

South East England Regional Assembly Economy Advisory Group

Notes of the meeting held on 20 September 2004

Present:

Alan Elder	Surrey County Council
Barry Deller	ACTVAR
Ephraïm Rinomhota	Skills Insight
Graham Tuck	Eastleigh Borough Council
Rashid Bashir	SEEDA
Roger Kidd	Royal Institute of Chartered Surveyors
Roger Lawes	Hampshire County Council
Ross McNally	South East Chambers of Commerce
Sue Cooper	West Sussex County Council
Tony Spruth	Wycombe District Council
Jane Fletcher	SEFS
Victor Nicholls	Bracknell Forest Borough Council
Gareth Evans	Experian
Clive Shore	Experian
Ray Bowers	South East England Regional Assembly
Nikki Nichols	South East England Regional Assembly
Nick Woolfenden	South East England Regional Assembly
Catherine Rose	South East England Regional Assembly

1. Introduction and Apologies

Apologies for Absence

Alistair Robson	East Sussex County Council – Chair
Brenda Pollack	South East Forum for Sustainability
John Shapley	Buckinghamshire County Council
Tim Martin	Kent County Council
Mick Dunford	Sussex University

2. Impact of offshoring

Experian gave a presentation of the research they have carried out on offshoring. The objectives of Experian's research were:

1. To understand the impact of offshoring on the South East economy as a whole and its sub-regions.
2. To analyse the effects of different scenarios.
3. To provide policy recommendation for the South East Plan.

The largest number of companies have off shored in the last four years, with India being the foremost county to offshore to, and Call Centres being the major function to offshore. Experian identified 15 drivers for offshoring which were combined into seven groups. Cost is the primary driver for relocating. This is weighed against the

risks involved particularly the issue of language barriers – finding that written skills generally being better than the verbal skills, and there are issues over class, age and gender in countries such as India.

There are different risks depending on who is offshoring. The US is extremely experienced in operating in other countries, whereas British based firms are not and tend to run pilot projects to test the risks involved. Public Acceptance is also a major concern. Three scenarios have been tested (to 2026):

1.Reality and Focus – concerns of quality and reaction from public, may, over time result in stopping or slowing down offshoring

2.Gathering Momentum - seen as success

3.Global Specialisation – companies will take global view

The main sectors which will feel an impact are Business Services, IT, Consulting and Accountancy. Banking could lose in the region of 30,000 jobs. Health, Transport, Retail and Wholesaling would suffer due to multiplier effect, as a result of job losses and therefore less public spending. Areas around M3/M4 corridor and near Gatwick are likely to see the highest levels of off-shoring losses. Rural areas around the South East coast and Isle of Wight are less susceptible to offshoring.

Conclusions

- Employment is not likely to decrease under any of the 3 scenarios
- Global and US companies will more likely off-shore before UK based firms
- Success of UK pilot projects is vital
- Culture issues will make the South East compete against other regions because of cost concerns
- Some countries are more appropriate for certain areas of business.

Implications

- Business headquarters are in the South East but staff are moving away from the region
- Firms may decrease in size, leading to economy becoming dependant on smaller firms. Making it easier and cheaper to do business in the South East will attract smaller businesses to the region.

➤ **Experian to send draft report to Assembly and SEEDA by 29th September. Final report by 7th October.**

3. Town Centre and Retail Policy

Nikki and Victor gave a presentation on the work of the town centre and retail task group. DTZ have been appointed to carry out research to identify a network of town centres in the region, identify sub-regional catchment areas and forecast future retail growth.

KPI Rankings (Key Performance Indicator), including both retail and non-retail uses, used to identify network of town centres. Sensitivity test carried out and top 25 town centres stay constant, however some changes in second 25. The sub-regions

were defined using National Survey of Local Shopping Patterns with one of the top 10 centres within each catchment.

A summary of key points from draft PPS6 and the draft policies from the task group was given. Draft PPS6 emphasises need to develop a vision and strategy for the development of a balanced network of centres. The draft policies focus on the need for development of middle order centres.

Regional centres such as Bluewater are being considered by DTZ as part of their technical research. The policies support a town centre first approach. Justifying a new regional centre and deciding where it should go, would be difficult.

- **Final report to be presented by DTZ to the task group on 15th October. All EAG members invited to the meeting.**

4. Draft Economy and Employment Policies

Rashid presented the economic growth sub-groups paper on economic prosperity. The spatial dimensions of economic growth can be divided into four areas: addressing the deprivation challenge, sustaining success, growth areas and opportunity areas. EAG members agreed on a division into these four areas. Rural policies need to be included within this sub-division and a fifth area: land based industries in rural areas.

Ephraidge presented his paper on human resource development. When addressing social deprivation, there is the need to look into the skills in the area. Information and guidance needs to be available to schools and employers to promote education and learning in the relevant skills. Discussion of whether a policy is required on human resource development in the South East Plan. Skills are driven by national policy and there is a role for the Plan to cross-refer and support the regionally driven initiatives.

Tony described the policies developed by sub-group on supply of employment land. Support for criteria based policy.

- **Economic growth sub-group to provide text on objectives and delivery for four spatial areas by 1st October.**
- **Ephraidge to provide text on sub-regional differences in skills needs and links to other policy areas by 1st October.**

5. Research projects

Nick and Cath updated the group on progress with three on-going research projects. Atkins have been appointed to carry out research into spatial implications of key sectors and are due to provide key findings week commencing 4th October. Work is underway to identify how to progress the employment forecasts. The West Sussex Enterprise Centre have commenced the study into home based businesses and initial findings are due in October.

6. Date of next meeting: To be confirmed – w/c 11 October 2004