

**South East England Regional Assembly:  
Select Committee on the Global Challenge and  
Global Regions  
Context and Issues Paper – Overview Summary  
June 2007**

**1. Introduction**

- 1.1 SQW was commissioned to produce a 'Context and Issues Paper' for the South East England Regional Assembly's Select Committee investigating SEEDA's (the South East England Development Agency) work on the 'Global Challenge and Global Regions'. This overview summarises the research and key issues for further exploration – an electronic version of the full paper and annex documents, and further information on the Assembly's scrutiny work, are available at: [http://www.southeast-ra.gov.uk/our\\_work/accountability/select.html](http://www.southeast-ra.gov.uk/our_work/accountability/select.html).
- 1.2 The 'Context and Issues' paper provides the basis for wider consultation on the issues. Comments are invited on any issues raised in this summary, or in the full paper. In particular, the Assembly is keen to hear your views on the key questions set out at the end of this summary document. **Comments should be submitted to Ameeta Rowland at the South East England Regional Assembly (Berkley House, Cross Lanes, Guildford, GU1 1UN; [ameetarowland@southeast-ra.gov.uk](mailto:ameetarowland@southeast-ra.gov.uk)) by Friday 3 August – please include your contact details, including phone number and email, in your response.** It would also be helpful if you could indicate whether you would be willing to participate in the select committee's discussions on **7 September 2007**. Please contact Ameeta if you have any further queries (01483 555204).

**2. The challenge**

- 2.1 SQW's research found that consultees widely recognise the priority which SEEDA attaches to addressing the global challenges and commend SEEDA's policies and initiatives to help the region, its businesses, institutions and people to succeed against strong players elsewhere in the world. Any scrutiny exercise of this nature focuses on what could be done better – but it should be clear that any comments regarding areas for improvement are made within the framework of much positive feedback.
- 2.2 With a population of over eight million people, the South East region is significantly larger than most of the European Union's new accession countries. Measured on a number of indicators, the South East is one of the most prosperous regions in the United Kingdom and indeed in the world.
- 2.3 The global economy is undergoing profound changes in terms of trading patterns, foreign direct investment flows, the use of technology, the importance attached to environmental considerations and political tensions. Large countries and entire regions, such as Eastern Europe and South/Central America, have been witness to dramatic growth. In addition, the so-called BRIC economies (Brazil, Russia, India and China) are new economic powerhouses that are rapidly changing the nature of the world economy. These changes present both opportunities and challenges.

- 2.4 Improved skills and infrastructure elsewhere in the world highlight the need for the South East to ensure that it can sustain its competitive advantage. Only by keeping on top of the global economic challenge can the South East continue to be home to global headquarters, research establishments as well as to more labour intensive services and high value manufacturing.

### 3. SEEDA's response to the global challenge

- 3.1 Addressing the global challenge requires an awareness and understanding of what is happening elsewhere in the world in order to make optimal use of emerging opportunities and be prepared for challenges. SEEDA's response to the global challenge is encapsulated in the Regional Economic Strategy (RES).
- 3.2 SEEDA's policies with respect to addressing global challenges have emerged gradually over the period since the agency's establishment. The current (third) RES (2006 – 2016) is too new for a judgement to be formed on its effectiveness. However, it is the most appropriate document on which to structure a discussion of SEEDA's key policies and programmes. The current RES focuses significantly on global challenges facing the region and how to address them, with the 'global challenge' listed as one of three key objectives (the others are 'smart growth' and 'sustainable prosperity').
- 3.3 To help develop the focus for the Select Committee, SQW examined SEEDA's response on key targets outlined in the RES, namely:
- global businesses and foreign direct investment
  - knowledge transfer and business expenditure on research
  - innovation and creativity
  - infrastructure
  - skills

#### Global businesses and foreign direct investment

- 3.4 Activities under this objective include measures to stimulate **inward investment, trade and networking**.
- 3.5 SEEDA's trade and inward investment functions are organised under the **joint team for trade and investment**. This amalgamation of the trade promotion and inward investment functions was commended by all consultees who touched upon the subject. Questions were raised as to whether the scale of resources allocated to inward investment promotion and investor aftercare services is sufficient, and whether a more pro-active approach to location marketing might be worth considering. Also, some consultees wondered whether SEEDA's overseas representations were in the right locations and resourced appropriately, and whether the scale of SEEDA's aftercare programme was commensurate with requirements.
- 3.6 The **Global Regions** initiative aims to establish overseas **networks** at the regional level. The perception of the rationale for, and benefits of, the Global Regions initiative is stronger from within SEEDA than it is from the outside. This might well be due to a perception on the part of the Global Regions team that its close integration with other inward investment activities in SEEDA means it does not

need a high-profile in its own right. However, it might also point to a need for closer and more visible linkages between the Global Regions team and other SEEDA programmes and initiatives.

### **Knowledge transfer and business expenditure on research**

- 3.7 Knowledge intensity of a business and its success in global markets appear to be closely related. SEEDA has set targets to increase business expenditure on research and development and to increase the proportion of businesses in the South East reporting research and development links with universities.
- 3.8 The South East is one of the most research and technology-intensive regions in the UK. The total amount of business expenditure on research and development (BERD) in 2005 was the second highest of all regions. However, looking at the performance over time, there is concern that BERD in the South East is slightly declining relative to competitor regions.
- 3.9 There was mixed feed-back on linkages with universities. Some consultees highlighted the merits of the various SEEDA initiatives that intensify interaction between universities and businesses. However, others emphasised that RDAs elsewhere in the UK take a more active stance in engaging their universities in economic development.

### **Innovation and creativity**

- 3.10 The RES 2006-16 includes targets specified in terms of increasing the percentage of total South East business turnover attributable to new or improved products and services. The key activities to achieve the target are **sector consortia**, **enterprise hubs/gateways** and the **Innovation Advisory Service (IAS)**.
- 3.11 Feedback on the suite of activities was positive. However, consultees commented that in order to achieve their ambitious targets, it would help if there were stronger linkages between all initiatives concerned with innovation (and indeed research and development). There was also apprehension that some policies were coming to the end of their initial funding cycles with uncertainty about their future.

### **Infrastructure**

- 3.12 The quality of “hard” infrastructure (transport, telecommunications and housing) was mentioned by many consultees as one of the key pre-conditions for the South East region and its businesses to maintain and improve their competitiveness. Concerns were expressed that not enough wealth created by the region is reinvested to ensure its – and the UK’s – future prosperity.

### **Skills**

- 3.13 A skilled workforce is a key element for competitive success. From primary through to higher education and technical/vocational training, the development of skills is a complex issue. SEEDA is a relatively minor player in the education and skills domain, dwarfed in its budget by other national, regional and local players. However, SEEDA has been astute in progressing the agenda on specific skills that it considers particularly relevant. A query therefore is whether SEEDA should take

action on addressing skills issues of particular relevance to globalisation, especially those with respect to research and development and language/cultural affinity competencies.

#### 4. Global Challenges Select Committee Meeting

4.1 SQW's research has identified nine issues which could provide the focus for more detailed consideration by the Select Committee, and which the Assembly would welcome comments on (see para 1.2). The issues are structured into three groups summarised in the table below:

- **High level strategic** issues concerned with SEEDA's overall approach to developing the region's ability to respond to global challenges
- Issues concerned with the way the region is **marketed and networked externally**
- **Internal issues for SEEDA**, but with external implications.

#### Issues identified for the Global Challenges Select Committee Meeting

No	Issue
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##### High level strategic

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|-----|---|
| i   | Are SEEDA's limited resources prioritised appropriately, and is enough effort being spent on lobbying central government to keep the South East 'engine of growth' running? |
| ii  | Is there sufficient coherence between the economic development agenda and the spatial/physical planning framework?  |
| iii | Is there enough engagement of businesses in purposeful dialogue on global challenges?   |
| iv  | How effective are SEEDA's policy formulation skills in a rapidly changing world?  |

##### External marketing and networking

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|-----|---|
| v   | Are the scale and shape of inward investment attraction efforts appropriate for the region? |
| vi  | Could more be gained from international networking?   |
| vii | Is the South East marketed and branded to best effect?                                      |

##### Internal issues with external implications

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|------|--|
| viii | Does SEEDA maximise the potential of universities as a resource for addressing the global challenge? |
| ix   | Could SEEDA play a stronger role in developing skills to meet global challenges?                     |