

**Regional Economic Strategy,
1999: Progress Assessment**

A Final Report to SEEDA

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SQW Limited
economic development consultants

Enterprise House
Vision Park
Histon
Cambridge CB4 9ZR

Tel: (44) (0)1223 209400
Fax: (44) (0)1223 209401
E-mail: mailbox@sqw.co.uk
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Executive Summary

Origins of SEEDA and its RES

1. The South East England Development Agency (SEEDA) was established under the provisions of the Regional Development Agencies Act 1998. SEEDA came into existence on 14th December 1998 and by March 1999, it had five staff and a budget of £544,000. On 1st April 1999 it took over the regional activities of English Partnerships, the Rural Development Commission, the SRB Challenge Fund and the Skills Development Fund. It inherited a budget of £80m and a staff of around 100.
2. SEEDA was required to “*formulate and keep under review a strategy in relation to its purposes, and to have regard to the strategy in exercising its functions*”. Guidance suggested that “*the fundamental purpose of the regional strategy is to improve economic performance and enhance the region’s competitiveness, addressing market failures which prevent sustainable economic development, regeneration and business growth in the region*”. Following consultation, the Regional Economic Strategy (RES) was presented to government on 26th October 1999.

The RES and the challenge of sustainable economic development

3. In the context of its Vision to become a genuinely World Class region, the RES set out to provide a “*comprehensive approach to developing the competitiveness of the region and enhancing the quality of life for all*”. It acknowledged that different parts of the South East were facing quite different economic development challenges. The existence of social exclusion in parts of the region was described as “*economically inefficient, morally indefensible and inconsistent with sustainability*”. Conversely, it noted that “*some parts of the region... have reached the point where workforce and development land constraints could inhibit future growth*”.
4. In response, the RES presented seven “*region-wide Programmes designed to provide a framework for addressing the region’s economic, social and environmental needs in both urban and rural areas*”. SEEDA subsequently developed six Accountability Plans (SAPs) embracing prioritised objectives drawn from the RES together with the actions that were needed to deliver them.

Delivering the RES

5. During its first three years, SEEDA has been structured according to the World Class Programmes set out in the RES. It has also sought to use three mechanisms to effect the “joined up” interventions on which – in the context of substantive sub-regional differences – the pursuit of the Vision and the Strategic Priorities set out in the RES was premised: the South East Framework for Sustainable Development;

close working relationships with sub-regional partnerships; and revised project-level appraisal processes. There are therefore two “levels” at which progress with the RES should be considered.

1) *Progress “within” SEEDA’s Programmes for the Region*

6. Across each of the six World Class Programmes, SEEDA sought to effect change by lobbying, leadership and direct delivery. During its first three years, resources were largely ensconced within its inherited Programmes, most of which were focused on regeneration. Thus the distribution of SEEDA monies across the six SAP areas has been uneven and the balance between different types of intervention has varied. Progress must be seen in this context.
7. On the basis of consultation evidence, we were able to make observations relating to progress within each of the World Class Programme areas:
 - in the domain of *World Class Businesses*, important progress seems to have been made with regard to two Strategic Priorities: business support networks and rates of innovation and technology transfer. Across three other Strategic Priorities, the foundations have been put in place but it is too early to comment on likely impacts. There has been little activity with regard to two further Strategic Priorities: investment support and ecommerce
 - across *World Class Learning and Workforce*, the emphasis to date appears to have been attached to regional skills and intelligence, and synthesis on the supply side; these themes cut across several RES priorities. Steps to address sector issues need to be taken further and more emphasis should be attached to management skills. The process of developing the Framework for Regional Employment and Skills Action should help define roles and responsibilities more clearly in the future
 - in the context of *World Class Transport*, SEEDA’s role has been one of lobbying rather than delivery. In the context of the Strategic Priorities set out in the RES, some progress appears to have been made, but the role of SEEDA is difficult to isolate
 - the Strategic Priorities included within the domain of *World Class Environment* were wide-ranging in scope. Steps have been taken to provide the foundations for delivery, but it is too early to comment about impacts. Some concern was expressed that the focus on “environment” may – particularly in the early days – have precluded a more holistic consideration of sustainability
 - during its first three years, *World Class Communities and Urban Renaissance* has provided the focus for the majority of SEEDA’s programme spend,

although the fit between the RES, SAPs and the regeneration programmes was never fully resolved. Early Area Investment Frameworks seem to have been well received, but it is too early to comment on their effectiveness

- finally, in the area of *World Class Rural Economy*, actions have been taken that are consistent with the Strategic Priorities identified in the RES. There was some question as to whether SEEDA had achieved as much leverage as it might and in this context, there were also questions about role definition.

2) Progress “between and around” SEEDA’s Programmes for the Region

8. Although little could be said about impacts, there was a broadly positive assessment of progress across most actions *within* the six Programmes for the Region. SEEDA’s progress *between and around* individual Programme areas was less clear. And from our consultations, there were some important messages for SEEDA:

- consultees expressed some concern at the apparent lack of synergy across the different functional divisions within SEEDA: it is arguably in the areas of overlap between the core Programme areas that SEEDA potentially has most to contribute and through which it might exercise maximum leverage
- SEEDA should be funding and evaluating targeted pilots. It should then disseminate good practice to other partners such that the latter might reflect the lessons in mainstream programmes. Thus the case was made that SEEDA’s engagement in direct and on-going delivery should be scaled down. Instead, partners were looking for clearer leadership coupled with the piloting of novel and innovative actions
- in seeking to “join up” the Programmes and develop synergies in response to sub-regionally and locally defined economic development needs, SEEDA needs to pay attention to the structure and effectiveness of partnership-working: post SRB, the relationships between SEEDA and the economic partnerships, AIFs and LSPs will need to be clarified
- the RES is literally an economic strategy for the region and SEEDA must oversee its delivery; its own role should be to lobby (in all areas), to exercise leadership (in some areas) and to deliver (in a few areas and on a limited basis). By clarifying roles and relationships, it should be possible to define more precisely the contribution that SEEDA should reasonably be expected to make – and against which it should be held accountable – in moving to the second phase of the ten-year RES.

1 Introduction

- 1.1 *“Building a World Class Region”* was the first Regional Economic Strategy (RES) for the South East. It was published by the South East England Development Agency (SEEDA) in October 1999. The RES presented an ambitious Vision in which – over a ten year period – the South East would achieve the status of “World Class Region” by rising from its then-position of 23 to rank among the top 10 regions in Europe. In order to achieve this Vision, the RES set out a *“demanding, but achievable, agenda”*¹ embracing close to 50 Strategic Priorities, each of which was accompanied by three or four specific Objectives.
- 1.2 Two-and-a-half years later, SEEDA has taken the view that the time has come for a stock-take. In the context of a ten-year strategy, it is too early to assess outcomes or impacts, or to make definitive judgements as to the extent of SEEDA’s successes and failures. Instead, SEEDA has sought a robust and independent interim assessment of progress.
- 1.3 It was in this context, that SQW was commissioned by SEEDA in February 2002 to undertake a progress review. Our brief essentially had three components:
- to consider what SEEDA had sought to do in response to the Strategic Priorities and Objectives set out within the RES;
 - to assess the progress that had been made in implementation; and
 - to draw out the lessons that had been learned along the way.
- 1.4 In order to make this assessment, a methodology was developed which involved reviewing the original RES in some detail, analysing it alongside SEEDA’s Accountability Plans² (SAPs) and then meeting the directors and senior managers from SEEDA with responsibility for each of the six “World Class” areas identified within the RES³ to explore – in some detail – the relationships between the RES and the SAPs in implementation. In addition, consultations were conducted with around 15 external partners. These included some organisations with a direct interest across the spectrum of SEEDA’s activities – GO-SE, SEERA, RAISE, Economic Partnerships, local authorities – and others with a particular

¹ *Building a World Class Region: An Economic Strategy for the South East of England*, South East England Development Agency, 1999: page 6

² SEEDA’s Accountability Plan sets down prioritised objectives drawn from the Regional Economic Strategy, with the actions needed to deliver them over a 5-year timeframe. The SAP comprises individual action plans for SEEDA’s regional Programmes, detailing the Strategic Priorities, objectives, partners and key dependencies, together with an indication of the delivery timescales and the funding involved

³ The RES initially identified seven “World Class” Programme areas. However two of these (learning and workforce) were quickly merged and they are considered together throughout this analysis

interest in specific Programme areas: Learning and Skills Councils, Business Link, the Countryside Agency, etc. The focus of the external interviews was similar to that of the internal ones: actions taken by SEEDA, their fit with the priorities and objectives identified in the RES, perspectives on impact and appropriateness, emerging issues surrounding implementation and any lessons for the future.

1.5 This report presents the findings from our assessment of progress. It is divided into four further chapters:

- in Chapter Two, we consider briefly the origins of SEEDA and its RES, revisiting the legislation through which RDAs were created and the guidance against which the first RES was developed. We also attempt to highlight some of the institutional and political changes that have occurred more recently; these are important in terms of assessing the continuing appropriateness of particular actions
- Chapter Three summarises the economic development challenges which were outlined in the RES and considers the manner in which SEEDA has sought to respond
- in Chapter Four we report – in summary form – on progress with regard to each of the six World Class Programme areas identified within the RES
- Chapter Five then considers progress “around and between” the World Class Programmes and presents some more generic messages and issues for SEEDA as a whole; these transcend individual Programme areas and they relate to the evolving role of SEEDA and the priorities it might wish to consider in the future.

2 Setting the scene: the evolving political and institutional context for SEEDA

Summary: In this chapter, we consider the origins of SEEDA and its RES, revisiting the legislation through which RDAs were created and the guidance against which the first RES was developed. We also highlight some of the institutional and political changes that have occurred more recently. We argue that SEEDA was launched with an ambitious set of legally defined purposes to which neither SEEDA nor the South East region were particularly well equipped to respond. Moreover the institutional fabric of regional economic development has continued to evolve and change over the last three years and it is against this backdrop that progress with the RES needs to be assessed.

The Origins of SEEDA and the RES

- 2.1 SEEDA was established under the provisions of the Regional Development Agencies Act 1998. Section 4 of the Act identified five statutory purposes for SEEDA which should “*apply as much in relation to the rural parts of its area as in relation to the non-rural parts*”. Specifically:
- to further the economic development and the regeneration of its area;
 - to promote business efficiency, investment and competitiveness in its area;
 - to promote employment in its area;
 - to enhance the development and application of skills relevant to employment in its area; and
 - to contribute to the achievement of sustainable development in the United Kingdom where it is relevant to its area to do so.
- 2.2 In order to respond to these purposes, SEEDA’s *functions* were defined as: developing a regional strategy; delivering regional regeneration; delivering the competitiveness agenda; leading on regional inward investment; developing a Skills Action Plan; and taking a lead role on European funding. The legislation was explicit that the RDAs’ functions did *not* include either housing or transport. Instead, the guidance asserted that Regional Planning Guidance “*will become a comprehensive spatial strategy for each region and will include the regional transport strategy*”. While the relationship between the RES and RPG was of “*the highest importance*”, SEEDA could do no more than influence RPG: it could define but not deliver priority infrastructure.
- 2.3 With parliament’s acceptance of the Act, SEEDA came into existence on 14th December 1998 and by March 1999, it had five staff and a budget of £544,000. On 1st April 1999 it took over

the regional activities of English Partnerships, the Rural Development Commission, the SRB Challenge Fund and the Skills Development Fund (previously administered by GO-SE). In the process, it inherited a budget of £80m and a staff of around 100 drawn from four separate – and culturally quite distinctive – organisations⁴.

- 2.4 Against this backdrop, SEEDA was required to “*formulate and keep under review a strategy in relation to its purposes, and to have regard to the strategy in exercising its functions*”. Guidance from the then DETR suggested that “*the fundamental purpose of the regional strategy is to improve economic performance and enhance the region’s competitiveness, addressing market failures which prevent sustainable economic development, regeneration and business growth in the region*”. Following consultation, the strategy was presented to government on 26th October 1999.

Building an organisation

- 2.5 In seeking to develop – and subsequently deliver – a coherent and incisive regional economic strategy, the organisational foundations of SEEDA were not ideal. At the start of the process, SEEDA had virtually no staff. Although by the end it employed around 100 people, the majority were concerned with continuing to deliver pre-committed regeneration Programmes, each of which had its own exacting requirements surrounding project eligibility, appraisal, monitoring, evaluation, etc. Two implications followed:

- particularly during the period of strategy development, there was a job to be done in building SEEDA as an organisation
- although SEEDA inherited a total budget of £80m, much of this was pre-committed and its allocation reflected Programme-specific priorities; SEEDA had very few “new” resources to deliver the Strategic Priorities that were eventually identified within the RES.

Building a region

- 2.6 Across the South East, there was little sense of regional identity at the time of SEEDA’s formation. Although GO-SE had occupied a coterminous geography since its establishment in the early 1990s, just about every other regional designation was different⁵. Perhaps more importantly, the extent to which businesses (or, for that matter, local authorities and TECs) in Oxfordshire and Medway considered themselves to be part of the same region was questionable. Moreover, the substantive issues surrounding economic development in (say) Thames Valley were fundamentally different from those in Hastings or East Kent, and the

⁴ SEEDA Annual Report and Accounts, 1999-2000, page 12

⁵ Regional Planning Guidance, for example, embraced the area covered by SERPLAN which included London, Essex, Hertfordshire and Bedfordshire as well as the counties and the unitary authority areas of the South East

plethora of structures and partnerships that had evolved locally to resolve them also had distinctive constituencies and interests.

- 2.7 In addition, LDA – the RDA for London – was not established until 2000. Inevitably therefore it was difficult to address SEEDA’s relationship with economic development in London. Yet for the regional economy of the South East, relationships with London were important.
- 2.8 Against this backdrop, SEEDA was tasked with developing an “*integrated, sustainable and cohesive approach to improving regional economic performance*”, and to do so by “*proceed[ing] through dialogue, working in an open and transparent way*” with those who operated “*at the sub-regional and local levels, as well as at the regional level*”. The indicative list of relevant organisations provided by the-then DETR included: local authorities, chambers of commerce, business links, TECs, the employment service, local partners, local communities, lifelong learning partnerships, sector-based organisations, and the regional assembly⁶.
- 2.9 In the context of a regional economic strategy that needed to be developed quickly and collaboratively, the level of diversity amongst partner organisations was a challenge. At the time, SEERA – the regional assembly – was also in embryonic form and insufficiently well established to really fulfil its dual role of scrutiny and regional accountability. The weak regional infrastructure was particularly problematic in terms of liaising effectively with voluntary and community organisations; RAISE (Regional Action and Involvement South East) is now providing an important mechanism for dialogue, but at the time of strategy development there was nothing of this genre in place.

Subsequent institutional and organisational developments

- 2.10 Following its submission on 26th October 1999, the RES was formally approved by government on 12th January 2000. Subsequently, there have been a series of further changes in the manner in which SEEDA operates and in the way in which it has been required to operate. Some of the changes were anticipated, others were not; all have impacted on progress with the RES.

Emergence of new and reconfigured partner organisations

- 2.11 By April 2002, the map of regional partners with whom SEEDA needed to work was quite different from that which confronted the new organisation in 1999: training and enterprise councils (TECs) had gone, business links had been re-invented and Local Strategic Partnerships were emerging.

⁶ Guidance provided by the Department of the Environment, Transport and the Regions on the development of Regional Development Agencies’ regional strategies, dated 1st April 1999

2.12 The South East is now covered by six Learning and Skills Councils (LSCs) which have responsibility for post 16 education and learning services (excluding higher education) and they have become important partners for SEEDA: collectively, they have responsibility for far more resources than SEEDA. SBS franchises – branded as business links – have also been established across the region; their geography is not coterminous with that of the LSCs and at least two (Berkshire and Wiltshire, and Wessex Business Links) extend into adjacent regions. For these and other reasons, the institutional map has evolved significantly over the last three years and further changes are anticipated. For example, Sector Skills Councils are gradually being established and SEEDA will need to liaise closely with these organisations on a regional basis.

Transition to the Single Programme

2.13 From the outset, it was agreed that RDAs should gradually be given greater budgetary flexibility and the intention was to bring together funding into a single cross-Departmental budget by 2002-03. The Single Programme has – as of 1st April 2002 – become a reality and SEEDA will now increasingly have greater flexibility to use its resources in a manner that is directly consistent with the priorities set out in the RES.

Definition of Outcome Targets and Milestones

2.14 Over the last two years, SEEDA has worked with partners and central government to establish and agree a series of performance targets. These include:

- Tier 1 targets: broad statements of SEEDA's strategic purpose which are not directly measurable in the short or medium term
- Tier 2 regional outcome targets: quantified targets for the region, with SEEDA making a direct contribution to these targets while also mobilising the actions of others
- Tier 3 milestones: quantified targets for SEEDA which measure the direct results of its own actions.

2.15 The Tier 2 targets – which reflect a mix of nationally determined and regionally negotiated indicators – are likely to become especially important as a measure of performance and working towards their achievement will certainly influence future spending decisions within the Single Programme.

A new sponsoring Department

- 2.16 Central government departmental responsibilities were restructured following the 2001 general election. In the process, sponsorship of RDAs shifted to DTI from DETR (which was reorganised to become DTLR).
- 2.17 This led to initial uncertainty surrounding the continuing importance of some statutory purposes that are not usually associated with DTI: area-based regeneration and sustainable development were examples. Although initial concerns seem to have been allayed, the full consequences of the shift in responsibility remain to be seen. One suggestion is that the significance of outcome targets might be greater under DTI than would otherwise have been the case.

Conclusions

- 2.18 This chapter has considered the evolving political and institutional context for SEEDA and it has sought to do so at a variety of spatial scales. It has argued that SEEDA was launched with an ambitious set of legally defined purposes to which neither SEEDA nor the South East region were particularly well equipped to respond; it was in this context that the first RES was produced in 1999. The chapter went on to consider subsequent – and in some cases still ongoing – developments in the institutional fabric of regional economic development. It demonstrated that the pace of change and organisational restructuring shows no sign of waning. Organisational turbulence is likely to prove the norm and it is in this context that strategy delivery must continue to take place.
- 2.19 But why the long prologue to the assessment of progress? The reason for outlining these institutional and organisational issues is not to provide a whole set of excuses for any shortcomings in the progress of the RES; in the main, the challenges facing SEEDA have been no greater than those facing other RDAs and SEEDA has had the great advantage of a buoyant regional economy which lacks the scale and intensity of deprivation in (say) the North West or the challenges of remoteness and peripherality that must be confronted in the South West. Instead, the purpose of this analysis has been to log the starting point for SEEDA as an organisation and for the RES as a strategic framework: only if we know the starting point is it possible to make a meaningful assessment of progress.

3 The Challenge for SEEDA and its RES

Summary: In this chapter, we outline the economic development challenges to which the Regional Economic Strategy had to respond. Specifically, we comment on the very different opportunities and threats facing different parts of the region. We then go on to consider the key components of the RES and we outline the manner in which SEEDA has structured itself in response. SEEDA has sought to deliver the RES through six World Class Programmes. It has relied on cross-cutting mechanisms to join these vertical themes in a manner that is sustainable and consistent with the diversity of economic development challenges across different parts of the region.

Economic development challenges in the South East

- 3.1 In the context of its Vision to become a World Class region, the RES set out to provide a *“comprehensive approach to developing the competitiveness of the region and enhancing the quality of life for all”*. And in this context, three *“measures of success”* were identified for the region as a whole: economic prosperity, social inclusion and environmental quality.
- 3.2 However the RES also acknowledged that different parts of the South East were facing quite different economic development challenges. The existence of social exclusion was described as *“economically inefficient, morally indefensible and inconsistent with sustainability”* and the statement was made that areas suffering from it needed *“focussed attention and investment in skills, business support, transport, housing, site development and electronic communications”*. Conversely, it was noted that *“some parts of the region... have reached the point where workforce and development land constraints could inhibit future growth”*. Nevertheless these areas of economic success – principally in the west and north of the region – were also afforded priority because *“sustainable wealth creation in these areas is essential to both their own future competitiveness and that of the region as a whole”*⁷.
- 3.3 Against this backdrop, any assessment of the progress of the RES in terms of its Vision must – for three reasons – consider the area-based *contexts* in which economic development has had to take place:
- different places have different problems, and *different problems demand different solutions*: creating more demand for employment might be a solution in Newhaven or Hastings in the context of stubbornly high levels of unemployment but in the Thames Valley (against a backdrop of labour shortages and housing pressures) it could be seen as inflationary and inimical to sustainable economic development

⁷ *Building a World Class Region: An Economic Strategy for the South East of England*, South East England Development Agency, 1999: page 7

- the economic development characteristics of different places are such that *different opportunities* ought to be captured: for instance, we should consider whether sufficient use is being made of the environmental assets of – say – the Isle of Wight in seeking to secure sustainable economic development
- in response to place-specific challenges, there is an obvious need to respond to *causes rather than symptoms*: in the areas for which social exclusion is a major concern, long term and sustainable solutions will usually require a consideration of the other two “measures of success” – economic prosperity and environmental quality.

3.4 Contextual and cross-cutting issues of this type – many of which are specific to a particular place or sub-region – need to be addressed if SEEDA is to achieve the Vision set out in its RES. Indeed, arguably they are more of a priority than any one of the three “*measures of success*” in isolation. But assessing progress in this “joined up” domain is difficult.

Delivering the Regional Economic Strategy

3.5 After describing in summary form the state of the region, the RES presented seven⁸ “*region-wide Programmes designed to provide a framework for addressing the region’s economic, social and environmental needs in both urban and rural areas*”⁹. Accompanying the RES were draft action plans for the regional Programmes. These were subsequently developed to form the SEEDA Accountability Plans (SAPs). For each World Class Programme, the SAPs were intended to present:

- prioritised objectives drawn from the RES with the actions needed to deliver them
- organisations involved in delivery and SEEDA’s relationship to the delivery process
- milestones against which progress could be assessed
- key dependencies
- the resources needed to achieve each objective.

3.6 During its first three years, SEEDA has been structured according to the World Class Programmes that were set out in the RES. Thus actions within the SAPs have been defined in terms of their contribution to the Strategic Priorities set out within each of the Programmes for the Region. One SEEDA director has assumed responsibility for each of the Programmes, and resources within SEEDA have been structured within this framework.

⁸ As stated earlier, two of the World Class Programme areas (workforce and learning) were merged at an early stage. They are therefore considered together within this analysis

⁹ *Building a World Class Region: An Economic Strategy for the South East of England*, South East England Development Agency, 1999: page 10

- 3.7 How, then, should we assess progress in the context of distinctive and cross-cutting sub-regional opportunities and challenges? As indicators, we cannot point to the allocation of SEEDA resources. Nor can we report on activity within each of the Programme areas. Instead, we must comment on some potential mechanisms for sustainable integration: the South East Framework for Sustainable Development, the effectiveness of SEEDA's relationship with its sub-regions, and the structures and systems put in place by SEEDA to encourage project level synergy and coherence.

South East Framework for Sustainable Development

- 3.8 The South East England Regional Assembly in partnership with GO-SE and SEEDA (and the Environment Agency and National Health Service) published "*A Better Quality of Life in the South East: Framework for a Sustainable Future*" in draft form in October 2000. The document was prepared in response to the then DETR's Strategy for Sustainable Development which asserted that by the end of 2000, each English region should have in place its own regional framework for sustainable development¹⁰.
- 3.9 The Framework document for the South East followed the UK Strategy for Sustainable Development in identifying four over-riding objectives, namely: social progress which recognises the needs of everyone; effective protection of the environment; prudent use of natural resources; and maintenance of high and stable levels of economic growth and employment. Under each of these core themes, it then went on to identify regional objectives, indicators and targets. And armed with this structure, the Framework set out a number of purposes for which it was to be used, one of which was to provide "*the sustainable development context within which the strategies of the South East England Development Agency (SEEDA), the South East Regional Assembly, and the Government Office for the South East (GO-SE) will be formulated, implemented and reviewed*"¹¹.
- 3.10 SEEDA contributed actively to the preparation of a Sustainable Development Framework for the South East and, in the light of this, re-appraised its own RES and SAPs. At a strategic level, then, a foundation was put in place for SEEDA and its partners to respond to the need for "joined up" action in the context of sub-regionally determined opportunities for and constraints to sustainable economic development.

SEEDA and its sub-regions

- 3.11 From the early stages of developing the first RES, SEEDA recognised the significance of its sub-regions and it attached some importance to the role of sub-regional economic partnerships. It saw these as a key conduit in maintaining a dialogue with the sub-regions and

¹⁰ DETR (1999) *A Better Quality of Life: A Strategy for Sustainable Development in the United Kingdom*. Cm4345

¹¹ SEERA, SEEDA, GOSE (2000) "*A Better Quality of Life: Framework for a Sustainable Future*" Consultation Draft Volume 1 page 5

it has provided some core funding to support the partnerships. Moreover each of SEEDA's directors and senior managers was given area responsibilities relating to a specific sub-region.

- 3.12 All of the sub-regional economic partnerships are different. Some are strongly business-led while others have a greater local authority (and often county council) focus. But in all cases, the remit has been strategic economic development. Against this backdrop, the dialogue between SEEDA and the sub-regional economic partnerships has – arguably – been strongest in the context of SEEDA's lobbying and leadership roles, rather than across the arena of direct delivery. There has been comparatively little engagement between many of the sub-regional economic partnerships and SEEDA's inherited programmes; in these terms progress with regard to “joining up” has been quite limited. Conversely, the economic partnerships have contributed to the development of Enterprise Hub proposals and they have therefore had the opportunity to shape them according to local opportunities and constraints. They have also played a role with regard to inward investment; the economic partnerships were involved with the recent recruitment of SEEDA-funded aftercare advisors and the new staff will be co-located with the partnerships.
- 3.13 Overall then, the conclusion must be that the sub-regional partnerships have exercised a sub-regional voice. In turn, this should have allowed SEEDA to respond better to the sub-regional issues that the RES needed to address. But SEEDA has engaged more effectively with some partnerships than others. And different parts of SEEDA have varied in terms of their capacity to listen and respond. As a result, while some partnerships report a broadly constructive and collaborative relationship with SEEDA, others consider the RDA to be “top down in approach” and “not very good at listening”.

SEEDA's structures and systems

- 3.14 SEEDA re-appraised its own RES and SAPs against the backdrop of the South East Framework for Sustainable Development. It then reviewed its project-level appraisal processes such that principles of sustainable development should extend explicitly into the domains of project design, appraisal, delivery, monitoring and evaluation. In this context, one of our external consultees suggested that SEEDA had responded fully to sustainability considerations in the context of – for example – direct development. By implication, this in turn should mean that the specificities of sub-regional context are being taken into account at a project level.

Conclusion

- 3.15 Arguably then, SEEDA has sought to use three distinctive mechanisms to effect the “joined up” interventions on which – in the context of substantive sub-regional differences – the successful delivery of the Vision set out in the RES is premised.

3.16 Nevertheless, it was the World Class Programmes that structured the RES and it is this framework that has shaped the definition of SEEDA's actions through its SAPs. In Chapter Four we assess SEEDA's progress in delivering its RES against the backdrop of this thematic framework before returning – in Chapter 5 – to consider its progress in “joining up” the components of economic development in order to respond effectively and incisively to the specific challenges facing the South East.

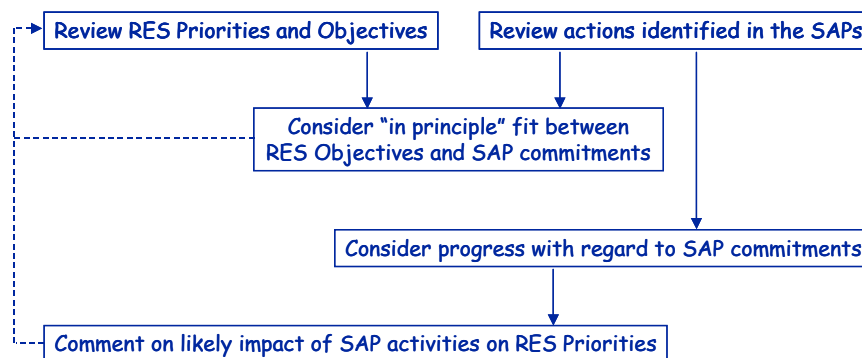
4 Progress within SEEDA's Programmes for the Region

Summary: In this chapter, we consider the six Programmes for the Region which were identified within the RES and which have provided the structure for SEEDA's operations. In each case, we summarise the Strategic Priorities set out within the RES and review progress in delivering the associated actions which were identified within SEEDA's Accountability Plans. Although it is too early to comment on bottom line impacts, the review of progress *within* SEEDA's Programmes for the Region – based on consultation evidence – is generally positive.

Introduction

- 4.1 In assessing the progress of the Programmes for the Region, it is necessary to consider the fit between the relevant SAP areas and the RES in both principle (i.e. what SEEDA intended to do) and practice (the extent to which progress is being made in implementation). On this basis – and in the overall context provided by Chapter 3 – it is then possible to identify the lessons and issues arising (see Figure 4.1). In the paragraphs that follow, we provide a summary assessment for each of six World Class Programme areas in turn.

Figure 4.1: Approaching the Assessment of Progress



- 4.2 We must however preface our comments by making one important observation. Across each of the six World Class Programmes, the intention was that SEEDA should seek to effect change by exercising up to three roles: lobbying, leadership and direct delivery. During its first three years, the SEEDA's own resources were largely ensconced within its inherited Programmes, most of which were focused on regeneration. Thus the distribution of SEEDA's own monies across the six SAP areas has been very uneven. For example, in 2001-02, approximately 75% of SEEDA's programme funds were earmarked for World Class

Communities and Urban Renaissance, compared to less than 1% for each of World Class Transport and World Class Environment¹².

- 4.3 SEEDA's income (mainly from government) has increased during its first three years¹³. However the unevenness of spend was largely a reflection of the structure of SEEDA's inherited funds (particularly, the predominance of the Single Regeneration Budget and the former English Partnerships monies) and largely, therefore, beyond SEEDA's control¹⁴. But a consequence has been that the balance between different types and scales of intervention has also varied: whereas lobbying has featured strongly under World Class Transport and World Class Environment, direct delivery has been much more important in the context of World Class Communities and Urban Renaissance. Our Programme-specific comments and observations need to be seen in this context.

World Class Businesses

- 4.4 In the domain of World Class Businesses, seven Strategic Priorities were identified in the Regional Economic Strategy; in addition, Enterprise Hubs were identified as a key initiative in seeking to "*provide a world class environment for growing businesses in the 21st Century*" (page 15) while the Wired Region sought to accelerate the growth of sustainable economic and social activity by capturing the opportunities associated with ICT (page 18)¹⁵. Underpinning these Strategic Priorities was a belief that the South East had all the "ingredients" to become the "country's engine of growth" (page 12) but that this potential was not being fully realised. In various ways, the Strategic Priorities reflected a need to harness and develop the region's business resources in a more effective manner than hitherto.
- 4.5 In seeking to deliver this Programme, SEEDA identified six action areas within its SAPs. Table 4.1 considers progress in terms of the World Class Businesses RES priorities and comments on the associated SAPs are provided in Table 4.2.

¹² Figures relating to the distribution of SEEDA funds are taken from the SAPs

¹³ According to SEEDA's Annual Report and Accounts (2000-01), SEEDA's total income rose from about £65m in 1999-00 to £81m in 2000-01

¹⁴ With the transition to the Single Programme (from April 2002), SEEDA will start to have more autonomy in determining the allocation of its programme spend

¹⁵ While in principle a cross-cutting theme, Enterprise Hubs have in practice been delivered as part of the World Class Business agenda and they are therefore considered here. Although closely related in terms of the RES, World Class Learning and Workforce has responsibility for the Wired Region initiative

Table 4.1 World Class Businesses: RES Assessment	
Strategic Priority from the RES	Apparent progress and likely impacts
Ensure that support networks for ambitious businesses are both world class and accessible	Probably greater impact so far in the domain of business start-ups than in terms of mainstream business support, although steps have been taken to address this
Increase significantly the level of business-to-business e-commerce	Little impact in the context of World Class businesses
Increase the rate of innovation and technology transfer by exploiting the extensive and world-class research and development resource within the region	Important steps seem to have been taken to facilitate this process
Stimulate business growth through improved access to investment support	Little impact so far
Develop strategies to create and sustain globally competitive sectors to include the support of established and emerging business clusters	Foundations have been put in place, but the impact of these remains to be seen
Develop the opportunities for our businesses and institutions to benefit from enhanced links with key regions and clusters in other parts of the world	Foundations have been put in place, but the impact of these remains to be seen
Enhance proactive support services to attract and retain high added value companies, particularly those in priority business sectors/clusters and meeting supply chain opportunities	Foundations have been put in place, but the impact of these remains to be seen

Table 4.2 World Class Businesses: SAP Assessment	
Action Areas	Comments on progress and impact
Enabling companies to adapt, prosper and grow (1) - investing in our investors	The key elements of the infrastructure have recently been put in place. Too early to comment on the impact
Enabling companies to adapt, prosper & grow (2) - sector groups	The early sector groups are now in place. They will need to continue to be nurtured, supported and energised to ensure that they fulfil a useful role
Enabling companies to adapt, prosper & grow (3) - business support	The key elements of the infrastructure have recently been put in place and this is an important step forward. Too early to comment on the impact
Accelerate new business start ups (1) – enterprise hubs	After a slow start, significant headway has been made over the last year or so and 6 Hubs are now fully operational and around 20 are in the pipeline. Too early to comment on their bottom line impact
Accelerate new business start ups (2) - clusters & finance	Limited progress in implementation – still some way to go, particularly with regard to the regional venture capital fund
Increase international business activity and competitiveness	Steps have been taken but the impact of these to date is unclear

4.6 Our assessment of SEEDA's actions suggests that important impacts are in the process of being made in terms of two of the World Class Businesses Strategic Priorities: specifically, there seems to have been significant progress vis-à-vis *business support networks* and *rates of innovation and technology transfer*:

- in terms of the first, SEEDA has worked with partners to establish a Regional Business Support Board and in the crowded arena of business support, this is an important initiative. Another key activity within this area has concerned the planning of a Regional Centre for Manufacturing Excellence (RCME). In this context,

proposals were developed for a networked centre, and the expectation is that through six advisers working closely with the Business Links, the newly-formed Manufacturing Advisory Service will deliver targeted support to small manufacturing firms

- with regard to *innovation and technology transfer*, SEEDA has taken some important steps – notably Enterprise Hubs – and these have provided a clear and visible focus. Progress was initially slow, partly because of the constraints of the associated funding streams and partly because of the time taken to set up new partnerships and prepare complicated proposals. It is acknowledged that the process could have been accelerated had SEEDA opted to roll-out some kind of regional blue-print; but every Hub is different and this in turn reflects the specificities of local circumstances and local partnerships. SEEDA’s progress in this domain has certainly been assisted by the changing stance of universities towards the commercialisation process over the last two or three years. SEEDA cannot claim the credit for this, but it did to some extent anticipate it and it seems to have harnessed the opportunity it presented.

4.7 With regard to the Strategic Priorities concerned with *business clusters, links with other knowledge economies* and *attracting high value added companies*, evidence suggests that SEEDA has put in place the foundations for delivery but – as yet – nothing can be said about likely impacts: for instance, staff have only very recently been recruited to provide an aftercare service for inward investors. Moreover, some of the associated actions may prove difficult to sustain (e.g. sector groups) and they will require a good deal of ongoing support, if they are to retain focus and purpose.

4.8 For two of the Strategic Priorities associated with World Class Businesses – *investment support* and *ecommerce* – there seems to have been little activity and inevitably therefore, little likely impact

- in the case of *investment support*, early progress was made in the establishment of a regional venture capital fund and monies were assembled, but central government’s negotiations with Brussels – which were outside of SEEDA’s control – introduced delays. This led to the withdrawal of some commitments which have yet to be fully replaced
- as a Strategic Priority, *business-to-business ecommerce* was integrally related to the Wired Region initiative. This formally became the responsibility of World Class Learning and Workforce and some progress has been made with regard to e-skills. However as originally conceived, the Wired Region initiative was much wider in scope and included provision to address broad band infrastructures, web-based portals and the like. Progress has been limited and may now be further affected by the difficulties facing the ICT sector more generally.

World Class Learning and Workforce

- 4.9 Tables 4.3 and 4.4 provide respectively an overview assessment of progress with regard to addressing the priorities set out in the RES under the Programme area of Learning and Workforce, and delivering the SAPs.

Table 4.3 World Class Learning and Workforce: RES Assessment	
Strategic Priority from the RES	Apparent progress and likely impacts
Excite people to learn and build a culture of lifelong learning across the South East	Some positive impacts, but not in the manner – or through the mechanisms - that were originally envisaged
Engage employers in both influencing learning provision and the delivery of learning opportunities	Some positive impacts with regard to several of the Objectives within this Priority
Develop high quality provision that meets the needs of key sectors	Some positive impacts although some way to go in addressing the Priority in full
Develop many more world class managers	Limited direct impacts in this domain
Raise achievement levels across the South East and develop opportunities for everyone to acquire the skills needed to find and remain in work	Main focus has been on basic skills. In general, less headway has been made at higher workforce levels
Open up New Regional Partnerships	Limited direct impacts in this domain
Promote innovation, job enrichment and growth through a culture of participation and inclusiveness	Limited direct impacts in this domain
Ensure that the workforce is fully part of the Learning Region	Limited direct impacts in this domain
Establish intelligent early warning systems to anticipate change	Infrastructure is being put in place through the South East Village, Skills Insight and links with the NTOs

Table 4.4 World Class Learning and Workforce: SAP Assessment	
Action Areas	Comments on progress and impact
Learning network	Some elements of the proposed infrastructure are now in place and in the main, these are reviewed positively
Regional Skills Research Unit	Skills Insight has been established and is now operational; it is reviewed positively
Developing links with business	Some progress has been made, but further to go
Basic Skills	A good deal of activity has been focused around the issue of basic skills
Regional forum	Conference on world class working practices held ahead of plan
Local Learning and Skills Councils	Strong and positive relationships seem to have been developed

- 4.10 From our review of SEEDA's activity, it seems that some priority has been attached to regional skills intelligence / networking and synthesis on the supply side; at a foundational level, these cut across several of the RES Strategic Priorities. In both areas, there is every suggestion that the impacts are likely to be positive and that SEEDA has operated in a strategic manner; it has, for example, worked hard to provide a regional agenda and focus for the newly-formed LSCs. The concept of South East Village has also been welcomed; although SEEDA will need to ensure that it continues to provide and maintain functional

office facilities. Equally, both Skills Insight and the Skills Sector Unit are seen as very useful initiatives. Several of our external consultees pointed to all three as examples of good and visionary practice and encouraged SEEDA to support their continuing development.

- 4.11 SEEDA has worked hard within the domain of basic skills and has increased awareness of the extent of basic skills deficiencies within the workforce; this is consistent with one of the RES Priorities in the Learning and Workforce Programme area. However in this context it is more difficult to comment confidently on the added value of SEEDA's activity. The question we need to consider is whether effective actions would have been taken without SEEDA's intervention. In the basic skills context – unlike the intelligence/co-ordination context – the answer may not be favourable to SEEDA. Substantial resources are being made available in this area by central government and the LSCs in particular are well placed to access them. The process of developing the Framework for Regional Employment and Skills Action should however help to define roles and responsibilities more clearly in the future.
- 4.12 Less progress seems to have been made with respect to some of the higher level skills issues. *Develop many more world class managers* was one of the Strategic Priorities within this RES Programme and it is one area to which SEEDA probably should have devoted more attention. Equally, while the establishment of the Sector Skills Unit – consisting of NTOs/SSCs – has been welcomed, there is a need for more progress in terms of developing innovative mechanisms to address sector specific skills issues. Both should provide a focus for the future.

World Class Transport

- 4.13 The Regional Economic Strategy states that “*the South East's economic future, and that of the Country as a whole, is directly related to the effectiveness of this region's infrastructure and services*” and that “*the lack of investment over many years (in the region's transport infrastructure) is threatening its competitiveness*” (page 25). These are serious concerns: transport improvements are fundamental to future economic performance across much of the region.
- 4.14 Yet, as intimated in Chapter 2, SEEDA has almost no control over the scale or location of transport investment. The RES therefore provides a context for lobbying and cajoling other organisations to invest at a sufficient scale, and in an appropriate way, to ensure that the transport infrastructure and related services support, rather than hinder, economic development and regeneration. In Tables 4.5 and 4.6, we comment on progress and impacts with regard to Strategic Priorities and SAP actions from the relevant RES chapter.

Table 4.5: World Class Transport: RES Assessment	
Strategic Priority from the RES	Apparent progress and likely impacts
Develop a sustainable transport network across the region	Close working relationships with the main transport planning organisations should enable SEEDA to ensure economic development and regeneration issues are fully considered in strategic transport decisions
Enable the region to contribute fully to the national economy (including maximising the benefits of links with London)	The scale of funding for the SE identified in the SRA plan reflects to some extent the importance of the region in contributing to the national economy. Little significant progress in implementing most of the major projects identified in the RES
Sustain growth in areas of economic success	SEEDA has clearly been active in lobbying for improvements consistent with the RES, but limited evidence of impacts to date
Release the potential of the currently less economically successful areas	SEEDA has clearly been active in lobbying for improvements consistent with the RES, but limited evidence of impacts to date

Table 4.6: World Class Transport: SAP Assessment	
Action Areas	Comments on progress and impact
Sustainable Transport Network	Participation of main organisations involved with strategic transport plans and projects in SEEDA Board Committee has facilitated dialogue and SEEDA's influence on transport agenda, but little evidence of progress with respect to Green Travel Plans
Contribution to National Economy	Some progress in relation to lobbying (e.g. in relation to CTRL) and support for development of strategies (e.g. for ports, and in relation to ORBIT), but no evidence yet of positive outcomes and impacts
Areas of Economic Success	SEEDA lobbying may have helped to progress some schemes – e.g. A3 at Hindhead – but causal relationship unclear Progress in ensuring MMS's reflect RES priorities, but the timescale for implementation of major transport schemes is so long that it is too early to tell what effect SEEDA actions have had SRA strategic plan supports investment in the SE commuter network, which is crucial to the sustainable development of the Areas of Economic Success. However, there is less evidence that the SRA has taken account of SEEDA lobbying by prioritising the specific schemes identified in the SAP
Less Economically Successful Areas	Some evidence that the overall theme of the SAP does carry some weight with implementing organisations, but little evidence to date of success with individual schemes identified in the SAP (e.g. Hastings bypass not supported).

- 4.15 The role of SEEDA in lobbying rather than delivering makes it difficult to identify impacts. Some schemes which SEEDA identified in the RES have progressed significantly, others have not. But the extent to which SEEDA should claim responsibility for these successes and failures is debatable. That said, SEEDA seems to be undertaking its lobbying and influencing role effectively, and emerging transport plans appear to reflect better than previously the importance of transport improvements to the South East economy – even if there is still a gap

between the scale of transport Programmes and needs to which they are responding. This conclusion is based on a number of observations:

- the principal organisations concerned with strategic transport plans and programmes in the region are represented on SEEDA’s Transport Committee and there appears to be generally good communication between the different parties
- the SRA’s Strategy for the railways focused the majority of national investment on London and the South East. This is a notable departure from past practice, albeit one that is consistent with the fact that the great majority of rail traffic is within this region
- SEEDA has been seriously involved in the various multi-modal studies in the region, although the impact of this involvement on the proposals is, as yet, unclear
- SEEDA’s top transport priority for the region – the CTRL – is progressing broadly on schedule, although there are still serious uncertainties about securing economic benefits from the rail investment. Some other schemes identified in the RES have also made significant progress, notably improvements to the A3 at Hindhead.

World Class Environment

- 4.16 In the preface to the discussion on World Class Environment (page 30), the RES defines the challenge for the South East as “*accommodat[ing] and achiev[ing] more growth, but better quality sustainable growth*”. The chapter goes on to identify a range of environmental themes – from biodiversity to the quality of the urban environment and environmental practices in management. Against this backdrop, Tables 4.7 and 4.8 assess progress vis-à-vis the relevant RES priorities and SAPs.

Table 4.7: World Class Environment: RES Assessment	
Strategic Priority from the RES	Apparent progress and likely impacts
Ensure that the development of our region’s economy and its infrastructure is undertaken in a sustainable way	Modest impacts – this was a very ambitious Priority and the extent to which the sustainability framework, etc. has been assimilated into the core thinking of SEEDA and its partners is difficult to assess although early indications are positive
Raise the quality threshold – develop and disseminate environmental business Best Practice on sustainability	Some steps have been taken but the overall extent to which these have been embraced by the business community is not clear
Develop Programmes to nurture industries with strengths in environmental technologies and services	Some foundations have been put in place – too early to comment on bottom line impacts

Table 4.8: World Class Environment: SAP Assessment	
Action Areas	Comments on progress and impact
Creating sustainable frameworks	Most of the identified activities within this area seem to have been completed. Need to monitor the extent to which the thinking behind them has genuinely been absorbed into approaches to regional development
Water resources	Most of the identified activities within this area seem to have been completed. Need to consider the extent to which the thinking behind them has genuinely been absorbed into approaches to regional development
Waste	Apart from completing an analysis of resource flows, most of the identified activities within this area seem to have been completed. Again though, there is a need to consider the extent to which the thinking behind them has genuinely been absorbed into approaches to regional development
Climate change	Most of the actions are conferences / research projects and these seem to have been delivered
Environmental technologies	Most of the actions are conferences / research projects and these seem to have been delivered. Progress with regard to the establishment of an environmental technologies sector group has been slower than originally intended
Engaging business in sustainable development	Foundations seem to have been put in place in order to take these actions forward

4.17 Two and a half years into the delivery of a ten year strategy, SEEDA seems to have put in place the foundations to deliver the Priorities identified within its World Class Environment chapter. But as yet, it is too early to make any definitive assessment of the impact:

- the priority associated with *ensuring that the development of the economy and infrastructure occurs in a sustainable manner* is – in many respects – all-embracing. With partners, SEEDA has worked hard to put in place systems to encourage (and then monitor) the adoption of sustainable approaches to economic development, both within SEEDA (through project appraisal systems) and across the region (through the South East Framework for Sustainable Development). Although there is limited evidence, consultees – both internal and external – suggested that the surrounding principles had been absorbed and were starting to affect the way in which project delivery decisions were made
- important foundations have also been established in terms of *developing and disseminating environmental best practice among businesses*. To this end, SEEDA has supported the establishment of a South East Sustainable Business Partnership which brings together six sub-regional business-environment fora, GOSE, the Environment Agency and business support organisations. The Partnership is concerned with the identification and dissemination of sustainable business practices; it has supported e-generation (a web-based Centre of Excellence for the dissemination of best sustainability practice) and a project to develop a market for waste

- steps have also been taken to nurture industries associated with *environmental technologies*. Although difficult to operationalise, partly because both its focus (in terms of activities) and its purpose have been difficult to define, SEEDA has sought to establish an environmental technologies sector group.

4.18 Against this backdrop – and given the scale of the agenda – it may well be that SEEDA needs to reconsider its own focus in the domain of World Class Environment. Some concern was expressed that the strong focus on “environment” might initially have been at the expense of a more rounded assessment of “sustainability”, and a particular criticism has been the limited attention paid to social inclusion. Moreover the area of environment is one in which SEEDA needs to identify a clear role for itself that it can sustain over the long term and that will complement – rather than potentially duplicate – the efforts of other, newly established, regional partners.

World Class Communities and Urban Renaissance

4.19 The Regional Economic Strategy affords a high priority to equipping communities to become self supporting and effective, to securing regeneration in those parts of the region suffering physical and social deprivation (whether they are extensive areas such as the Thames Gateway, or pockets of deprivation in otherwise affluent areas), and to accommodating sustainably the substantial scale of new development provided for in Regional Planning Guidance. Moreover the vast majority of the Programme monies that SEEDA inherited on its formation were targeted within these domains. In Tables 4.9 and 4.10 respectively, we comment on progress with regard to the priorities set out in the RES and the SAPs.

Table 4.9: World Class Communities and Urban Renaissance: RES Assessment	
Strategic Priority from the RES	Apparent progress and likely impacts
Support sustainable and strategic regeneration	Actions have been undertaken as planned to support regeneration of Thames Gateway and to undertake pilot AIFs, but too early to judge impacts
Disseminate best practice	Some action – e.g. establishment of a regional Design Panel – but limited relative to RES objectives
Promote social inclusion	Support for RAISE and for the regional Social Inclusion Statement, to be published shortly, and be carried forward by a Regional Social Inclusion Forum. SEEDA's role to date has been quite arm's length, but with a new team in place, its direct involvement is likely to increase in the future. Bottom line impacts difficult to assess
Encourage and enable local communities and the voluntary sector	RAISE supported, Development Trusts established: otherwise little evidence of actions or impacts
Stimulate a major urban renaissance of the region's many towns and cities	Some actions not evident in SAPs – e.g. support for CABE (Commission for Architecture and the Built Environment). RES objective for integrating the arts, heritage and culture with urban renewal, is not reflected in the SAP, although actions are being taken (e.g. formation of a regional Cultural Consortium, and support for the proposed Turner Gallery in Ramsgate)

Table 4.10: World Class Communities and Urban Renaissance: SAP Assessment	
Action Areas	Comments on progress and impact
Sustainable Regeneration	Substantial progress on SRB Programme and on AIFs, including completion of all but one of the AIF pilots and exchange of experience. AIFs should help SEEDA be more explicit about spatial priorities within areas but not between sub-regions, which is a weakness in the existing RES. Too early to assess whether AIFs will have desired impacts (i.e. enable investment to be based on clear and widely accepted priorities)
Strategic Regeneration	Progress on Thames Gateway and Chatham Maritime actions as planned. Also progress on implementing outstanding PIP projects and on replacement direct development initiatives
Best practice	Design Panel established but little evidence of initiatives resulting from the Urban White Paper – e.g. on regeneration companies
Community Development	RAISE has been established. A Regional Social Inclusion Statement will be launched in May and carried forward by a Regional Social Inclusion Forum, funded and chaired by SEEDA. Various Development Trusts established
Brownfield land	A regional Brownfield Land Assembly Trust has been established. SEEDA's information on land and sites has improved and a Programme of priority sites has been identified. SEEDA has a land assembly fund as a result of increased budget from central Government to address the issue of loss of PIP and the additional cost of direct development.

- 4.20 From this assessment, it is apparent that main focus of SEEDA's direct action has been the Strategic Priorities relating to *sustainable and strategic regeneration*, and *urban renaissance*. In both areas, SEEDA has made significant and distinctive contributions. Area Investment Frameworks have been well received although they have yet to prove their effectiveness in practice: while the pilots provided a good start, significant development work will be needed to ensure they provide useful and reliable guidance to prioritise investment. In particular, they need to be fully "owned" by all the main local partners, and their relationship to Local Strategic Partnerships (and, for that matter, sub-regional economic partnerships) has yet to be fully resolved.
- 4.21 The focus on improving urban design (including establishing a regional design panel and SEEDA's support for architectural centres), in collaboration with CABE, is distinctive among RDAs – although arguably it has not attached sufficient priority to the community dimension (community involvement or community safety). The establishment of the Brownfield Land Assembly Trust, with pilots planned in Reading, Hastings and Forest Row, could provide an important means to secure re-use of problem land parcels in urban areas and simultaneously to provide more affordable housing (although provision will be limited relative to the scale of the problem). And SEEDA's commitment to integrating the arts, heritage and culture with urban renewal is reflected in actions such as the formation of a regional Cultural Consortium,

and support for the proposed Turner Gallery in Ramsgate. There has also been some dissemination of best practice – for example, a regional Design Panel has been established.

- 4.22 Progress has been made in implementing *strategic regeneration projects* – notably Thames Gateway, Chatham Maritime and Portsmouth Harbour – although some concern has been expressed about the extent to which SEEDA has worked in genuine partnership in some instances. Nevertheless progress has been noteworthy given the abolition of the Partnership Investment Programme and the hiatus over its replacement. The increase in SEEDA’s budget achieved through the Spending Review has supported intervention through direct development, but the change has reduced the number of locations in which SEEDA is involved in physical regeneration, and extended timescales.
- 4.23 During the first three years, less attention seems to have been given by SEEDA to the other two Strategic Priorities in this domain: *the promotion of social inclusion, and support for local communities and the voluntary sector*. The biggest contributions have been indirect, through SEEDA’s support for RAISE and the development of a regional Social Inclusion Strategy and related Social Inclusion Forum. There are a number of areas where progress has been slow, although the building blocks are being put in place: the regional networks, the development of community and learning portals and the Regional Funding Forum. Other objectives have not been addressed – the Regional Regeneration Forum (although this is likely to arise from joint work with GO-SE), capacity training for the voluntary sector, celebrating diversity, the creation of community warehouses, and developing a regional equalities strategy.

World Class Rural Economy

- 4.24 In the domain of World Class Rural Economy, six Strategic Priorities were identified in the Regional Economic Strategy. Underpinning these Priorities was the acknowledgment that “*the countryside of the South East is one of its major economic assets*” and that “*its conservation is integral to the region’s competitiveness*” (page 37). The Strategic Priorities reflected the need to resolve the tension between conservation and economic growth and to close the gap between the rich and the poor in rural areas. Summary assessments of progress with the RES priorities and the SAP are provided in Tables 4.11 and 4.12 respectively.

Table 4.11: World Class Rural Economy: RES	
Strategic Priority from the RES	Apparent progress and likely impacts
Harness people’s cultural attachment to the countryside to the economic benefit of the region	Greater impact in fostering demand for local food than in encouraging green tourism
Encourage fully integrated approaches to sustainable land management which delivers environmental, economic and social benefits	Foundations have been put in place to encourage farm diversification and support woodland initiatives but impact not known. Significant progress in working with other partners in relation to skills and pro-active planning work

Strategic Priority from the RES	Apparent progress and likely impacts
Use modern technology to support sustainable forms of business / enterprise development in rural areas	Greater focus on providing business advice to rural firms than in providing training but impact not known. Working with partners to promote integrated, sustainable transport
Sustain and enhance the social and community infrastructure in rural areas	Some foundations have been put in place, but the impact of these remains to be seen
Sustain and enhance the quality of the environment in rural areas	SEEDA has worked with its partners to deliver action in this priority area but impact is unclear
Develop effective indicators of rural success and disadvantage and disseminate best practice	Progress made in this priority area but more needed. Progress should generate positive impacts in other priority areas

Action Areas	Comments on progress and impact
Support for the Rural Economy	Significant steps have been taken which should have a beneficial localised impact. Too early to comment on the wider impact
Rural Businesses	Significant steps in implementation except for establishing rural dimensions of learning and skills councils. Too early to comment on the wider impact
Rural Communities	Continued delivery and promotion of Programmes with an on-going impact
Best Practice	Progress made as planned except for establishing a database of rural projects. Impact unclear

4.25 On the basis of limited evidence, our assessment is that SEEDA has taken actions that are consistent with each of the Strategic Priorities identified in the RES and these should generate positive impacts, although it is too early to make definitive judgements. Arguably the foot and mouth crisis has also played a role in forcing SEEDA to focus specifically on the Strategic Priorities associated with harnessing people's cultural attachment to the countryside to the economic benefit of the region and supporting rural businesses/enterprises.

4.26 But in concluding that SEEDA's impact seems to be a positive one, we are also left with some questions regarding the manner it has engaged with the issues surrounding World Class Rural Economy:

- first, it is not clear whether there is a clear distinction between the role of SEEDA and the role of other regional partners in addressing the issues that are facing the countryside of the South East. All of the actions that SEEDA has taken should – on the face of it – be helpful, but a prior question remains as to whether SEEDA was the appropriate organisation to be acting
- second, it is not altogether clear whether the potential synergies within SEEDA have been fully harnessed in the domain of World Class Rural Economy. Although there have some positive steps, arguably more might have been done to “rural proof” other

World Class Programme areas and potentially, this might have brought more resources into rural areas. For example, the land based sector aside, rural skills are not intrinsically different from urban ones; the issue is ensuring access in the context of more dispersed beneficiaries, etc.

- third, the legacy of the Rural Priority Areas may have been unhelpful in the domain of world class rural economy given the intractability and pervasiveness of many of the surrounding issues. There was certainly a risk of a “pepper pot” approach in which broad swathes of the countryside were “missed”. However SEEDA seems to have done what it could to avoid this.

Conclusions

4.27 Across the six World Class Programme areas, some clear and important conclusions may be drawn:

- across the board, it is very difficult to comment on bottom line impacts. Two and a half years into a ten-year RES, this is, to some extent, inevitable. But it also reflects the fact that across all six Programme areas, many of SEEDA’s actions have been devoted to establishing structures for delivery and/or awareness raising: regional capacity building in the broadest sense. In the light of the discussion in Chapter 2, this was to be expected, but SEEDA will have to work hard with its partners in the future to ensure that up-front investments do start to deliver tangible outcomes
- some concern was expressed – again across several Programme areas – about the length of time it had taken SEEDA to “get going”. This criticism again needs to be considered in the organisational and institutional context that was summarised in Chapter 2
- in the main, there was a sense that SEEDA had worked reasonably well with an array of regional, sub-regional and local partners. During consultation, specific instances were cited of partnership principles and processes being over-ridden, and partners being informed of decisions rather than consulted about them. These scenarios were perhaps inevitable in the context of a new regional organisation emerging when sub-regional structures were already in place. Nevertheless – as we discuss in Chapter 5 – partnership issues must be a continuing priority for SEEDA. However, on balance, the overall conclusion was that SEEDA had generally worked hard to develop an ethos of partnership, although in some instances, further progress was required
- in terms of specific actions, the vast majority appear to be logical and some seem to be highly innovative; indeed the suggestion was made by one external consultee that several actions within World Class Learning and Workforce area ought to be held up as examples of best practice for other RDAs, while the appearance of Enterprise Hubs

within another region's recently revised RES could also be seen as wider acknowledgement of the value of the concept

- virtually all of the actions described within the SAPs seemed to be consistent with one or more RES Strategic Priorities. However – again in several areas – there may have been a mismatch between the scale of the actions and the magnitude of the challenge; in this context, although interventions should be helpful – and at this stage, that is all we can conclude – there must be some question as to whether they are likely to deliver bottom line impacts.

4.28 The question of how SEEDA's resources are allocated is one of the most important in the context of the RES revisit. Of course, SEEDA has insufficient resources relative to the full spectrum of regional demands: if it had more, it could do more, and the constraints on its early spending decisions have already been outlined. But the issue we need to consider is (a) whether SEEDA's own resources are too thinly spread to deliver bottom line impacts; and (b) whether SEEDA is exercising maximum leverage in terms both of its own resources and those of partner organisations. These issues exist principally in the interstices "between and around" individual Programme areas: they are consistent with some of the concerns and challenges that were identified in Chapter 3 and they provide the focus for discussion in Chapter 5.

5 Progress “between and around” SEEDA’s Programmes for the Region

Summary: In this chapter, we consider progress “between and around” the six World Class Programmes. This process of “joining up” thematic interventions is important in terms of working towards the Vision and Strategic Priorities set out in the RES in a sustainable and locally appropriate manner. Although progress has been made, further work is required in the domain “between and around” individual Programmes. We comment specifically on the need to harness synergies to effect maximum leverage; to revisit issues relating to partnership working across the South East; and the need for SEEDA to define its own role clearly and creatively such that the relationship between SEEDA and the RES is fully articulated and understood.

5.1 Although little could be said about impacts, Chapter 4 reported a generally positive assessment of progress across the majority of actions *within* the six Programmes for the Region. It concluded by considering whether SEEDA as a whole was operating in a manner that maximised its strategic impact. In this final chapter – and based mainly on a limited number of consultations – we make a number of further observations relating to this issue and specifically, to the nature and extent of progress *between and around* individual Programme areas. In so doing, we return to some of the themes and issues that were raised in Chapter 3, this time with a view to the future.

Harnessing internal synergies

5.2 A recurring theme from our consultees – internal and external alike – was that *within* individual Programme areas, SEEDA had made a good start, had built capacity and had started to deliver some important actions. However performance was generally considered to be weaker in terms of the issues *between and around* individual Programme areas. Consultees talked of silos and expressed concern at the apparent lack of effective synergy across the different functional divisions.

5.3 A range of possible explanations were volunteered:

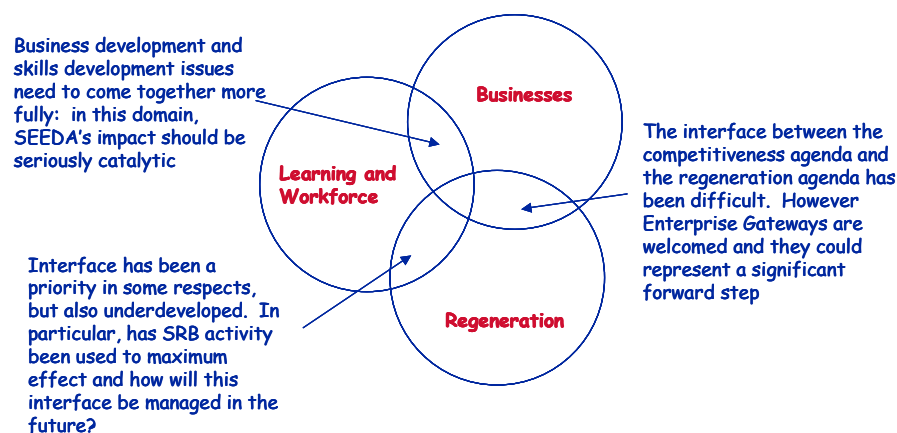
- several consultees commented that the structure of both the original RES and the SAPs was likely to reinforce divisions. The Vision aside, all of the Strategic Priorities, Objectives, actions, budgets and milestones sat within individual Programme areas and were therefore seen to “belong” to one division; had they been constructed as global Priorities then there might have been a greater sense of shared ownership (although clearly there was also a risk of no ownership)
- as explained in Chapter 2, a sizeable proportion of SEEDA’s staff were inherited from other organisations in which their role was to deliver regeneration programmes.

The relationship between this group and both the RES and the SAPs has always been somewhat opaque. “*Completion of SRB programmes through Rounds 1-6*” is, for example, identified as one action within the SAPs and it is – in these terms – on a par with “*Co-host waste market development event with Hampshire County Council*”. Whereas SRB initially accounted for close to half of SEEDA’s entire budget – something in the order of £35m in 1999-2000 – the waste market development event was several orders of magnitude smaller. For the staff engaged in the day-to-day delivery of the inherited programmes – a major activity for SEEDA over its first three years – the relevance of the full scope of the RES may have been quite limited. Given SEEDA’s origins, this was probably inevitable, but it has not been conducive to inter-area working or synergy

- Chapter 2 also explained that during the early stages of preparing its strategy, SEEDA had virtually no staff. Instead, the majority arrived to find the RES in place and this must have impacted upon levels of “ownership” within SEEDA
- finally, several consultees commented that the design of SEEDA’s Guildford offices has militated against informal networking between SEEDA staff: the South East Village initiative seems to have had some success amongst external partners but perhaps there is a need to consider something functionally similar within SEEDA itself.

5.4 In the context of limited resources and the massive – but spatially variable – agenda defined in Chapter 3, the sense of silo-like structures and processes has not been helpful. Indeed, it is arguably in the areas of overlap between the core Programme areas that SEEDA potentially has most to contribute and through which it might exercise the maximum internal leverage over its own resources.

Figure 5.1: Potential synergies between Programme areas



5.5 In this context, three of the most strategically significant areas of potential synergy are identified in Figure 5.1. All of these share two key characteristics. First, it is in the areas of

overlap that some of the greatest economic development needs – and the biggest opportunities – appear to exist. For example, among businesses, skills issues are generally recognised as the major concern (alongside issues relating to transport). Yet while World Class Businesses and World Class Learning and Workforce have both – individually – developed initiatives that are innovative, important and likely to be effective, there is a real sense that the shared and overlapping agenda has not been fully explored. Similar conclusions may be drawn with regard to the interface between Learning and Workforce and Regeneration, and Regeneration and Businesses, although in terms of the latter the recent innovation of Enterprise Gateways is generally welcomed and it should be an important step forward.

- 5.6 Second, it is in the areas of potential synergy that SEEDA could now – under the Single Programme – derive the greatest marginal impact from its own funds: specifically, these areas tend to be the ones which are difficult to support through external funding streams.

External leverage

- 5.7 The relationship between SEEDA’s resources and other external funding sources was a recurring theme that existed *between and around* individual programme areas. SEEDA’s own resources really are quite limited: each of the six LSCs – to take one example – has a budget on a par with SEEDA. Over the last three years, SEEDA has had very little autonomy in the manner in which its monies have been spent, but – with the Single Programme in place – SEEDA will generate increasingly more “headroom” and it will have a greater capacity to align its spend with RES Priorities in the future. In this overall context, it will be very important that SEEDA’s funds are deployed in a genuinely additional way and without supporting activities that are – or should be – funded from elsewhere.
- 5.8 Against this backdrop, consultees commented that SEEDA should use its resources in a manner that focused on synergies. Beyond this, the argument was made that SEEDA should be funding targeted pilots and evaluating them rigorously. It should then – based on robust evidence – disseminate good and best practice to other partners such that the latter might reflect the lessons in their own mainstream programmes. Thus the case was made that SEEDA’s engagement in direct and on-going delivery should be scaled down. Instead, partners were looking for clearer leadership coupled with some piloting of novel and innovative actions. In the context of exacting Tier 2 targets that will be taken seriously by central government, this argument will need to be considered carefully; it could generate substantial leverage for SEEDA, but it is premised entirely on the nature and effectiveness of partnership structures and processes across the South East.

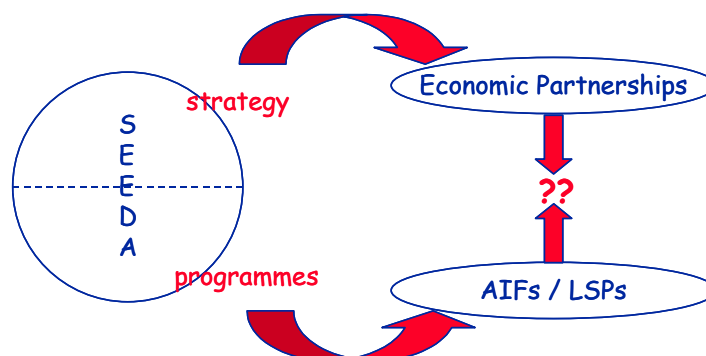
Partnership structures and processes

- 5.9 As suggested in Chapter 2, when SEEDA was launched, both it (as an organisation) and the South East (as a region) were arguably ill-equipped for the full spectrum of challenges and

opportunities associated with the RES process. While identifying some teething problems along the way, the majority of consultees – both internal and external – commented positively on the progress that had been made and most acknowledged SEEDA’s willingness to take partnership issues seriously. However, in this domain there remain a series of challenges for SEEDA and the region to resolve together; and in the light of the arguments above, it will be imperative that some of the challenges are confronted directly.

- 5.10 In Chapter 3, we commented on the importance of the relationship between SEEDA and the sub-regional economic partnerships, particularly in the context of strategy and consultation. In seeking to “join up” the Programmes and develop synergies in response to sub-regionally defined economic development needs, the role of the sub-regional economic partnerships ought to be strengthened such that region-wide Programmes can be tailored more effectively to local circumstances.
- 5.11 But over the last three years, it has been 60-70 SRB partnerships across the South East that have provided the major delivery mechanism, accounting for over 50% of SEEDA’s total spend. With the emergence of the Single Programme, the intention is that there should be fewer, larger partnerships in order to deliver regeneration activities. A key mechanism for SEEDA will be Area Investment Frameworks which are intended to harness the spectrum of resources and facilitate spatial targeting. The manner in which the AIFs will operate has not been fully resolved and their relationship with emerging Local Strategic Partnership has yet to be addressed.

Figure 4.2: Partnership issues across SEEDA and the sub-regions



- 5.12 As the regeneration partnerships are encouraged to grow in scale and – presumably – required to ensconce the priorities set out in the RES (which would not have been the case with SRB partnerships to anything like the same extent), the nature of their relationship to the sub-regional economic partnerships will need to be considered explicitly and resolved. Both will be supported by SEEDA. They will certainly have overlapping constituencies and in some areas, they may end up being coterminous. This is clearly a very difficult issue but one which

SEEDA and its regional, sub-regional and local partners will need to try and resolve constructively.

SEEDA's role in regional economic development

- 5.13 From the comments made earlier in this chapter, there was some consensus as to what SEEDA's role should *not* be: it should *not* be focused exclusively *within* programme areas; it should *not* generally be concerned with direct delivery; and it should *not* be concerned with activities that could be funded and delivered by other partners. From our consultations, there was some agreement that SEEDA's role should instead be defined positively in terms of the three functions which it is uniquely well-placed to perform on behalf of the South East region.
- 5.14 First, SEEDA should lobby on behalf of the region; it must understand the economic development issues facing the South East region and it must make these known, particularly to central government. The point has already been made that across some of the key economic development challenges facing the South East (transport, affordable housing), SEEDA has few other powers. Moreover the spending decisions on which much of the requisite investment is premised reside wholly with the domain of central government. Continuous lobbying and profile raising are therefore very important indeed.
- 5.15 Second, consultees encouraged SEEDA to be bold in exercising visionary leadership and providing regional intelligence and insight. The comment was made that SEEDA seems to have won the confidence of the business community and its role is also endorsed by the majority of public and quasi-public sector partners. Exercising leadership cannot be an excuse for autocracy – good leadership never is – and continuing engagement with regional, sub-regional and local partners will be imperative. But if it can fulfil the role – and partners have given it sanction to do so – then potentially it can harness the whole spectrum of partner resources and this in turn should have a major bearing on its ability to deliver the Strategic Priorities set out in the RES.
- 5.16 Third, and finally, SEEDA should engage in delivery but only in a restricted and targeted sense. Specifically SEEDA should use its funds to develop innovative interventions that focus on the synergies that exist between functions. It is in these domains that SEEDA can intervene in a catalytic fashion. Moreover the lessons learned and insights gained should be disseminated in full to partner organisations such that the successful pilots of today can become the mainstream programmes of tomorrow. SEEDA is uniquely well placed to provide this role and it is a function to which partners should respond positively.

SEEDA and the RES

- 5.17 Finally, we return to the relationship between SEEDA and its RES, an issue raised in Chapter 2. The point was made that for many, SEEDA and the RES were seen as synonymous and

this had resulted in unrealistic expectations being attached to SEEDA. At the same time, some consultees suggested that SEEDA needed greater focus. And at the end of Chapter 4, we considered whether SEEDA's resources were too thinly spread to generate significant bottom-line impacts.

- 5.18 Taking all of these points together, it is apparent that if the nature of SEEDA's role is transparent, then the character of its relationship with the RES should also be much less opaque and the targeting of SEEDA's resources should be greater. The RES is – literally – an economic strategy for the region and SEEDA must oversee its delivery; its own role should be to lobby (in all areas), to exercise leadership (in some areas) and to deliver (in a few areas and on a limited basis). Where SEEDA is not exercising leadership or engaging in direct delivery, the RES should be explicit about which organisations are driving the agenda forward. By clarifying roles and relationships, it should be possible to define much more precisely the contribution that SEEDA should reasonably be expected to make – and against which it should be held accountable – in moving to the second phase of the ten-year RES.

Annex A: List of Consultees

Consultees from within SEEDA:

- Marianne Neville-Rolfe
- Susan Priest
- John Parsonage
- Kathy Slack
- Paul Hudson
- Pat Tempany
- Pam McHale
- Miranda Pearce
- Jeff Alexander
- Valerie Carter

Consultees from other organisations:

- Paul Bevan SEERA
- Charlotte Dixon GO-SE
- Rob Woolley RAISE
- Mike Geddes Milton Keynes Economic Partnership (formerly chair of the regional grouping of Economic Partnerships)
- Steve Davis Southampton Enterprise Hub
- Helen Lennox Business Link Wessex
- Pat Jackson DTI
- Nick Wilson Surrey LSC
- Ephraige Rinomhota Skills Insight
- Liz Johnson NTO National Council
- Charlie Jordan Community Training Network
- Clare Demuth Brighton and Hove City Council
- Simon Eden Southampton City Council
- David Payne SEERA
- Duncan Mackay Countryside Agency
- Henrietta Reinder Regional Food Forum
- Simon Fanshawe Brighton and Hove Economic Partnership