

## **Report on the outcomes of the Second RES Partners' Conference**

This is a summary of the key outcomes of the Second Regional Economic Strategy (RES) Partners' Conference hosted by SEEDA on 29 January 2009 in Mandolay Hotel, Guildford. The event provided the delegates with an opportunity to understand the full scale of support the government and publicly funded agencies provide in these challenging times and to work together to identify:

- New ideas and proposals on how to best support businesses and communities through the downturn;
- New opportunities for effective public investment that would help to fuel an economic upturn;
- New initiatives and cooperation between regional stakeholders, both public and private, to help to continue deliver the objectives of the RES for the benefit of the economy and people of the South East.

Below you will find an overview of key conclusions from the conference, implications for the RES targets, follow up activities for the RES Partners and a summary conference workshops which will inform further action.

### **1. KEY CONCLUSIONS FROM THE 2<sup>ND</sup> ANNUAL RES PARTNERS' CONFERENCE:**

- The context for implementation of the RES has changed rapidly. The likelihood of a prolonged recession threatens achievement of the headline targets of the RES.
- The current economic climate places a huge strain on businesses – the backbone of prosperity and development. Coordinated public sector support is required to help businesses survive and thrive whilst not losing sight of the long-term needs for investment.
- Nonetheless, the fundamental measures identified and agreed in the RES to enhance prosperity and sustainability in the South East are still relevant. A dynamic review of the RES implementation is taking place to meet the emerging economic and social challenges.
- Due to extensive commitments of governments in the US and the EU to reduce carbon footprint, environmental innovation and technologies present significant opportunities for companies to grow and thrive.

## **2. IMPLICATIONS FOR THE RES TARGETS AND ACTION PLANS:**

- Following the release of the 2<sup>nd</sup> Annual Monitoring Report, SEEDA and partners have undertaken a partial review of the RES action plans, reacting to the changing economic realities. Notably, Job Centre Plus, Learning & Skills Council and SEEDA have commenced work on joining up Action Plans on Targets 6 and 10 (Skills and Employment). A major product of their concerted effort is the Regional Recovery Plan. This is part of a larger effort to simplify the services provided by public sector in meeting requirements of businesses.
- Partners have identified the need to bring forward spending on planned development projects. While desirable to stimulate demand at present, this carries potential negative implications for future investments.
- Sustainable public procurement, a priority action under RES Target 7, can be used to deliver against the Skills and Employment targets. Public sector partners are to consider how to best encourage companies entering public procurement to provide training as a part of the contract.
- While there is an apparent emphasis on measures supporting business activity and maintaining employment rates, partners recognise the need to uphold Sustainable Prosperity, as an integral part of the RES.
- In particular, activities under RES Targets 11 and 12 (Climate Change and Energy and Sustainable Consumption and Production) have a potential to drive business activity and help companies in the long run. Secondly, voluntary and community sector plays an increasing economic and social role during the recession. This provides and opportunity to refocus activities under Target 14 (Sustainable Communities).

## **3. FOLLOW UP ACTIVITIES FOR RES PARTNERS:**

Partners have a vital role in monitoring and responding to the developing economic situation, and in alerting SEEDA as to the potential consequences for RES targets.

- SEEDA will facilitate for partners across the region to take forward the ideas and initiatives identified at the conference.
- SEEDA will feed headline messages of the conference into the debates at the Regional Economic Council and through that into the National Economic Council.
- There has been a strong desire to follow up on the ideas voiced at the RES conference at sub-regional and sectoral focus groups. SEEDA will take this work forward through the area teams and the sector consortia.

This may include facilitating sub-regional and/or sector specific events as a platform for more detailed debate and action.

- The current economic climate requires a pro-active approach by all RES partners who need to engage fully with target sponsors. The target sponsors are encouraged to use their leadership in influencing partner organisations across the region to ensure pro-active engagement and alignment of activities.
- The Living RES process has proved to be a very useful instrument helping to implement the RES in a flexible way, reflecting changing economic and social realities.

#### 4. SUMMARY OF CONFERENCE WORKSHOPS<sup>1</sup>

##### **Workshop Group A: *Managing the Here and Now***

In this set of workshops delegates discussed measures and policies designed to help businesses and communities to ride out the downturn. The workshops concentrated on Employment & Skills, Access to Finance, International Competitiveness and Business Support, and Social Economy. The following headlines summarise the workshop outcomes:

- The short term priority is to avoid redundancies. Business networks, Business Link and Continuing Employment Support Service (CESS) can help to match skills with vacancies, to access skills advice, and to devise ways of sharing overheads & costs.
- Train to Gain (T2G) should become more flexible. Companies using the downturn to train workers rather than making them redundant should be enabled to draw on the T2G scheme in order to subsidise the cost of training.
- The 'Real Help for Businesses Now' guide will help to address the insufficient recognition and understanding among businesses of the available government support. Capital for Enterprise (CFE) and Enterprise Finance Guarantee (EFG), released under the "Real Help for Businesses" initiative, need to achieve higher recognition rate.
- It was suggested that government may want to establish an "Ofbank" – a watchdog overseeing the banking industry and their treatment of consumers to complement the FSA which concentrates on regulation.
- Regional Community Development Finance Institutions (CDFIs) could provide an alternative to traditional banking system to compensate for

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<sup>1</sup> Views expressed at the workshops do not represent the views of SEEDA.

the shortage of commercial lending.<sup>2</sup> SEEDA and Business Link will explore viability of such facilities.

- There was a major debate whether the Business Link should become the 1<sup>st</sup> port of call and main conduit for all business support. SEEDA was encouraged to explore practicability of such arrangement.
- It was recognised that exporting companies are 6% more productive than those who don't export. UKTI is keen to 'internationalise' all SMEs with a potential. It is setting up 'export clinics' with business organisations. Business organisations are to encourage their members to seek out UKTI's help regarding their plans to export. Sector Consortia can provide valuable assistance in providing sector-specific export expertise.
- Social enterprise networks should encourage social entrepreneurs to think more "business-like" and to network with mainstream business representative organisations such as Chambers of Commerce, Institute of Directors, and Business Link. Business Link was encouraged to liaise with SE2 about developing a pilot scheme to support social enterprises.

### **Workshop Group B: Investing for the future**

This set of workshops aimed to identify areas for public support with a potential to fuel the economic upturn and to identify investment opportunities with potential for alignment of resources. The main topics were: Skills for the Future, Environmental and Health Technologies, Housing and Infrastructure, and International Investment and Innovation. The following headlines summarise the workshop outcomes:

- The major skills needs and issues have not changed dramatically; there is a scope and rationale for much greater involvement of employers. Significantly, public sector employs a high proportion of working population. The commitment to professional and personal development of staff should be an imperative for the public sector to set an example.
- When prioritising support for skills development it is important to look at sectors that are likely to grow in the future, such as environmental and health technologies.
- There is an argument for supporting R&D and innovation on the low-cost, frontline element of the health service rather than on the high end

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<sup>2</sup> CDFI - A sustainable, independent financial institution which provides capital and support to individuals and organisations to develop and create wealth in disadvantaged communities or under-served markets. The loans are often offered on higher-than-average market interest rates.

of consultants and specialisation. The frontline area of health services attracts less attention by private investors which may amount to market failure.

- There is a case to approach resource management in a much more holistic way. As subsidies for environmental solutions are not indefinitely sustainable, it is crucial to develop a resource-efficiency business model that demonstrably makes/saves money. Businesses and individuals are more likely to invest into environmental solutions if they can reliably calculate the return on investment period.
- Anecdotal evidence from community led initiatives shows that involving individuals in their own production/consumption life-cycle in a truly distributed system leads to behaviour change.
- The funds channelled into new government initiatives announced to tackle the recession are often not new money. These funds had been previously committed and now fast-tracked to provide fiscal stimulus.
- The current model of financing infrastructure development is likely to break down as it becomes clear that developers can no longer rely on incremental rise in property values. The increase in property value was used to fund infrastructure – i.e. through section 106 contributions, roof tariffs etc. This seems no longer viable and a new model to fund infrastructure needs to be developed.
- There is strong evidence that despite the recession, knowledge-intensive and innovative businesses are doing well. To ensure that the South East maintains its innovative potential, it is important to invest in innovation infrastructure, such as research facilities, innovation parks and campuses. Anecdotal evidence shows that innovative SMEs and high tech start-ups benefit enormously from such facilities.
- Support for innovation should be concentrated on areas with a high potential for future growth, such as environmental technologies, health technologies, IT, transport and energy.

6 February 2009