

Mr Rob Nolan
Head of Policy
SEEDA
Cross Lanes, Guildford
Surrey
GU1 1YA

24 August 2007

Dear Rob,

REGIONAL ECONOMIC STRATEGY IMPLEMENTATION PLAN CONSULTATION RESPONSE

Overview

Thank you for the opportunity to comment on the consultation draft of the Regional Economic Strategy Implementation Plan. The document has been the subject of a number of debates with members of the Assembly, including meetings of the Plenary, Executive and Regional Planning Committees. The latter considered the draft at its meeting on 25 July 2007 and agreed the framework within which the Assembly's response should be made. Subsequent to that meeting the secretariat has looked at the consultation draft in greater detail. This letter forms the Assembly's response to the consultation.

The importance of the implementation plan cannot be over stated and the Assembly supports the preparation of such a document. It is clear that a considerable amount of work has taken place in its preparation. It is important that the implementation plan identifies the key partners responsible for delivery and to give an indication of the specific activities required to deliver the required actions. However we are concerned that the document as currently drafted goes into too much detail. As a result its strategic focus is weakened and potential impact lessened.

It is important that the implementation plan provides clarity as to how the actions set out in the RES will vary across the region in response to spatially specific issues. The RES includes a spatial analysis of the economic problems and opportunities that exist across the region.

This is, in part, reflected in the identification of economic contours within the RES; contours that broadly are co-terminus with the sub-regional strategy areas identified in the draft South East Plan. We recommend that greater emphasis is given to placing the activities and actions in the implementation plan into a spatial framework.

Not only is such an approach more consistent with the analysis that underlies the RES, it would take us another step forward towards our common objective of a single Regional Delivery Plan. It is appreciated that there are a number of activities and actions for which it is not possible to identify a degree of spatial differentiation. We suggest that such measures be kept discrete from the spatially specific activities and actions. Such an approach would be consistent with that adopted in the implementation plan that forms part of the draft South East Plan.

Aligning investment priorities

One of the principle justifications for promoting the single Regional Delivery Plan is the acknowledgement by regional partners that the investments set out in the draft South East Plan and Regional Economic Strategy need to be aligned in order to maximise their benefits. Implicit within this is the fact that investment programmes will be targeted in response to an identified need. Targeting of resources implies the need to prioritise.

Clearly a significant proportion of economic investment is made by the private sector responding to market opportunities. However the public sector has an important role to play in helping to create the right conditions for that investment. This reinforces the importance of prioritisation to the whole implementation agenda. For it is through prioritisation that it becomes clear what is achievable with the level of funding currently available. More importantly it allows us as a region to begin to establish an evidence basis that sets out the additional benefits that would be realised if we were able to secure additional resources.

We believe that the RES implementation plan currently fails to provide adequate content on how investment priorities for economic development might be determined, and in particular how this relates to the prioritisation work undertaken through the Regional Housing and Regional Transport Boards.

Structure

Further thought needs to be given to the level of detail contained in the document. Some elements appear to repeat national policy statements or guidance, which is neither necessary nor appropriate. In addition, some of the activities identified appear to relate to specific processes that SEEDA would undertake in the course of their core work. For example, one of the actions is to produce an 'Annual Report on deployment of next generation broadband'. This is arguably more a process/monitoring action rather than a matter for inclusion in the implementation plan.

The annexes within the RES implementation plan combine a mixture of three ‘activity’ types to achieve each ‘action’:

- Broad policy objectives
- Specific proposals
- Specific actions to be taken by SEEDA.

While each activity may be relevant in helping to shape the work of SEEDA, including them all within the implementation plan makes it difficult to gain clarity of purpose.

For example, broad policy objectives, such as ‘Lobby for Benefit and Tax Reform’ (Action 7.3) should be separated from activities that are spatially specific and which have a directly assigned cost and timescale. Likewise, there are certain actions such as “Capability Mapping” (Action 3.1), that while useful a tool, are unlikely to be regionally significant activities, and appear to have no tangible links to delivery. We recommend that such activities would be better addressed as part of the SEEDA business plan.

Since the tables in the annexes are compiled by ‘actions’, there are many incidences where a specific proposal is categorised under one defined ‘action’, despite achieving more than one RES action. For example, various activities identified as improvements to the Port of Dover are classified under Action 4.3 (maintain investment in infrastructure priorities to maintain international economic competitiveness) but yet many of which could equally be applied to Action 8.2 (hubs of national and international significance). Such an approach has the potential to reduce the importance of a particular proposal by making it difficult to appreciate the breadth of its impact.

We recommend that the content of the document is critically reviewed in order to ensure that the final version is more focused and manageable. Such a review would also help remove repetition and double-counting within the document.

We also recommend that the information contained in the consultation draft is represented in order to distinguish between these different types of activity and that further consideration is given as to how the actions and activities might be presented in terms of outcomes.

Costs, timescales and outputs

We recognise the difficulties in accurately costing infrastructure requirements and delivery programmes over the period covered by the RES. However, we believe that the implementation plan could be more consistent and clear on the total investment required to achieve the RES objectives. Furthermore, we believe that there would be considerable benefit if the investment required was expressed in terms of the delivering the outcome sought.

There is a lack of consistency in the reporting of cost and timescale. Some elements report a cost 'per annum' while others report a total amount for a set period. Furthermore, the document fails to differentiate between those activities that have secured funding and those that have not. In terms of timescale, there are many activities that are on-going, however they are presented within the implementation as being time-bound to 2016.

There is significant potential for many of the costs reported for each activity to overlap, if not duplicated. It is not possible to identify each occurrence, as we are not aware of the evidence base used to draft each activity or the assumptions applied. We therefore suggest that the plan should make clear what activities are inter-related.

Furthermore, it is not clear within the document as to which actions deliver a tangible outcome and which enable other activities to take place, which in turn subsequently deliver a tangible outcome. This is particularly problematic where activities identify a funding requirement that appears over and above the cost of simply setting up a mechanism, but yet does not appear to have an output. As such, it is not possible to identify whether the funding required includes some form of cost incurred on the potential output that the activity facilitates. For example in Action 9.8 there is a defined activity to "implement sustainability standards" valued at £100m. It is unclear why this requires such a large amount of funding when it appears solely to be an activity to ensure standards are implemented in publicly funded developments.

Conversely, Action 9.7 ("deliver environmental infrastructure") identifies specific development outputs but yet appears only to fund the implementation of an enabling mechanism that builds upon the outcome of the Environment Agency SMEISE report. The SMEISE report identified a cost of approximately £45bn for environmental infrastructure in the south East, over the period 2006-2026. However, the RES activity merely mentions a sum of £750,000 over the period 2007-16. As such, this activity must only be further enablement work, not the delivery of the actual infrastructure. There are further examples of this apparent confusion throughout the plan.

Caution should also be exercised to ensure that the document does not duplicate the content of the draft South East Plan and its implementation plan. This is a particular danger in respect of the output of the SMEISE work which was in part co-funded by the Assembly.

Lead Partners

There have been some incorrect assumptions made over 'lead partners'. For example, the Regional Transport Board is cited as a lead partner for the delivery of specific transport interventions. While the RTB does indeed prioritise investment, by recommending schemes to be delivered through the Regional Funding Allocation,

central government controls the funding. The actual delivery of the scheme is the scheme promoter (i.e. Local Authority or Highways Agency).

This is a further example of how the implementation plan needs to link more strongly into the work of the various regional Boards and the priorities identified in the implementation plan for the draft South East Plan. Seeking a comprehensive approach to infrastructure within the RES implementation plan is likely to increase the burden on delivery agencies to provide information to the regional bodies and could, inadvertently, create inconsistencies in terms of the information set out within implementation plans.

Geography

We believe that it should be possible to present many of the actions arising from the RES in spatial terms. Indeed the recent consultation by SEEDA on its support for sub-regional partnerships reminds us that many of the activities related to economic development have a strong spatial dimension in that they are targeted in response to specific local circumstances. The lack of any spatial referencing within the document makes it difficult to get a sense of how the various actions combine to address identified economic challenges.

It is worth remembering that the draft South East Plan contains information on implementation at a number of levels, ranging from activities that need to take place at a regional level, through more detailed sub-regionally focused actions, down to a general indication of the level of investment necessary at the local level. The draft RES implementation plan similarly operates at these different levels.

We therefore recommend that SEEDA attempt to develop a sub-regional perspective to the implementation plan, and also identify what activities are local, sub-regional and region-wide.

Developing the Single Regional Delivery Plan

We believe the progress made with the draft RES implementation plan shows it is possible to develop a single document that provides a clear statement of the region's priorities across a broad range of actions and activities. We must take advantage of this opportunity to ensure that we weave in the output of work undertaken with the Environment Agency in respect of environmental infrastructure. We must also ensure that we better reflect the investment requirements needed to address the implications of climate change.

We therefore recommend that officers from SEEDA, the Assembly and other delivery agencies continue liaising to ensure that the RES implementation plan is developed in a manner consistent with all other implementation plans and strategies.

Detailed Comments

The accompanying annex sets out in greater detail specific comments relating to the consultation draft. In the time available it has not been possible to ensure that this list is comprehensive, however we trust that it will assist in the preparation of the final document.

If you require clarification of any of the points made in this response please do not hesitate to contact either myself or my colleagues James Renwick.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Martin Tugwell', with a long horizontal flourish extending to the right.

Martin Tugwell
Director of Development

ANNEX A

The following is a list of detailed comments that the Regional Assembly has in respect of the content of the consultation draft of the RES Implementation Plan:

Target	Reference	Comments
1	Action 1.1, Regional Trade and Investment Strategy	Appreciate the logic for focussing inward investment on the knowledge economy, but what will they do if investment opportunities arise outside that sector?
1	Action 1.1, Regional Trade and Investment Strategy	Required funding of £60 based on 06-07 figure – that level of funding is unlikely to have the same impact in ten years as now.
1	Action 1.1, Promoting key sectors	Why is this only 2007-08?
1	Action 1.1, Internationalising Innovating Companies	Consistency: in the regional trade and investment activity it is AT LEAST 75% of inward investment to be knowledge driven, in this target it is 75% - also why the repetition of targets?
1	Action 1.4, Greater South East	Why set up joint presence with EITHER Think London or East of England International – target one, with a clear rationale for choosing it, or target both?
3	Action 3.1, Develop new sector consortia	No funding applied to this action
3	Action 3.3, Commercialisation of new ideas	If 100 companies are to be supported EACH YEAR, why is this only allocated in 2007-08?
3	Action 3.5, Funding escalator	Is it realistic to be relying on such high levels of funding being forthcoming from venture capitalists?
3	Action 3.6, Enhanced Manufacturing Advisory Service	Given the time frame is to have achieved 20,000 by 2016, why is the timescale only until 2011?
3	Action 3.8, support to Small and Medium Enterprises	Target is by 2010, but action timescale is only until 2008.
4	All Aspects	The infrastructure section appears only to report transport infrastructure improvements, and activities required for their successful delivery. While we are aware that such an approach reflects the drafting of the RES, it does give the impression that transport schemes alone will meet the infrastructure needs of the region. As such, it is not clear where this section diverges from section 8 (Transport).
5	Action 5.3, Social Enterprise	The Regional Assembly is down as a key partner in promoting the start-up and growth of social enterprise; are we really in a position to do this (not a support organisation)? Certainly won't be able to provide funding (all partners are down as funding providers)
5	Action 5.4, Rural Gateway Hubs	Are five new rural gateways going to be created by March 2008 (the implication of the timescale)?
5	Action 5.5, Business Link	This action should be tied to others, particularly those encouraging enterprise in under-represented groups, as home working may be a more appealing and flexible option to those groups.
5	Action 5.8, Enterprise Insight	No time scale allocated for this action

5	Action 5.9, Promote enterprise to under-represented groups	Why must the enterprises be started in deprived areas (and how defining deprived areas)? Surely starting by under-represented groups, whether in deprived areas or not is a positive? Otherwise, we risk losing those under-represented people within affluent areas.
5	Action 5.6	Should this target really be to expand the enterprise gateway network from 9 to 20 gateways by 2007? Is this a typo? If not, it seems extremely ambitious (in the text by the action it says there are currently 16)
5	Action 5.7	Do the two activities, focussing on sustainable business practice, sufficiently incorporate corporate social responsibility?
6	Action 6.3, Sustainable Employer-led consortia	Only allocated £80,000 for 2007-08; doesn't seem sustainable if that is the timeframe planned.
7	Action 7.2, NHS procurement	This will need funding to be a success and cannot rely solely on awareness raising funds (and £50,000 for awareness raising across the whole NHS in the South East seems quite a small sum!)
7	Action 7.3, Migrant workers	Why is no funding applied for this activity?
8	All Aspects	The proposals in the transport section mirror those identified in the South East Plan implementation plan, however some information appears to have been incorrectly transferred. For example, the Regional Transport Board is cited as a 'lead partner' for the delivery of specific transport interventions. While the RTB does indeed prioritise investment, by recommending schemes to be delivered through the Regional Funding Allocation, central government controls the actual funding. The actual delivery of the scheme, in terms of development, is the scheme promoter (i.e. Local Transport Authority or Highways Agency)
8	Action 8.3, Unlocking Regional Growth	The activity has a cost of over £1 billion, but yet contains no specific schemes. As such it is not possible to identify whether this contains schemes mentioned elsewhere in the plan, nor is it possible to see what growth is 'unlocked'.
8	Action 8.3, increase co-modal share	not clear what this actually achieves or involves.
9	Action 9.3, Energy and water efficiency	Water Companies and energy supplier have the greatest reach to customers and should be lead partner
9	Action 9.4, Influencing Regional Spatial Strategy and Local Planning Authority Policy	This Action highlights the role of regional and local planning in terms of realising development potential in order to meet local needs. However, the need for co-operation with planners should be stressed and the need to address the delivery of infrastructure to unlock untapped potential and attract inward investment.
9	Action 9.4, supportive physical development	Requires £1bn of funding, not clear what this actually is. The activity is stated to deliver "investment in high quality physical development", however it is not clear whether the required funding is the value of the physical development (as an output) , or funding required to provide physical development to facilitate further high quality investment.
9	Action 9.6, Capacity building of local authorities	Could be integrated addressing development of skills, knowledge and capacity comprehensively (Action 9.9)
9	Action 9.7, Ensure that the development is supported by the delivery of timely infrastructure	The reference to the "South East Water report" is misleading – should be "advice from Water Resources South East to the Regional Assembly". OFWAT, DEFRA and Waste Planning/Waste Disposal Authorities should be partners

9	Action 9.7, Deliver environmental infrastructure	The SMEISE report identified a cost of approximately £45bn for environmental infrastructure in the south East, over the period 2006-2026, however the RES activity merely mentions a sum of £750,000 over the period 2007-16.
9	Action 9.8, Implementing sustainability standards	Could be supported by the British Research Establishment (BRE) and CABE should support work on design. Public bodies should be encouraged to lead by example applying very high sustainability and design standards. Cost of £100m suggests actual output of development included in cost? - unclear
10	Action 10.1, Economic Inclusion Framework	SEEDA may lead on the production of this but there should be a number of other partners listed as they need to agree to the principles in order for it to be delivered.
10	Action 10.2, Attitudes to Lifelong Learning	Is this a realistic timeframe, given the budget is not yet known?
10	Action 10.4, Regional Flexible Working Forum	How will this relate to the Social Dialogue Forum and work to establish Work wise South East (or are they one and the same?). Want to avoid a proliferation of groups and forums.
10	Action 10.6, Public Sector Leadership	If the aim is to support public sector organisations to implement flexible working pilots, SEEDA should also be in the list of partners as an exemplar themselves
10	Action 10.6, Dependent Care Strategy	This should define what a dependent care strategy is.
10	Action 10.6, Addressing Mental Health	Focus on NHS healthy workplace code; there are numerous other codes in existence so a consistent approach needs to be adopted by as many partners as possible.
10	Action 10.6, Addressing Mental Health	NHS Healthy Workplace code does not just address mental health – should this action be widened or should there be additional actions to focus attention on mental health in the workplace?
11	Target	The description of the Target does not relate to adaptation while the first three action are about adaptation
11	Action 11.1, Climate Change mitigation	LPA's should lead on planning for climate change – not EA. Assembly and developers should be named as partners.
11	Action 11.1 – Planning for climate change	This is not a task for the Environment Agency only. The adaptation policies in the South East Plan address flood risk, water resource management and sustainable construction. Through the South East Plan Implementation Plan and more specifically the Climate Change Implementation Plan the Regional Assembly facilitates the delivery of these policies. Building on this, further work with the ESPACE project partners is exploring how to overcome barriers to implementation
11	Action 11.4 - Public Sector Carbon Reduction.	Local authorities should be added as a partner as several are already working towards zero carbon
11	Action 11.6, Behavioural change	Energy suppliers have reach to customers and already have the Energy Efficiency Commitment and in Energy White Paper a tougher CERT is proposed so they should be leads.
11	Action 11.6, Climate Change Mitigation	Draft Government guidance (PPS on climate change) requires Regional Planning Bodies to prepare regional carbon trajectories. This will be a critical tool in steering this policy shift. Its preparation/methodology should be co-ordinated with regional stakeholders and harmonised with the approach in other regions. – The regional Carbon Action Plan should be developed jointly with key regional partners building on existing work such as the Climate Change Implementation Plan

12	Action 12.1, Public sector waste management	Leads listed are charities that own and manage land, not public sector. water companies have the major role to play in influencing behaviour change as they will spend more than most on this and reach all of their customers.
12	Action 12.6, Resource Recovery Parks	Regional Assembly is not the lead – should be waste management companies with SEEDA, WPAs and LPAs in support.
	Action 12.8, SEEDA Developments	SEEDA developments should exceed Code Level 3 in all cases
13	Target	The title of the Target does not match with its description and the action. It should be called ‘Green and Open Space’ unless the actions are widened. Currently, there is only one Action under this Target.
13	Action 13.1, Green and open Spaces	Local Authorities should be encouraged to prepare local baseline data with the support from CAGE Space. On the regional level Natural England could co-ordinate such data.
14	Action 14.1, Engaging Young people	Why focus on young people; all aspects of the population should be engaged in shaping their environments.
14	Action 14.1, Rural Accessibility	The aim is to improve accessibility between small towns and rural areas, but what about their links to rural centres?
14	Action 14.1, Rural Accessibility	How does rural accessibility fit into communities shaping urban renaissance?
14	Action 14.5, Regional Index of Sustainable Wellbeing	Why is this action only attributed to SEEDA and Regional Development Agencies; this would be a useful tool for a number of organisations so could be developed in partnership.
Transformational actions		
Raising economic activity rates	Child and dependent care provision	Should GOSE be leading on this activity?
	Flexible working	No funding is allocated for this action, but the promotional activity will require investment, particularly to reach those organisations that are harder to reach (SMEs)
Education-led regeneration	Education-led regeneration	Obviously this action will need to be updated following the development of the strategy.
Making the most of 2012		There isn't much in these actions about how to engage hard to reach groups in the Olympics (apart from the focus on accessibility for disabled people). The role of excluded groups and how they will be engaged needs to be picked up more clearly in some of the other activities (for example in sports participation; community learning)
	Visitor Economy	This isn't really an action, rather an aim or outcome.