manufacturers across the South East remain realistic, yet optimistic, about future prospects and plans for capital expenditure remain strong. New order volumes also continue to grow at a healthy rate. Manufacturers with strong European or Middle East customer bases are benefiting from exchange rate movements, and those with a spread of products across strongly performing markets are at lower risk.

The South East is also particularly strong in **financial and business services**. To date, consolidations within multinational service businesses, including some site closures, are likely to be connected less with credit and liquidity problems than with the normal business cycle and restructuring.

Increased demand for advisory and consulting services is being experienced but alongside lower numbers of transactions, particularly in housing and related markets. Insurance services have been among the first to experience the effects of reduced liquidity and tighter credit because they are exposed by banks offsetting risks.

A major feature of the South East economy is its close relationship with London. More than 730,000 South East residents are employed in financial services, many of whom work in the City and West End. The sector accounts for more than 1 in 4 jobs in 13 of the 55 Local Authority Districts, particularly in the counties of Surrey, northern Hampshire and parts of Oxfordshire. These areas will be particularly concerned to monitor the impact of difficulties in global financial markets on residents and on consumer spending.

Meanwhile **retailers** in villages, towns and cities are experiencing falls in consumer confidence and spending, alongside rising energy costs and increases in the cost of goods. However, some major retail centres are reporting increases in footfall.

While the impact in other service sectors of the forthcoming 2012 Olympics and Paralympics has yet to become clear, the South East's strong tourism and catering sectors stand to benefit hugely and are preparing to make an offer of greatly increased quality.

**Tourism** in the South East made a positive start to the year with increases in hotel and self catering occupancy of +3.6% and +6.5% respectively compared to the same period in 2007. Attractions, particularly historic houses and castles also reported notable increases in admissions. Businesses have predicted a much more mixed outlook for the remainder of the year. However 41% of the sector remain optimistic of better business than in 2007.

The South East's **property and development** sector has experienced a strong period of growth over the last decade with high land values, resulting in many town and city centre regeneration projects successfully completed.

However, there are signs that land values in the South East, which have held up until now, are following other regions and starting to fall. Both the commercial and residential markets have felt the effects, but the residential sector has been particularly hard hit by the current economic climate. The Halifax House Price Index shows that South East house prices fell by an average 6.4% during the second quarter of 2008 compared to a UK average of 4.7%.

Housing completions increased to around 34,000 in 2007, with flats accounting for 50% of new build. However there are growing signs that flats are not selling due to over-supply, lack of access to finance, decline in the buy-to-let market and a lack of first time buyers. The Home Builders Federation reports that private housing starts are down 18.7% in the South East during the first quarter of 2008.

Major housebuilding firms have announced a total of around 5,000 job losses in the residential sector

nationally during the first three weeks of July. A telephone survey of 12 leading developers conducted by SEEDA during the last week of July reveals that the market for new home sales and land has effectively come to a halt. Some mixed use regeneration projects are continuing in the region, where they are mainly focused on sectors other than housing.

The economic situation is frustrating some major city centre retail developments, due to a combination of increased build and material costs, falling values and declining retailer confidence.

Overall, the South East's **jobs market** remains remarkably strong with employment rates higher, and the unemployment rate lower, than a year ago. Employment is at a record high of 4.24 million, up 83,000 over the year to May, having grown for 34 consecutive months. Meanwhile unemployment in May stands at 171,000 (3.9%), 20,000 lower than in December 2007. However the number claiming Job Seekers Allowance rose by 1,700 in June, and is expected to rise further in the coming months as pressures on businesses work their way through to retention and recruitment decisions.

The third sector, including social enterprise, employs 6% of the South East workforce and contributes 3.4% of SE GDP. We need to understand the impact of the current economic condition on the sector and the role it can play in delivering mitigating measures.

This summary represents the current position of the South East's economy. Both nationally and regionally it is important that we keep up with developments in the economy by continuing to listen closely to businesses and other regional organisations.

# Growing a globally competitive economy

By any economic measure, the South East is one of the most successful regions not only in the UK but in Europe. The South East has the highest employment rate in the UK at 79.6% in April 2008, the second highest Gross Value Added per head and the second highest household income per head. Independent estimates suggest that the South East made a net contribution of more than £12 billion to the UK Exchequer in 2005/06.

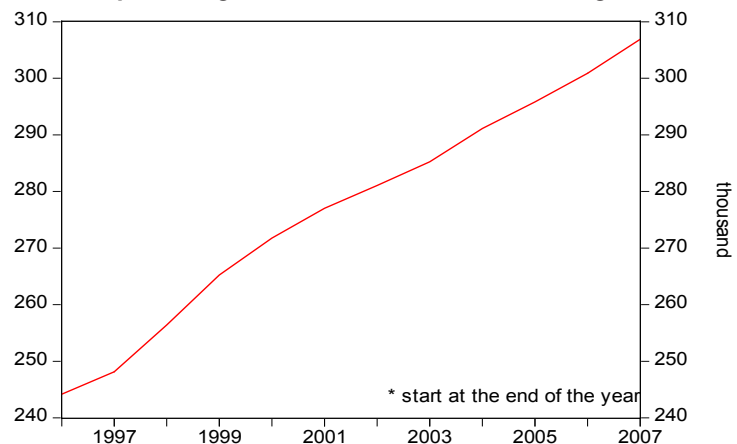
This strong overall performance masks significant sub-regional disparities. For example, coastal areas in particular perform below the UK average and are more dependent on public sector employment. Areas of success - such as the Thames Valley - and areas of under-performance have different but equally challenging needs for investment in infrastructure to underpin their long-term success.

The first annual monitoring report on the 2006-16 Regional Economic Strategy (RES), published in October 2007, identified the risks to the South East economy from macroeconomic factors beyond the control of regional and in some cases national policy-makers. SEEDA's Corporate Plan 2008-11 takes account of these risks and has the flexibility to respond to economic trends.

Over the last decade SEEDA has supported **high value manufacturing** to become an increasingly strong part of the South East's economy, with a higher value of output than any other English region and a manufacturing workforce of over 320,000 people - only marginally smaller than that of the West Midlands. The region is home to a wide variety of manufacturers, from major multinationals and global market leaders through to smaller, specialised engineering businesses. The region has developed particular strengths in the electronics, defence, aerospace and marine sectors.

The South East's **services sector** has continued to grow over the last decade, with private sector services

Number of enterprises registered for VAT in South East England



Source: BERR 2008

now accounting for around 60% of the region's total output and employment. Financial and business services alone account for almost a third of output and a quarter of employment.

The Regional Economic Strategy identifies the dangers of taking for granted the South East's position as a world-class region and locomotive of the UK economy. It identifies a number of potential scenarios facing the region and concludes that future success cannot be assured unless we address directly the three key challenges: global competitiveness and the rise of the new economic powerhouses; spreading prosperity through smart growth; and achieving and maintaining environmentally and socially sustainable prosperity.

Working with partners to meet these challenges, SEEDA has invested in success to support our businesses to move the economy of the region up the value chain. We have done this by, for example, supporting innovation and R&D in our existing businesses including through developing knowledge transfer with our universities; attracting inward investment particularly in knowledge-driven sectors; helping our businesses to open up new export markets; helping businesses to drive down costs through programmes such as the Manufacturing Advisory Service and those that address

resource efficiency; and investing in the infrastructure our businesses need to be competitive.

At the same time, SEEDA has worked to lift under-performance. We have invested with partners to regenerate and renew local economies including supporting key growth areas such as the Thames Gateway, the coastal areas and our 8 "Diamonds for Investment and Growth" (areas identified in the RES as having particular potential for sustainable growth). We have invested to help diversify rural areas and market towns, and to encourage culture-led regeneration, drawing on the strength of our creative industries. And we have pioneered education-led regeneration, driving skills and lifting jobs up the value chain to help ensure the long-term sustainability of areas left behind by the "new economy".

Underpinning these approaches has been investment to achieve the double dividend of a better environment and quality of life alongside economic competitiveness, for example through support for the development of our environmental technologies sector - one of the most rapidly growing global markets. One key win-win is to achieve security of energy supply through investment in clean energy, at the same time as ramping up our exports of know-how and services.

# The response to current economic challenges

Despite the fundamental improvements of recent years, the challenges of the current economic conditions will require a coherent and comprehensive response. Whilst it is not possible to alter global economic conditions, it is possible to mitigate their impact on individuals and businesses, and to equip them to respond including positioning them to take advantage of the consequences. For example, high transport costs open up new opportunities for local firms. All agencies – from local groups to national Government – have already begun working closely together to ensure the South East is as well-placed as possible to respond to any economic downturn.

Government is acting to address current economic challenges on both a national and international level.

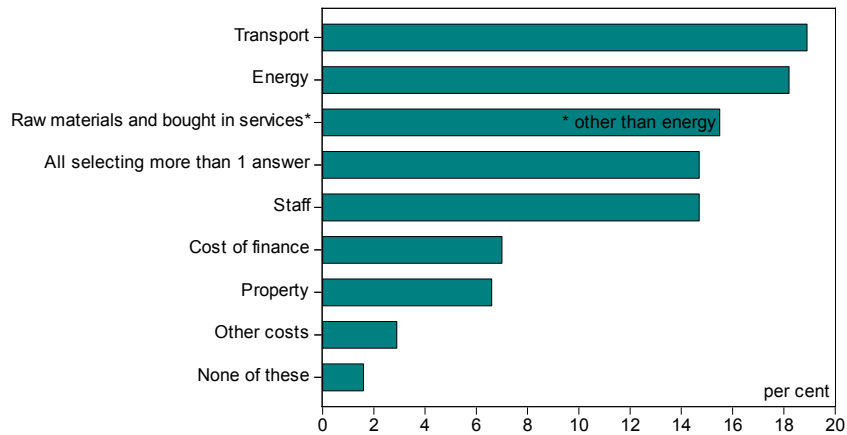
## International Action

No government in the world can stop the global economic slowdown, or solve the challenges of high prices immediately, but the Government is working closely with other countries to face up to the international causes of the problems. It has recently discussed with Saudi Arabia and other oil producers how the world might be able to increase oil production in the short term, and is simultaneously working with European and other countries to cut the world's dependency on oil in the medium term. The Government has also worked closely with the IMF to support financial stability and take steps to get global credit markets moving again.

## National Action to Support Stability

Nationally, it is essential that we avoid a temporary international inflation shock being transferred into domestic inflation, leading to a return to the price-wage spirals of the 1970s and 1980s. The Government has made clear the need for responsible wage setting in both the public and private sector, from the boardroom to the shop floor. The

Which of the following costs presents the main upward cost pressure on your business at present



Source: RDA National Business Survey (RDA NBS), June 2008 (South East respondents)

independent Bank of England has a responsibility to set interest rates so that inflation is kept under control. The Bank has an agent in all regions, including the South East, to ensure that the Bank's decisions on rates are informed by conditions on the ground.

To address the blockages in mortgage markets, the Treasury is facilitating the Bank of England's Special Liquidity Scheme. By providing increased liquidity to the banking system this will help take pressure off the banks and building societies, many of which are based in the South East region, during the present period of uncertainty, maintaining the stability of financial markets. It will create the right conditions to ensure banks will be able to lend to each other, and to others, which will in turn support the provision of new mortgage lending to households.

## Investment in the South East

Last week, the Government set out indicative investment in the South East's housing, transport and economic development of over £3.5bn during the next three years. The publication of Regional Funding Advice: guidance on preparing advice marked the launch of the second round of the Regional Funding Advice exercise and seeks

views from regional and local partners on their priorities to support sustainable economic growth. The advice will enhance the South East's input into policy development and public spending decisions that affect the region, to help ensure that investments are focussed on the right developments, at the right time.

The Regional Economic Strategy prepared by SEEDA working with businesses and other partners is the framework for securing the future prosperity of the South East. It is supported by an implementation plan which secures co-ordinated action across the region, ensuring that public agencies work together to deliver results that businesses and people value.

## SUPPORT FOR BUSINESSES

Working with national government, regional and local partners, SEEDA is taking action to help ensure that the South East is as well-placed as it can be to respond to the economic challenges it faces. New interventions announced responding to current concerns are in bold below.

### ● Helping businesses to access finance:

Banks decisions to call in overdrafts and the general tightening of credit have placed heavy strains on small and medium companies. Through Finance South East (FSE) **SEEDA has just launched a £3m Commercialisation Fund**, a key element of the new £20m South East Funding Escalator. This will support businesses to bring innovative new products and services to market.

The Government's Enterprise Strategy, published in March 2008, announced an extra £30m for enterprise education and an increase in the amount of bank lending through the Small Firms Loan Guarantee scheme by £60m to a total of £360m for this financial year.

More general investment readiness support for high growth potential businesses is being provided through a collaboration between Finance South East, the Enterprise Hub Network and Business Link.

In addition, Selective Finance for Investment in England (SFIE) grants support businesses to invest in capital equipment which will result in gains in productivity through expansion of the business, including job creation. SFIE is currently available to SMEs only if they are located in priority regeneration areas in the South East. **SEEDA will extend this to eligible SMEs across the region with potential for high-growth and clear long-term viability whose investment plans are being held up by current economic conditions.**

### ● Providing assistance to firms which are struggling with debt:

Businesses which are finding it difficult to

balance their books can access one of 500 debt advisors employed by Citizens Advice Bureau and Advice UK network. The National Debtline on 0808 808 4000 also provides free confidential and independent advice on how to deal with debt problems.

Improved cash flow management can also help businesses. Research commissioned by BERR found that over 80% of business to business transactions are on a trade credit basis. The Government recognises that late payment, and uncertainty on payment times, cause difficulties in cash-flow and financing costs for small businesses.

BERR is working across government to promote prompt payment in the public sector. Additionally the Government is exploring non-legislative approaches to tackling late payment issues. South East Business Link are also focused on helping business address cash flow difficulties.

### ● Helping businesses to cut energy costs:

Working with specialist agencies, including Carbon Trust and Envirowise, and the region's 7 Sustainable Business Partnerships, SEEDA has reviewed the energy performance of over 2000 businesses. SEEDA will contribute over £4.2m to helping businesses reduce the cost of their energy and resource needs through programmes accessible via Business Link. These programmes will also help businesses to review their transport and logistics and to draw up 'green transport' plans to reduce carbon footprint and to achieve cost savings.

The Government's Enhanced Capital Allowance (ECA) Scheme is also promoted to business, as an opportunity to achieve savings on investment in energy-efficient equipment.

Waste and water use also carry considerable energy/carbon costs and savings benefit the bottom line. Waste from construction is particularly costly to business in the South East and SEEDA's 'zero waste' initiative will

invest over £4m in tackling these costs, as well as pulling in investment and support from other partners such as the Environment Agency. Commercial opportunities will also be created through investment in clean power generation, and innovation in environmental technology, via a Renewables Challenge Fund.

### ● Helping new businesses:

SEEDA's initiatives to promote a more enterprising culture include many identified in the Government's recently published "Enterprise Strategy".

■ Support for the Peter Jones Enterprise Academy to be established in Buckinghamshire;

■ Work with the National Council for Graduate Enterprise and major businesses to launch an innovative approach to nurturing enterprise and innovative skills in Science, Technology, Engineering and Mathematics;

■ Support targeted on women and other under-represented groups including through a pilot "Women's Business Centre" in conjunction with the Business Link Enterprise Gateway service;

■ Work with major public sector procurers to increase the number of SMEs bidding successfully for contracts;

■ Two new business centres at Chatham and Canterbury providing managed workspace for start up businesses.

### ● Helping businesses to innovate:

Nationally, measures in the Innovation White Paper will keep the UK at the forefront of innovation. The R&D Tax Credit continues to provide unprecedented levels of support for innovative companies - over £1 billion of support to SMEs since its introduction in 2000.

The Technology Strategy Board (TSB), through its Innovation Platforms, is helping businesses to innovate more effectively through collaboration to address societal needs. Last year 1600 businesses, including many high growth SMEs, were helped to collaborate with the region's world-class knowledge base. SEEDA provides co-funding alongside the TSB and supports the under-pinning knowledge networks and partnerships.

The region will now pilot innovation vouchers to encourage further links to Universities and develop new science and innovation campuses where business and academic researchers work together to achieve global leadership.

SEEDA is helping 400 South East businesses improve their leadership and management skills in preparation for innovation via a team of Leadership Advisors and an Academy.

#### ● **Simplifying support for small businesses:**

The Government is making its support to business simpler, so it is easier to access the £2.5bn-worth of business support, through Business Link and other routes. Working closely with South East Local Authorities SEEDA is working to simplify the publicly funded business support provision in the South East with no diminution of funding. This will include streamlining specialist support for potential high-growth SMEs through a new network of local Innovation and Growth Teams.

SEEDA invests £24 million through Business Link each year. Business Link last year supported over 135,000 customers with nearly a 90% satisfaction rate. The Regional E-zine for June 2008, circulated to 95,000 businesses, headlined with tips on how to 'beat the credit crunch'. Businesses are responding positively to messages on reducing costs and getting new customers.

#### ● **Maximising the opportunity of the 2012 games:**

SEEDA has partnered with Business Link to get businesses fit to tender for the 2012 Olympic and Paralympic Games which are forecast to be worth £8.6billion to the South East, a huge opportunity for the South East's people, communities and business. In its first six months of operation CompeteFor, a prequalification to tender system, has handled over £35m of contracts. In the South East over 4300 companies have registered and over 1800 are now in a position to tender. Over 130 2012 Olympic contracts have already been let to companies in the South East.

#### ● **Helping companies to access new overseas markets:**

Businesses that trade overseas are more likely to be competitive, have a higher level of productivity, enjoy higher than average growth rates, employ more people and are better able to deal with domestic downturns. UKTI, with SEEDA's support, will now develop the highly successful "Passport to Export" scheme to provide **additional help for businesses undertaking R&D** specifically for their overseas markets.

UKTI will also **contact over 1500 "graduates" of the Passport scheme to offer these companies an advanced package of support** to reach high-growth and emerging markets. This will include a Trade Mission fund of £200,000 to support long haul visits and a full time mission organiser. SEEDA will provide **additional funds to promote the availability of UKTI's Trade Services, and will extend the investor development service by allocating an International Trade Mentor for every new or recent inward investor.**

#### ● **Bringing overseas investment to the South East:**

UKTI and SEEDA are working together to increase our region's share of inward investment. Working with local partners, SEEDA delivered 77 of 219 new investments in the South East in 2007/08. These are forecast to generate additional GVA of £260m p.a. and nearly

2,500 new jobs, with a further 1,500 safeguarded jobs.

Located in Kent, with SEEDA's support, will **pilot a new Soft Landing programme for overseas investors.** This will offer small high tech companies from overseas low cost accommodation, free legal and accounting advice and market-entry assistance for a limited period.

#### ● **Working with leading corporates:**

Located with the sub-regional economic partnerships, SEEDA's 12 Investor Development Managers (IDMs) work with 500 of the region's top employers on their investment portfolios, skills requirement and other business support needs.

#### ● **Providing additional support for specific sectors:**

Demand for the Manufacturing Advisory Service is increasing as businesses seek to reduce costs and improve efficiencies. **SEEDA will invest additional resources in the programme as necessary to meet this demand.**

Following the success of The pilot Designing Demand programme which has delivered real benefits for over 70 participating businesses, **SEEDA will now extend the programme to provide more intensive and extended support for selected larger businesses through the programme's "Immerse" element not previously available in the South East.**

Through our seven Sector Consortia, SEEDA will carry out **extensive research to understand the capabilities of our key sectors,** and to identify the overseas regions which offer the best trade opportunities, and the sub-sectors and technologies to target for inward investment. The Healthcare Technologies Sector Consortium is already putting together a £50m portfolio of 10 health technology companies' business plans to present to potential investors in the United Arab Emirates through SEEDA's established Dubai connections

### ● Meeting skills needs:

Employment and development of skills are critical to the region's competitiveness. A recent Skills and Employment summit hosted by the Regional Minister, Jonathan Shaw, identified priorities for the region's employers, training providers and public agencies. A skills accord between Jobcentre Plus, LSC and SEEDA was announced at the Skills and Employment Summit to focus these agencies' work together.

The Sector Skills Councils and SEEDA are working closely to take forward regional Sector Skills Agreements (SSAs) which provide a broad basis for collective current and future action to tackle employability, intermediate and higher level skills.

SEEDA will work with Sector Skills bodies, Universities, professional bodies and others to ensure that skills for the built environment are not lost so that the sector can respond to improved market conditions.

The Training Pools programme piloted a highly successful demand-led approach to address specific sector skills gaps for adults at intermediate and professional levels. Consortia of employers, training providers and public agencies design and deliver training solutions which meet employers current and future needs and equip employees with transferable skills. 13 projects are running across a range of economically significant sectors.

Regional Resource Centres (RRCs) have been developed by industry partners and SEEDA to increase the supply of skills to sectors that require science, technology, engineering and mathematics skills.

### ● Matching people to job vacancies and getting people back to work

Jobcentre Plus and SEEDA are working together to connect companies making substantial redundancies with those who are hiring. In one example, SEEDA

worked with a US firm and the District Council and local employers with the result that new employment was found for 175 of the 224 people made redundant.

Jobcentre Plus, the Learning and Skills Council, SEEDA and other partners are developing new interventions to support people preparing for work and to keep them in sustainable employment. For example, development of the 40-70 Older Workers programme will support businesses to retain and employ older workers and support older workers to upskill or retrain to continue in or re-enter employment.

## SUPPORT FOR HOUSING AND THE DEVELOPMENT SECTOR

The property and regeneration sector is being hit hard by the slowing economy. Across the region – as nationally – housebuilding is slowing whilst first time buyers and others are finding it harder to get mortgages, despite falling prices. Action is underway to tackle the various challenges in the housing market.

### ● Support for the mortgage market:

The Government is committed to action to improve mortgage markets and, as well as facilitating the Bank of England's Special Liquidity Scheme, recently published analysis by Sir James Crosby that should assist this process.

### ● Investment in housing:

To ensure continued investment, the Government will be providing over £10 billion from the Regional Housing Pot in England over the 2008-11 period, of which £8 billion is for investment in increasing provision of affordable housing.

The Government has recently set out range of measures to respond to the current market conditions. These include greater flexibility in the use of Housing Corporation funding, for example to allow purchase of empty properties intended for market sale,

thereby additionally helping developers cash-flow, and piloting a new 'Rent to Homebuy' scheme which will allow people to move into a new home with a view to purchasing when the availability of mortgage funding improves.

The South East will receive around £1.4 billion of the Regional Housing pot funding for 2008-11. Around 90% of this will be available to provide new affordable housing which will fund an increase in new homes over the three year period. The remainder of the resources are targeted at the existing housing stock, either to make council housing decent or to improve conditions for vulnerable households in poor condition private housing.

Work to improve the thermal efficiency of existing homes has the potential also to significantly reduce fuel bills.

### ● Supporting regeneration programmes:

SEEDA is working closely with developers, investors, local authorities, English Partnerships and the new Homes and Communities Agency to ensure that regeneration schemes across the region are restructured to respond to the changed market conditions. SEEDA has reduced the number of flats proposed on new developments and is restructuring and re-phasing plans to bring forward commercial elements to improve deliverability.

The South East region also contains a large part of the Thames Gateway in North Kent covering Dartford, Gravesend, Medway and Swale. The Thames Gateway Delivery Plan, published in November 2007, provided an indicative allocation of £83m to directly support development and regeneration projects in North Kent. These projects, directly funded by the Department for Communities and Local Government (CLG), are part of a much more substantial £9bn investment programme, designed to realise the substantial economic development and housing opportunities of the Gateway

as a whole. SEEDA is supporting a number of these investments as well as helping to build the enterprise and innovation environment for longer term prosperity. SEEDA, together with the East of England Development Agency and the London Development Agency, has led the development of an Economic Development Investment Plan (EDIP) covering the whole of the Gateway and underpinned by investment of £200m from CLG and the RDAs. SEEDA's investment in the EDIP will amount to some £30m over three years.

SEEDA is investing £10m to lever further funding into a Regional Infrastructure Fund to provide forward funding of infrastructure, and will also consider how other counter-cyclical investments can be made to encourage private sector investment.

## SUPPORT FOR CONSUMERS

### ● Helping family finances:

It is important for the success of local businesses that consumer demand holds up through more challenging times. The Government is committed to achieving this through reforms to the tax system. Most families across the South East with children should be getting extra cash this year already as tax credits have gone up, and basic rate taxpayers can expect an extra £120 per annum from this autumn due to the changes in tax allowances.

### ● Helping families to pay their mortgage or rent:

Families struggling to pay their mortgage should talk to their lender as soon as they start to experience difficulties. Those out of work or getting Pension Credit may also be able to get support with paying their mortgage interest through the Support for Mortgage Interest Scheme. Details can be found at [www.thepensionservice.gov.uk](http://www.thepensionservice.gov.uk).

The Financial Services Authority (FSA) has a detailed website which provides

advice for those worried about increases in mortgage payments or coming to the end of their fixed rate mortgage. The website [www.moneymadeclear.fsa.gov.uk/mortgages](http://www.moneymadeclear.fsa.gov.uk/mortgages) contains impartial advice and practical tools for the people of the South East to help them make informed decisions. The Community Legal Advice helpline on 0845 345 4345 also provides independent advice about debt, benefits and tax credits, employment and housing problems, and will call back for free.

### ● Supporting families in meeting fuel and other bills:

Rising fuel bills are causing stress to many families, but there are initiatives that can help. The energy companies have pledged an extra £225m over three years to help support vulnerable consumers.

Energy Watch [www.energywatch.org.uk](http://www.energywatch.org.uk) can help families reduce their bill by switching supplier or getting a better deal. Switching to a water meter could also help save money. Certain groups can get a Government grant to pay for insulation and heating improvements, and pensioners on low incomes can receive free central heating or other fuel discounts. Information can be found at [www.warmfront.co.uk](http://www.warmfront.co.uk) or [www.energysavingtrust.org.uk](http://www.energysavingtrust.org.uk). The Government's Winter Fuel Payments give help of at least £200 to pensioners, and more to the over-80s, including extra money for this winter.

### ● Assistance for those in debt or struggling to make ends meet:

Families in debt may be able to manage their payments better following Government reforms to provide access to affordable credit. The Government has proposed changes which will make it easier to access responsible credit provided by local credit unions.

The Government has also expanded access to free legal representation at county courts throughout England for households at risk of repossession. Those struggling with debt can also

access one of the many debt advisors employed by Citizens Advice Bureau and Advice UK network throughout the South East, or phone the National Debtline, which provides free confidential and independent advice on how to deal with debt problems, on 0808 808 4000.

Those worried about making ends meet and payment of regular bills may be able to access a range of benefits and support from the state depending on their circumstances. Some may be entitled to tax credits and help with childcare costs. Jobcentre Plus across the region will be able to advise on what they might be entitled to. People who cannot afford to pay their Council Tax may be able to get help by way of Council Tax Benefit. This can provide a full or partial rebate, depending on a household's council tax liability, income and savings, and there are more generous rules for pensioners. Advice is available from the local authority. The local authority also manages housing benefit, which may help those who cannot afford to pay their rent.

The rising cost of energy over the last four years has predominantly been responsible for fuel poverty more than doubling in the region to an estimated 360,000 (10.2% of all households) at the end of Q1 2008, compared to 169,000 in 2005. SEEDA is sponsoring a 'greening communities' programme that helps families and communities reduce their energy and water consumption, and will be working with energy companies and with local authorities to help target energy efficiency measures.

The Regional Housing Board (RHB) has allocated £80m over 3 years (2008-2011) to private sector housing renewal, which includes improving energy efficiency. SEEDA, together with the Assembly and the Government Office for the South East has commissioned a study on the energy efficiency of the existing housing stock in the South East, and will be producing a Carbon Reduction and Fuel Poverty Action Plan.

# Next Steps

This document sets out an initial framework for discussion with stakeholders across the region. SEEDA and the Government will be working closely with a whole range of local and regional partners over the coming months to address the challenges described at the start of this document, and to build on the support and initiatives described above. We will be asking councils, regional agencies and voluntary sector organisations to add to this framework and to work with us on how best we support businesses and households in the region. We expect this to feed into a comprehensive programme of work across a range of different organisations across the South East.

Looking forward, the South East will be refining its spending priorities following the publication of "Regional Funding Advice: guidance on preparing advice", and the Government will set out further steps to support the economy.

SEEDA will continue to use its strong links to individual businesses, developers and the CBI, IOD, British Chambers of Commerce, Federation of Small Businesses, Institute of Chartered Accountants in England & Wales and EEF to provide in-depth and timely intelligence and analysis to ensure that Government, including the Regional Minister, understands the challenges that businesses in the region are facing. SEEDA, which produced the regional analysis in this document, would welcome views from local businesses, third sector organisations and business groups on any of the issues contained in this document.

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## **Business link south east**

To contact your local Business Link ring 0845 600 9006

Or go to  
[www.businesslinkssoutheast.co.uk](http://www.businesslinkssoutheast.co.uk)

## **Citizen's Advice Bureau**

There are a number of Citizen's Advice Bureau across the South East. For details of the nearest branch, go to:

[www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)

If English is not your first language we can provide a summarised version of this document in Punjabi, Hindi, Gujarati, Urdu, Polish and Bengali. The document is also available in large print, Braille, disk and audio cassette.

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