

SOUTH EAST ENGLAND DEVELOPMENT AGENCY

BOARD MEETING ON 11 DECEMBER 2008

ITEM 4

Europe Progress Report

Recommendation

The Board is invited to:

- a) **AGREE** the framework and principles for a Europe Action Plan identifying priorities and synergies between different European activities across the agency to ensure alignment between corporate policy and projects/programmes, e.g. by focusing on priority areas (as set out in paragraph 12), by capturing the outcomes and added value of strategic influencing initiatives, programmes and projects to deliver against RES targets, and by ensuring good practice is replicated across the region (as set out in Annex A).
- b) **DISCUSS** and **ENDORSE** the parameters for developing a medium term strategy for SEEDA on Europe, i.e. achieving a step change in the effectiveness of SEEDA's relations with the European Union, establishing permanency in SEEDA's relations with its partner regions as a matter of strategic policy and developing a region wide programme of activity in collaboration with SEEDA's local, sub-regional and regional partners (as set out in paragraphs 14-16)).

Introduction

1. The **Regional Economic Strategy** (RES) is paramount – the RES identified Europe as a cross-cutting theme setting the target for the South East to become a leader in delivering the Lisbon Strategy¹. The Board set this strategic direction at their meeting in October 2007 and requested annual progress reports.
2. The **Europe Action Plan** will support this target by setting out strategic actions for SEEDA and its partner organisations in pursuit of this goal.

¹ **The Lisbon Strategy** was re-launched in 2005 with a concrete action programme to generate sustainable growth and jobs across the European Union. Governed by the Community Lisbon Programme (CLP), it is now in its last cycle and will end in 2010. To support the work undertaken by the member States regarding the implementation of the strategy, four areas were agreed as the pillars of the new strategy: **knowledge and innovation, unlocking the business potential, investing in people and modernising labour markets, energy/climate change.**

3. **Team Europe** – in February 2008 Team Europe was established as an informal group to bring together at operational level disparate projects and funding streams with European policy engagement by forming a coherent cross-agency approach to using European influencing and funding to deliver against the RES. A series of Team Europe meetings involving Board members Sue John, Alex Pratt and Keith House as well as staff from each SEEDA directorate were organised during 2008 to discuss and identify priority areas for SEEDA's engagement at European level.
4. The current round of **European Structural Funds (2007-2013)** has an indicative budget allocation for the South East of £195m under the ESF programme and £15m under the ERDF Competitiveness Programme. In addition to these funding streams some £288m are available for competitive bidding under the Interreg IVa (UK, French, Belgium and Dutch regions adjoining the Channel)² programmes, £284m under Interreg IVb (North West Europe) and £273m under Interreg IVc (Europe-wide).³
5. During SEEDA's current Corporate Plan period (2008-11) it is forecasted for European Programmes to bring about **£53m of additional funding to SEEDA's total single pot** (£446.7m). The majority (£30m) will come through the Rural Development Programme for England, a European funded initiative to help farmers, food producers and foresters develop their businesses and to improve the quality of life, including support for diversifying the economy, tourism and support for communities.
6. **European Strategy Group** – to drive the Team Europe approach at a more strategic level a European Strategy Group⁴ was set up in October 2008 to formulate policy on Europe within the framework provided by the RES. Once ratified, the policy will inform and provide the necessary guidance to SEEDA staff and Board members on the nature, purpose and objectives of the agency's European strategy and policy, the revision of existing activities and the template for new initiatives.
7. The fundamental requirements upon which this strategy is being built are the need for continuous and accelerated regional economic growth and the creation of more jobs. This will be achieved by strengthening regional political influence within the European Union and in concert with other large regional European Union economic entities, embarking upon a process of establishing a European Regional Alliance of selected regions.

² South East England is eligible for and will benefit from two cross border cooperation programmes under the European territorial cooperation objective: The France (Channel) – England programme and the France/England/Flanders/Netherlands “2 seas” programme. SEEDA is represented on the Steering Committee and Monitoring Committee for both programmes.

³ All amounts quoted are subject to exchange rate fluctuation.

⁴ The European Strategy Group was initiated by Jim Brathwaite who asked Sue John and Alex Pratt to direct this work on behalf of the Board. The group comprises Paul Lovejoy (Executive Director Strategy & Communications), Arno Schmickler (Head of Policy Coordination), Helen Tipper (European Policy Advisor), Geoff Martin (Strategic Advisor to SEEDA on European Issues) and Keith Johnson (Strategic Advisor to SEEDA on European Issues).

8. Such an alliance of regions can amass sufficient economic power to make a significant impact on emerging trade and investment opportunities in the global market, focusing in particular on East Asia and continental Africa.
9. The purpose of streamlining SEEDA's European activities is to:
 - Position the South East to advantage at European level;
 - Secure access to future funding streams; and
 - Gain influence over relevant policy development.
10. To help this alignment of priorities a draft framework and principles for a **Europe Action Plan** was developed.
11. The Europe Action Plan (Annex A) is a single plan to attain the goal for the South East to become a leader in delivering the Lisbon Strategy as identified in the RES building on the three interlinked objectives: achieving Global Competitiveness, supporting Smart Growth and spreading benefits of competitiveness, and ensuring that competitiveness is consistent with principles of Sustainable Prosperity.
12. For SEEDA's contribution to the Europe Action Plan the following three priority areas are emerging:
 - **SME growth and transnational knowledge transfer**, including issues such as intellectual property right protection – focus on innovation, R&D and entrepreneurship (linked to the Lisbon target for the EU to become the most competitive knowledge based economy in the world by 2010)
 - **Environmental technologies** (linked to the Gothenburg agenda and Low Carbon Economy)
 - **Infrastructural development and sustainable urban and rural communities**, including skills and workforce development
13. Underlying these top level priorities and contributing to achieving them are issues such as transport/connectivity, maritime issues, culture and tourism, health and social inclusion.

A Medium Term SEEDA Strategy for Europe

14. To advance SEEDA's strategic positioning of the South East region at European level in a changing political context (European elections in 2009 and SNR implementation in the UK) the European Strategy Group is working on a medium term strategy for SEEDA on Europe.
15. This is driven by the following:
 - Achieving a step change in the effectiveness of SEEDA's relations with the European Union, member states and European regions.

- Establishing permanency in SEEDA's relations with its partner regions as a matter of strategic policy based on common interests and shared excellence that would be pursued together, at both political as well as official levels.
 - Refining the structure of the South East Brussels Office to support the agency's strategic priorities and become a fully integrated part of the agency.
16. An initial work programme, running from October 2008 to March 2009, was agreed by the European Strategy Group to pursue in parallel the following three-strand objectives:
- i. A strategic value audit of SEEDA's current European priorities and objectives against the existing 14 RES targets, leading to precise proposals for adjustment or deeper reform.
 - ii. An evaluation of the strengths of the Brussels Office and recommendations for the necessary changes which may be required to service the needs of SEEDA's future European Strategy in Brussels.
 - iii. The establishment of a region wide programme of activity with the SEEDA region involving local authorities, businesses, universities, environmental, social and cultural partners. This strand will also include liaison with UK central government and the United Kingdom Permanent Representation (UKREP) in Brussels.
17. The SEEDA Board level meetings in Brussels on 9/10 December 2008 (see Annex B – verbal feedback on outcomes will be provided at the Board meeting on 11 December 2008) will be the fulcrum of this work programme, both marking a step change in the agency's strategic engagement with the European Commission as well as setting a clear direction for follow up activities.
18. The objectives of these Board level meetings are to position the South East to advantage at European level, to secure access to funding streams and to gain influence over relevant policy development. SEEDA would also like to initiate an Alliance of European Regions who wish together to consolidate their corporate influence in EU policy refinement and to exploit global opportunities for their regional economies.
- **Communications Issues:**
- Press notices issued on major successes, and stories to be sold into regional business publications to show how SEEDA is securing support for the South East in Europe

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ANNEX A

Strategic Framework for the Europe Action Plan

1. Europe as one of five cross-cutting themes in the RES Implementation Plan will contribute to the delivery across the full breadth of the RES. The South East will work with comparable regions elsewhere in Europe to understand best practice, exchange experience and collaborate to influence EU policies, in particular in relation to the implementation of the Lisbon Strategy. There is strong alignment between the Lisbon objectives and the RES in that both strategies aim to achieve jobs and growth through sustainable economic development.
2. A number of projects (both policy and delivery) are already underway in these areas. SEEDA promoted the South East as a Lisbon region to the European Commission, with a paper mapping the Lisbon priorities against the RES. As a result, SEEDA and the Regional Assembly have been invited to become a member of the Committee of the Regions' Lisbon Monitoring Platform aimed at collecting best practice from the regions in implementing the Lisbon goals. Another example of SEEDA's policy engagement in the cutting edge of the Lisbon agenda is the agency's membership in the European Policy Centre, a highly influential Brussels think tank. As the only RDA involved, SEEDA actively contributed with papers and presentations to the work of two task forces on innovation and rational use of energy.
3. To derive the maximum benefit from these and other projects, partners in the South East region need to ensure that outcomes of strategic influencing initiatives, programmes and projects are captured and good practice is replicated across the region. The Living RES offers policy instruments and guides delivery to achieve this virtuous circle by aligning partners' business planning and activities to the overarching strategy. Consequently, the Europe Action Plan – complementing the set of RES Action Plans – is a living document. It will be regularly reviewed and updated.
4. Within the RES three high level European objectives were agreed by partners across the region:
 - To **influence the climate of EU regulation and legislation** which has a direct impact on South East business and other key economic factors.
 - To **access European funding and programmes** available to member states to meet our economic, social and environmental objectives as agreed in the region, and to ensure that localities in need of targeted support can continue to benefit from Assisted Area status.
 - To work with European member states and similar regions to **improve our global competitiveness** through trade, joint ventures, FDI and research projects.

5. Consequently, the Europe Action Plan will **map detailed activities measured against clear outcome targets** under three headings:
 - Shaping EU legislation to promote interests of the South East
 - Maximising benefits from EU funding and programmes
 - Improving our global competitiveness
6. The emphasis of our European engagement is on establishing a European core of similar regions which, acting together, will over time pursue a long term strategy to meet the challenge of emerging global economies from this European Union joint regional base. Networks are the main assets – funding an enabler/incentive.
7. **Challenges:** to further develop and implement the Europe Action Plan a number of challenges can be identified and will need to be addressed, both external, i.e. at regional level, and internal, for Team Europe:

External

- a) The South East should aim **to become recognised as a significant European player in its own right**. The South-East region is capable of punching above its weight in influencing European policy. This arises by virtue of its size as well as its ability to test proposals on the ground in a way that the European Commission is unable to do. It has the credentials to fulfil a leadership role if greater use is made of existing and emerging networks within the region, across Europe and in the EU institutions, especially the European Commission.
- b) The region should **develop a more strategic engagement with Commission officials and EU policy-makers**, building on the co-located partnerships in Brussels and aimed at realising the wider objectives for the region and should result in a strong and active stance, informing and influencing key decision-makers. There is need to raise the recognition of EU institutions and networks as useful conduits for sharing best-practices with other advanced regions in Europe.
- c) The South East should **build more strategic relationships with business around the European Agenda** to better utilise and transmit the voice, influence and experience of regional business and business networks with the Commission.
- d) The region should construct mechanisms through which to **assimilate, interpret and disseminate wider lessons from European programmes**, and relating to key strategic themes, regardless as to whether the South East is a financial partner. SEE-IN could play a vital role in this.
- e) The **European Investment Bank offers new funding instruments** linked to the Structural Funds which the South East needs to maximise (related to the Board discussion in September 2008).

Internal

- f) **Recognising the European dimension of SEEDA's work as an integrated priority area.** Absence of cross-departmental mechanisms leading on and driving the EU agenda reduces SEEDA's ability to identify strategic priorities and pursue them effectively.
- g) SEEDA needs an institutionally cohesive strategy on Europe concentrating on priority areas. This does not preclude recognition of the potential added-value contribution that lesser priorities may bring to primary strategic goals over time. However, **the consequence of clearer strategic focus is the downgrading or discontinuation of certain peripheral European activities in the interests of maximising influence.**
- h) Establishing a strategic approach to pro-actively engage with Europe in pursuing regional goals (both policy and funding) as opposed to 'just' responding to (funding) opportunities.
- i) There are untapped opportunities for SEEDA to share its expertise (and that of the South East) with other EU regions and countries and gain mutual benefit.

ANNEX B

SEEDA Board level meetings in Brussels 9/10 December 2008

A comprehensive series of high level meetings in Brussels has been organised for the Chairman and Board members to advance SEEDA's agenda on Europe.

Tuesday 9 December 2008 (Jim Brathwaite and Sue John)

Jim Brathwaite and Sue John will meet **Danuta Hübner, European Commissioner for Regional Policy** to seek her endorsement for the South East's initiative to bring together a European Regional Alliance and suggest to linking this to a new DG Regio initiative to create a Forum of Global Regions.

This meeting will be followed by a workshop lunch with representatives from **seven strategic partner regions** (main/capital city in brackets): Stockholm, Uusimaa (Helsinki), Nord Brabant (Eindhoven), Ile de France (Paris), Baden-Württemberg (Stuttgart), Malopolska (Krakow) and Slovenia (Ljubljana).

Jim Brathwaite and Sue John will then call on **Peter Green, the newly appointed UKREP Counsellor for Social, Environmental and Regional Affairs** – a key contact for SEEDA in Brussels.

To broadening our engagement not only with other regions in the European Union but also further afield Jim will meet **H.E. Richard Cachia Caruana, the Permanent Representative of Malta to the EU**, to explore how Malta might assist our relationships with Lybia and the Middle East. Malta is a key player in the evolution of and co-chairs the recently established Union for the Mediterranean, providing a forum to bringing together interests of Europe, North Africa and the Middle East.

During the evening Jim Brathwaite and Sue John are invited to the Welcome Reception for **Paul Bevan, the new Secretary General of Eurocities**, to build on the fruitful relationship SEEDA has developed with Paul whilst he was Chief Executive of the South East England Regional Assembly. This is an excellent opportunity to sustaining this relationship in his new capacity offering great networking opportunities with leading European cities.

Jim Brathwaite and Sue John will also join the **Christmas Reception hosted by Kent County Council** in their Brussels office to mark our commitment to partnership working in our co-located offices.

Wednesday 10 December 2008

A targeted set of five parallel high level meetings with Cabinet Members and senior officials, lead by Board members, has been arranged for Wednesday 10 December, focused on key areas of influence:

1. **Innovation – skills – productivity**
(Lisbon Group meeting – DG Regio, DG Employment & DG Enterprise)
– lead by Dolores Byrne and Bill Wakeham

Objective: *Sharing experience of maintaining momentum in a downturn*

2. **Global Business Opportunities**
(EU-China business relations – DG Trade) – lead by Jim Brathwaite

Objective: *Explore how EU structures can be exploited to internationalise SE companies and attract global FDI*

3. **Employability**
(Sustainable communities and social inclusion – DG Employment) –
lead by Pamela Charlwood and Sue John

Objective: *Share experience of innovative programmes and explore opportunities for future European funding*

4. **Global Connectivity – Transport Policy and Infrastructure**
(DG TREN)

Objective: *Maximise funding opportunities for transport infrastructure by influencing the drafting of the forthcoming Green Paper on the Trans-European-Transport-Networks (TEN-T)*

5. **Enhancing the Enterprise Environment**
(Small Business Act – DG Enterprise) – lead by Keith Riley

Objective: *Help SE businesses, in particular SMEs, to benefit more from the opportunities offered by the Single Market and the Small Business Act in particular and share examples of innovative South East programmes to create an environment in which entrepreneurs can thrive*

ANNEX C

The South East in European Context

- The South East is one of the most populous regions in the EU, with a larger population than many Member States (Bulgaria, Cyprus, Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, Luxembourg, Malta, Slovakia and Slovenia).
- The South East has one of the largest economies in the EU, with a greater regional GDP than the national GDP of 16 out of 27 Member States, as well as Switzerland and Norway.
- The South East is represented in Brussels through the South East England Brussels Office, a joint office for SEEDA and the Regional Assembly⁵, the Southern England Local Partners Office (SELP), a partnership comprising local authorities, universities and other public and private stakeholders from the South East and the Kent Brussels Office representing a partnership from Kent. The partnerships co-locate in an office in Brussels (Rue du Commerce 45).
- The South East is the UK's gateway to Europe, via its ports, airports and the Channel tunnel. Transport systems in the South East play a pivotal role in the connectivity of North-West Europe. SEEDA is the only English RDA that has extensively utilised European Regional Development Fund (ERDF) leverage into transport projects through the INTERREG programme.
- The South East received over £300m under the round of Structural Funds from 2000 – 2006.
- SEEDA remains a co-financing authority for the European Social Fund for 2007 – 2010 with a programme value of £12m⁶.
- SEEDA is the managing authority for the ERDF Competitiveness programme with an overall value of £36m for 2007 – 2013.
- SEEDA is a member of the European Regions Research Innovation Network (ERRIN), a network for regional representations in Brussels, to share knowledge and expertise regarding FP7 calls and bids at European level, provide a platform to broker partnerships and establish a dialogue with the European institutions to get first hand information.
- The South East of England Enterprise Europe Network is funded with £2.5m from the European Competitiveness and Innovation Programme. It will disseminate information about the European Union to SMEs and increase the level of research and development within Europe.

⁵ By March 2009 the Regional Assembly co-funding will cease. SEEDA commenced a review of the current structure of the Brussels Office, evaluating its strengths and developing its future. SEEDA is committed to sustaining a regional presence in Brussels, enhancing our programme of European activities in partnership. The review will be concluded by March 2009 to have a strong future structure in place for the new financial year.

⁶ All figures subject to exchange rate fluctuation.