The Regional Economic Strategy
2006-2016

A Framework for Sustainable Prosperity

SEEDA SOUTH EAST ENGLAND DEVELOPMENT AGENCY

Working for England's World Class Region

Contents

Transformational Actions

Above

Northam Shoal by Tom Grimsey, Southampton

Foreword

Welcome to the Regional Economic Strategy for South East England, 2006 – 2016. Living and working in one of the world's most advanced regional economies brings both benefits and challenges, and the decade ahead will test our resourcefulness and ingenuity to the utmost. The purpose of this strategy is to set a course for the region's economy that addresses those challenges, and secures the benefits of success for all who live and work in the South East.

Above

Bluebells in Cowleaze Wood, Buckinghamshire

The South East is a world class region. In a rapidly changing global economy, this means that top businesses achieve great things here. They benefit from its locational advantages, including major international transport and communications hubs, strong markets, leading edge research, skilled employees and innovative business networks. And they value quality of life second to none, with some of the most beautiful countryside in the UK, immense and diverse character in every town and village and a global city on the doorstep.

This does not mean that everywhere in the South East is a world class location, that every business is globally competitive or that every individual is able to achieve their potential. And there are threats to the very quality of living that is a key competitive advantage for the South East. These require our urgent attention.

The central issue – and one which the region faces without flinching in this strategy – is how to achieve sustainable prosperity for all in the face of intense global competition. The previous Regional Economic Strategies prepared in 1999 and 2002 identified this as the defining test of success in the South East and I am confident that, in the process of revising and preparing this latest strategy, we have broken new ground as a region in finding practical policies to address the challenges to the sustainability of our success.

This has only been possible because partners across the region have brought their enthusiasm, support and insights to bear throughout the review of this strategy. The initial consultation events held across the region were attended by over 2,000 people, and we have subsequently received over 500 written consultation responses. I thank our partners wholeheartedly for their engagement and commitment – this strategy will only succeed if it is owned by all who have a stake in the region's success, and our partners will play a key role with us in implementing the actions we have agreed.

Our challenge is to provide the framework and partnerships to invest in success and lift underperformance, and to do so sustainably, both in social and environmental terms. The work that has been done across the region during the development of this Regional Economic Strategy has demonstrated a great degree of agreement on the values and vision, policies and actions needed. I now look forward to working with you to translate this strategy into practical and specific actions owned by our partners across the region and beyond.

James E. Brathwaite CBE
Chairman, South East England Development Agency

Above

Production of Vestas Blades, Cowes, Isle of Wight

Summary

The vision for the South East is to be a world class region achieving sustainable prosperity. This third Regional Economic Strategy (RES) for the South East responds to a new global context; sets targets to ensure that success is more widely accessible; and identifies the importance of quality of life as a competitive advantage. In setting out the challenges faced and how the region intends to address them to achieve the vision over the next decade, it sits within the overall context of the Integrated Regional Framework for sustainable development in the South East, and alongside the draft South East Plan as the region's spatial strategy.

Above

The Goods Shed, Canterbury, Kent (KTA)

The Challenges

By any conventional economic measure, the South East is one of Europe's most successful regions. But this does not mean that its future success is assured. The region faces three key challenges:

1. **The Global Challenge.** The South East must maintain its competitiveness in the face of intensifying international competition – for global HQs and research establishments as well as for labour intensive plants and offices. The emergence of new global economic powerhouses such as China and India offer real opportunities to build on the existing concentrations of excellence in the South East by becoming more enterprising, innovative and skilled; equally they leave no room for complacency. We must **invest in success** if it is to be maintained.

2. **Smart Growth.** Higher levels of prosperity per head across the South East without increasing the region's ecological footprint can only be delivered through higher productivity and by bringing more of the resident population into economic activity. This can be achieved by focusing on the principles of smart growth, raising levels of enterprise, productivity and economic activity throughout the region. We must **invest in potential** to lift the prospects of underperforming areas, communities and individuals.

3. **Sustainable Prosperity.** Long-term regional economic prosperity can only be secured through the principles of sustainable development. This means recognising that pursuing growth within environmental limits can create new opportunities for innovation and competitiveness. We must **invest in the quality of life** that is a key source of the South East's competitive advantage.

What's the goal?

Global competitiveness through smart growth and sustainable prosperity.

What's the strategy?

Invest in success; lift underperformance and support quality of life.

The Region

These challenges must be addressed across a region of contrasts. Taken as a whole, the Greater South East (comprising London, the East of England and the South East) is an advanced industrial super-region that is meeting today the challenges that other regions will face tomorrow. We have begun to work together to develop 'breakthrough' solutions in areas of global excellence like the Oxford to Cambridge Arc. London and the South East are inextricably interlinked in terms of workforces, incomes, services, markets, supply chains and migration patterns.

Within the South East we have identified three broad economic contours. The **Inner South East** forms a generally wealthy core around London, where a strong relationship with a World City sits alongside centres of economic vitality as strong as any in Europe and delivering much of the South East's world class performance. The challenge here is to make the most of these strengths and secure future prosperity through appropriate infrastructure investment and avoiding the tipping point that could result from underinvestment, whilst addressing the significant pockets of deprivation that sit alongside general prosperity.

The **Rural South East** accounts for 80% of the region's land mass, a third of its business base and a quarter of its population. Whilst agricultural businesses are diversifying fast and increasing numbers of knowledge-based high value added businesses are attracted by the high quality of life, the route away from slow decline is not yet assured. New solutions will be needed to maintain and manage landscape assets in a sustainable manner, and investment in physical and community infrastructure will be needed to ensure that rural communities remain places where people both live and work. Dispersed patterns of deprivation must be addressed, while ICT offers new possibilities for remote working and businesses in rural locations.

The **Coastal South East** is characterised by unique environmental assets and a string of distinctive coastal cities and towns, yet it is an area which has seen continued economic and social decline. The diversity of challenges faced in this area requires close collaboration between regional and local partners. We will need to invest in the potential of individuals and areas to lift underperformance by harnessing a range of opportunities including skills progression, innovation and creativity, economic upgrading and culture and leisure-based growth. We must secure new confidence and vitality alongside regeneration if we are to avoid a spiral of decline.

Straddling these broad contours are the **Thames Gateway, Milton Keynes South Midlands and Ashford Growth Areas**, launched in the Sustainable Communities Plan in 2003. Each is different in challenge, scale and vision, but with a shared need to stimulate enhanced productivity and sustainable growth, secured through investment in infrastructure to unlock their potential.

While the Growth Areas account for a significant share of growth projected for the South East, other focal points for accommodating sustainable growth will also be needed. The 21 towns and cities identified as **Regional Hubs** in the draft South East Plan represent a network of centres of economic activity. Within these are eight major concentrations of growth potential – **Diamonds for Investment and Growth** which can act as a catalyst to stimulate prosperity across wider areas, and with the potential for further sustainable growth through targeted investment in infrastructure. The Regional Economic Strategy will support these Hubs and Diamonds in developing and implementing their plans to unlock the potential for sustainable growth. The role of, and support for, these and other towns in underpinning sustainable prosperity will be developed through the frameworks and strategies for the Inner, Rural and Coastal South East.

The Strategy

The Regional Economic Strategy adopts three objectives, each focused on addressing one of the key challenges described above:

1. **Global Competitiveness – investing in success** through assisting more businesses to operate internationally and maximising the South East's share of foreign direct investment; increasing business expenditure on research and development, and encouraging greater collaboration with the region's knowledge base; increasing the percentage of total South East business turnover attributable to new and improved products and services; and securing the infrastructure needed to secure continued prosperity.

2. **Smart Growth – lifting underperformance** through increasing the region's stock of businesses; maximising the number of people ready for employment at all skill levels, and ensuring they are equipped to progress in the labour market; increasing the participation of South East businesses (especially small businesses and social enterprises) in tendering for public sector contracts; reducing road congestion and pollution levels by improving travel choice, promoting public transport, managing demand and facilitating modal shifts; ensuring sufficient and affordable housing and employment space of the right type and size to meet the needs of the region and create the climate for long-term investment through efficient use of land resources, including mixed-use developments; and improving the productivity of the workforce and increasing economic activity.

Top

Eurostar, Kent

Above

Tracktrans e-pod Limited, Reading Enterprise Hub

3. **Sustainable Prosperity – supporting quality of life** through reducing CO^2 emissions attributable to the South East and increasing the contribution of renewable energy to overall energy supply in the region; reducing per capita water consumption and increasing the Gross Value Added per tonne of materials entering the waste stream; achieving measurable improvements in the quality, biodiversity and accessibility of green space, open space and green infrastructure; and enabling more people to benefit from sustainable prosperity across the region and reducing polarisation between communities.

The Strategy identifies actions to achieve the objectives, including **eight transformational actions** that have the potential to have particular impact across the breadth of the Strategy:

1. 100% Next Generation Broadband Coverage – to improve business efficiency and transform the way people work and learn
2. Science and Innovation Campuses – to establish new world class research facilities in the South East
3. Skills Escalator – to ensure that people at all skill levels are continually equipped to progress in the labour market
4. Regional Infrastructure Fund – to harness new sources of funding for infrastructure investment
5. Raising Economic Activity Rates – by addressing barriers to employment and increasing incentives to work
6. Global Leadership in Environmental Technologies – to exploit the business opportunities created by reducing carbon emissions and waste generation
7. Education-Led Regeneration – to harness the catalytic effect of new Further and Higher Education facilities on releasing untapped potential
8. Making the Most of 2012 – to ensure that the 2012 Olympic Games and Paralympic Games leave a positive and lasting legacy for the South East

The Strategy adopts **three ambitious headline targets**. Progress towards all three of these will provide evidence of overall progress against the vision:

- Achieve an **average annual increase in Gross Value Added per capita** of at least 3%
- Increase productivity per worker by an average 2.4% annually, from £39,000 in 2005 to at least £50,000 by 2016
- Reduce the rate of increase in the **region's ecological footprint** (from 6.3 global hectares per capita in 2003, currently increasing at 1.1% per capita per annum), stabilise it and seek to reduce it by 2016

Above

Beech tree, Buckinghamshire

Opposite

SEEDA and partners at the Farnborough Air Show, Hampshire

Sustainable development lies at the heart of the Regional Economic Strategy (RES) and runs through it as a continuous, unifying thread:

- Pursuing and attaining sustainability is recognised as one of the major challenges faced by the South East
- Through the commitment to safeguarding quality of life as a competitive advantage, it is specified as one of the three values defining the RES vision
- It is fundamental to the success of both meeting the global challenge and to achieving each of the drivers of smart growth
- It underpins a number of themes such as culture and rural issues
- It forms an objective in its own right, with a focus on what the region can do in practical terms to reduce the ecological footprint while simultaneously tackling the pressing issues of security of water and energy supplies and reducing waste

Implementing the Strategy

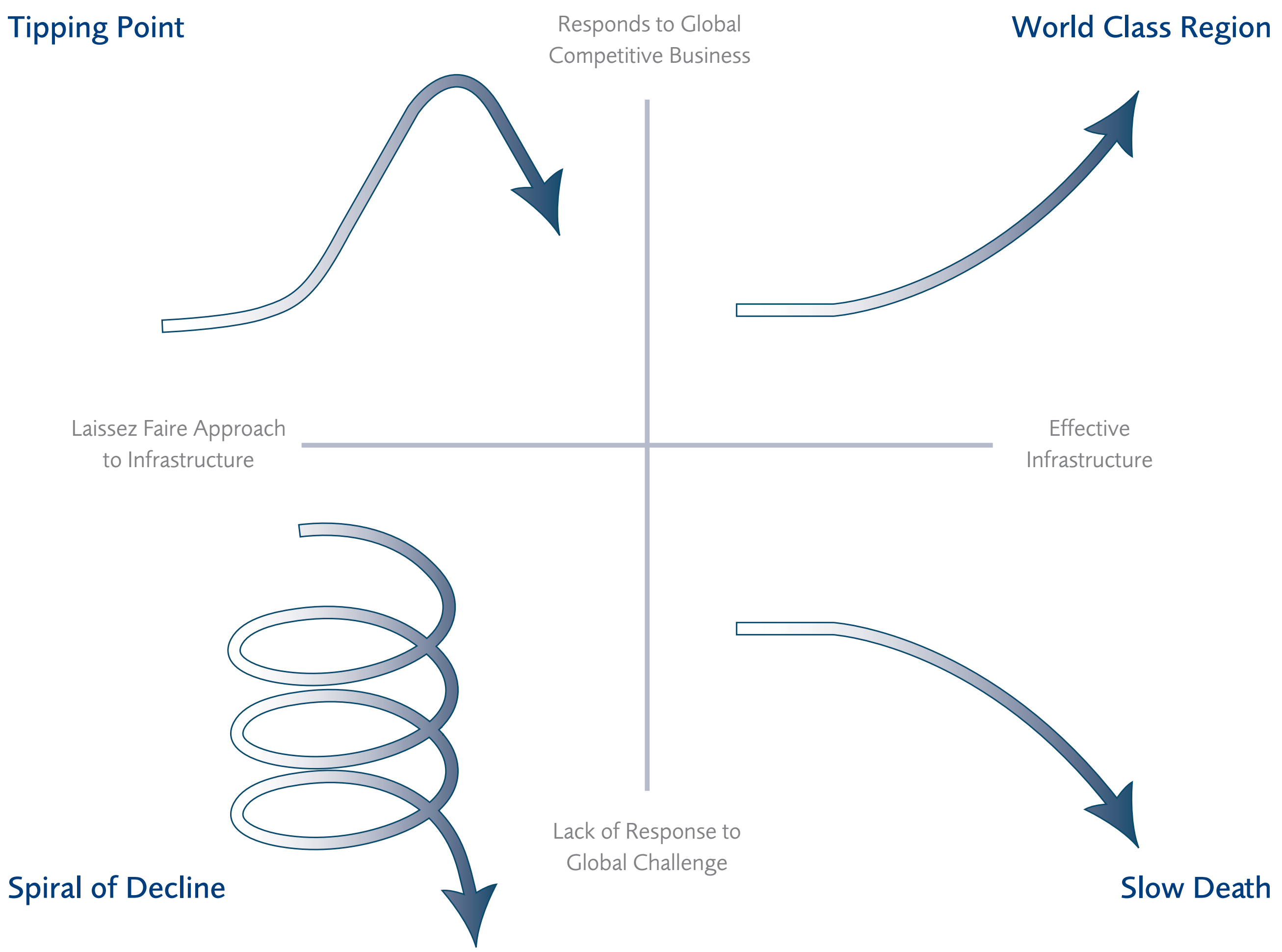
The Regional Economic Strategy is a strategy for the region, and the vision of sustainable prosperity will only be achieved by all relevant partners working together with the full support of national Government. SEEDA's contribution will be to:

- Drive the development and implementation of actions set out in the Regional Economic Strategy
- Set out its own delivery commitments in its Corporate Plan for agreement with partners
- Monitor and report on progress with actions agreed in the Strategy, assessing their impact and identifying changes in conditions which may require modified or new responses

The summaries of actions contained in the Strategy represent progress towards an Implementation Plan. A draft Implementation Plan will be prepared in December 2006, with a full version to be published in April 2007.

SECTION 1
Key Challenges Facing the South East[1]

Outline Scenarios



Developed for SEEDA by St Andrew's Management Institute

- **Future Scenarios Facing the South East**
- **The Global Challenge**
- **Smart Growth**
- **Sustainable Prosperity**

1 This section draws on the Regional Economic Strategy Evidence Base, published alongside the Regional Economic Strategy.

Key Challenges Facing the South East
Future Scenarios Facing the South East

It would be folly to assume that the South East's current position as a world class region is assured. The biggest challenges of all are to overcome complacency in areas of affluence; to recognise that the South East has the potential to spread economic prosperity and quality of life to many more of its residents, by raising productivity and economic activity across all communities, and by releasing the untapped economic potential of all parts of the region; and to face the choices necessary to maintain quality of life through sustainable prosperity.

Future Scenarios Facing the South East

Looking across the evidence base, four potential futures facing the South East can be identified by using the two key axes of businesses' response to the global competitiveness challenge and the delivery of sustainable infrastructure (see diagram on page 8).

1. **The World Class Region** is the preferred scenario. Recognition by all partners of the need to respond to the global challenge through creativity, innovation, technology, seeking global markets, tackling skills deficits and economic polarisation, comes together with provision of necessary hard and soft infrastructure, ensuring that the region adapts successfully to changing circumstances and maintains or enhances its position.

   Whilst some parts of the region are already as close to this enviable position as anywhere in the UK, none are secure. There is universal concern amongst businesses that this position is threatened as quality of life is denuded and economic efficiency challenged by underinvestment in the sustainable infrastructure of communities and the economy. The task of the Regional Economic Strategy is to provide a framework for the investment needed to deliver the physical and human infrastructure necessary for long-term and sustainable prosperity for all, in which a high quality of life is an essential component of competitive advantage.

2. **The Tipping Point** in which, despite firms and supporting factors mobilising effectively to become more innovative, lack of will to invest in essential transport, homes, healthy communities and the full range of skills precipitates disinvestment and relocation by key mobile firms and begins to weaken the region's competitive position. This is the prospect that some of the areas that are currently performing most strongly believe they face imminently and which they fear could lead to a downward spiral of decline.

Above

Spinnaker Tower, Portsmouth (britainonview/Rod Edwards)

Above

Oyster fishing in Kent (Kent Tourism)

3. **Slow Death**, in which, despite excellent infrastructure and after a period of strong growth, the cumulative impact of inadequate business investment in future competitiveness leads to a gradual process of disinvestment and into a slow decline, hidden for a while by the sustained performance of leading firms which are in fact the exception in the region and not the norm.

   In both these scenarios, the impact will be delayed for those who are affluent and comfortable, and for whom resource scarcity is irritating but can be mitigated to a degree by private purchasing, while around them firms begin to disinvest, and bright young people as well as mobile corporations leave in greater numbers to find dynamic business networks, top class skills, affordable homes, vibrant communities and easier travel elsewhere around the globe.

4. **A Spiral of Decline**, in which businesses' failure to invest in innovation, skills, enterprise development and global connectivity is exacerbated by a serious underinvestment in essential public resources including transport, energy, water and affordable homes, leading to further decline in competitiveness, economic and social cohesion and prosperity. Reversing this spiral, which is already in evidence, for example, along much of the region's coastline, requires a step change in confidence as well as investment in business capacity and all the resources, human and physical, required to create attractive, competitive places for future, mobile populations and companies.

The main conclusions from assessing these scenarios are that, despite its headline affluence, the region is at a challenging juncture. Some areas appear already to be at their peak of success but on the edge of a tipping point, with others seeing no way out of a spiral of decline or facing a slow death through complacency.

Despite all of the South East's advantages, the future cannot be assured unless we address directly three key challenges:

1. Global competitiveness and the rise of new economic powerhouses;
2. Spreading prosperity to all through smart growth; and
3. Achieving and maintaining environmentally and socially sustainable prosperity.

Key Challenges Facing the South East

The Global Challenge

The next 10 years will be marked by a radical transformation of the global economy which is already taking place, and which creates specific opportunities and challenges for the South East. Nothing demonstrates this more clearly than the rise of China (whose manufactured exports are now 23 times their level in 1980) and India (whose service sector exports are now growing at 20% per annum). Looking ahead:

- By 2015 China is expected to account for 19% of global output, level with the USA and ahead of Europe
- Together, the four emerging economies of China, India, Brazil and Russia are expected to increase their share of global output from 25% now to 32% in 2015. Over the same period the share accounted for by G7 nations is expected to decline from 43% to 36%
- Brazil, currently ranked 15th in the world in terms of output, is expected to overtake the UK and Germany to attain 6th place within a generation

Currently, Asian markets account for only 11% of the exports of South East businesses. The sheer size and scale of growth in these consumer markets will present major trade and investment opportunities for the region's businesses. At the same time, the growing capacity of these economies will present huge challenges. From a combined 10% share of world manufacturing output in 1980, China and India are expected to account for more than 50% by 2020.

Although emerging countries are rightly perceived to threaten established businesses in low-value-added activities, it is a mistake to believe that the new economic powerhouses will rely on low unit-cost labour alone for growth. Already China and India produce a combined four million graduates annually, compared with the UK's 290,000. Within this total, China and India's combined annual output of computer science graduates outstrips the UK by a ratio of 25:1.

The South East can benefit from the entry of these new powerhouses into the global economy and secure a prosperous future if we can identify and sustain the routes to future competitiveness. In 2004 South East businesses accounted for £29 billion of exported goods, higher than any other UK region. However, future success is by no means assured, and will only be achieved by becoming more enterprising, innovative and skilled.

Above

Reading

What's the goal?

Become an exemplar region implementing the Lisbon Strategy.

This means:

- Exposing many more of the region's businesses to the stimulus of global markets through **interchanges of trade, investment, people and knowledge**
- Building **trading links with emerging economic powerhouses** which are as strong as those the region's businesses already have with Europe and the USA, through the development of trade, investment and collaboration in education and innovation
- **Collaborating to innovate** across regional, national and continental borders
- **Raising skill levels** to match improvements elsewhere in the global economy, recognising that creating quality jobs must go hand in hand with achieving global competitiveness
- **Creating an entrepreneurial spirit** across all businesses in all sectors that seeks out new opportunities and new markets, rather than relying on existing products, processes and supply chains

The re-launched Lisbon Strategy provides a European context for rising to this challenge, with a central aim *'to deliver stronger, lasting growth and create more and better jobs in the context of sustainable development'*. It focuses on three strategic goals:

- Knowledge and innovation for growth
- Making Europe a more attractive place to invest and work
- Creating more and better jobs

Through its contribution to the UK National Reform Programme, the South East has already demonstrated that it is at the forefront of practical work to deliver the Lisbon Strategy at regional, national and European levels, and is acting as a test bed for responding to the global challenge.

Key Challenges Facing the South East
Smart Growth

Prosperity flows from bringing resources into use sustainably and from increasing productivity. In the South East, this translates into six drivers of prosperity:

- Employment
- Enterprise
- Innovation and creativity
- Skills
- Competition
- Investment in infrastructure, including transport and physical development

The region faces specific challenges in relation to each of these drivers.

Employment rates are generally higher than other UK and European regions. However, economic activity rates for women of all ages, minority ethnic groups and people with disabilities all lag significantly behind the regional average of 82%. Economic activity rates are below the UK average of 79% in most of Kent and in most coastal districts. **Across the region, almost 250,000 economically inactive South East residents report themselves as wanting to work.** Yet labour shortages are resolved by drawing in workers from outside the region, which increases the pressure on infrastructure and particularly the need for more housing. Latest trends and projections show that **an hourglass economy is emerging** – a growing polarisation between high-end and basic occupations, with a decline in semi-skilled jobs. For those in work but in low paid jobs, the challenges are how to raise aspirations and skills and how to afford to continue living in the South East while reaching for those aspirations.

As the population of the South East ages, new challenges emerge. Nationally, nine out of 10 older people believe that employers discriminate against them. A majority of people say that they would consider working after formal retirement, but would do so only on a part-time or flexible basis. Meanwhile, currently 10% of South East businesses do not employ people aged over 50. In 2007, for the first time more people will retire than enter the labour market from school and university, and from 2014 the gap will widen rapidly. Flexible opportunities will be necessary to retain the experience and expertise of older people in the workforce. Alongside this, encouraging young people to stay or return to the region will become increasingly important, yet over 220,000 people under 16 live in poverty in the South East.

Above

Spinox, Newbury Enterprise Hub

Above

Chilterns Enterprise Gateway, Buckinghamshire

Opposite Top

Oxford City Centre, Oxfordshire

Opposite Above

Ebbsfleet International Station, Kent

In **enterprise**, the Global Entrepreneurial Monitor shows that 7% of the South East's adult population was involved in entrepreneurial activity in 2004, second only to London among UK regions and well ahead of most European regions. However US adults are almost three times as likely to start a new business as those in the South East. In addition, if the South East had the same rate of women-owned businesses as in the US there would be an additional 50,000 businesses in the region (double the current number of women-owned businesses). **The challenge in less prosperous parts of the South East is to raise the level of start-up activity, while in the more prosperous areas survival rates should be higher.**

In terms of **innovation and creativity**, the South East is second only to the East of England in the proportion of regional GDP accounted for by R&D expenditure, and in terms of patents per million inhabitants. It also has tremendous assets in a healthy and diverse range of creative industries. In the South East, creative businesses achieved double the national average growth between 1995 and 2000. However, government-funded R&D declined by an average of 12% annually during 1997-2002. Meanwhile business expenditure on R&D grew by less than 1% annually and was only marginally ahead of the UK average. The South East lags significantly behind several of Europe's leading regions against all these measures, and must find ways of matching the performance of the most successful regions. **The South East must avoid the risk of stagnation and find ways of matching the performance of its most successful international comparators.**

Skill levels in the South East's workforce are relatively strong compared to most of the UK and Europe. The South East also has a higher concentration of knowledge intensive sectors than any other UK region apart from London. However, **employer skills surveys persistently report skills gaps in the workplace equal to UK averages.** There are also significant variations within the region, and parts of the Coastal South East are marked by much lower workforce skills than the regional, and in some cases national, averages.

Competition and business regulation is difficult to assess at regional level. In general, the UK remains characterised by relatively open markets and good labour relations. However, **globally-mobile businesses are increasingly concerned by the uncertainties of planning processes.**

Investment in infrastructure is critical to supporting productivity growth, and here the message is mixed:

- In **transport**, road traffic in the South East increased by 20% between 1993 and 2002, while transport investment per capita is lower than in any other UK region and accounts for less than 1% of regional GVA. **Average travel to work times in the South East are among the longest in Europe**, and have remained broadly stable despite increases in public investment.
- **Physical development** in the region is characterised by high demand and inelastic supply. Average house prices in the region have risen by 70% since 1999 while average annual earnings have risen by 30%, and first time buyers accounted for just 18% of house purchases in 2003, compared with 48% in 1993. **With housing comes the need for physical infrastructure, and for the cultural and social infrastructure necessary for healthy and sustainable communities.** Quality employment sites are also required.
- **Broadband** availability across the region is now virtually 100%, and take-up for the region as a whole stands at 34% in January 2006, and is above the UK average of 27.5% in every part of the region except the Isle of Wight. The challenge for the future is to **match the heavy investment in higher speed Broadband in North America and parts of Asia and Europe, and drive take-up and usage to levels matching those in other world class regions.**

Information and Communications Technology (ICT) is a key enabler of innovation and enterprise and the largest single contributor to productivity growth. The last decade has already seen major changes arising from the adoption and applications of ICT, but the effects will be felt with even more force in the future in all parts of society: in business to drive innovation and productivity; in changing work patterns; in the provision of, and access to, public services; in learning; and in our leisure and entertainment.

Above

Hastings Broadband Centre, East Sussex

Among other things, ICT is a vital ingredient of:

- **Growth and Productivity** – 40% of European Union (EU) productivity growth between 1995 and 2000 was due to ICT alone. With ICT exploitation accounting for 60% of productivity growth in the USA, there is clearly scope for improvement in the UK.
- **Global Competitiveness** – Broadband-enabled e-business provides the single most effective method for businesses of all sizes to enter new overseas markets and to provide quality services to customers abroad.
- **Enterprise** – ICT enables many more individuals to take up self-employment, reducing the costs of start-up and market entry and creating a more level competitive playing field with larger firms.
- **Economic Inclusion** – Improved ICT skills can help the unemployed and the disabled into work, and will also be important for older workers, who will increasingly need to remain economically active for longer. Broadband access will enable individuals who, for reasons such as care responsibilities, can only work from home.
- **Sustainable Development** – Broadband is key to more flexible and remote working, reducing the need for commuting, congestion and office space. Teleworking can also help to overcome localised labour shortages, a significant problem for many South East companies.
- **Rural Economies** – With access to Broadband, rural businesses are able to compete effectively with businesses in urban locations.

Achieving global competitiveness, smart growth and sustainable prosperity are all therefore critically dependent on adopting, and taking maximum benefit from, developments in ICT. **The challenge for the South East is to ensure that the possibilities offered by new developments are explored, exploited and spread as swiftly and widely as possible.**

Key Challenges Facing the South East
Sustainable Prosperity

Regional economic prosperity must be secured within the context of sustainable development principles. The Integrated Regional Framework for the South East provides a reference point for testing this, as does the UK Sustainable Development Strategy 'Securing the Future'. This sets out the guiding principles for sustainable development, and identifies four priorities for action:

- Sustainable consumption and production
- Climate change and energy
- Natural resource protection and environmental enhancement
- Sustainable communities

Sustainable consumption and production requires products and services to be delivered with lower environment impacts and greater resource efficiency, while boosting competitiveness – in other words achieving more with less. The South East is well-placed to lead and benefit from this new approach, with its strong research base and a good representation of businesses in both the product design and environmental technology sectors.

This more sustainable approach to consumption and production leads to a different view of 'waste'. Most of what is currently consigned as waste has significant resource value, which, coupled with resource reduction and resource efficiency measures, can be captured to benefit both economy and environment. Improving design; finding more productive uses for discarded material (and, therefore, more productive alternatives to landfill), including reuse, remanufacturing and recycling; and the development of associated markets; all offer significant economic opportunities for the region.

The South East faces particular challenges in addressing **climate change** and energy issues. The region is expected to experience greater climate change impacts than any other UK region: warmer, wetter winters and hotter, drier summers, with measurable sea-level rises by 2050, accompanied by more frequent extreme weather events.

Leadership in environmental technologies will help to avoid future climate change through mitigation measures. But we must recognise that some climate change is unavoidable and plan for adaptation. Climate risks and costs need to be incorporated into business decision making and policy

Top

Faringdon market town, Oxfordshire

Above

Produce from Blackmoor Estate, Hampshire

Above

Offshore wind farm, Kent coast

Opposite

Henley Royal Regatta, Oxfordshire (britainonview/ Ingrid Rasmussen)

making. Whilst inevitably there are some uncertainties over the degree and pace of climate change, proper forward planning will generate cost savings, reduce exposure to risk and losses, enhance reputation, improve regulatory relationships and increase opportunities for market leadership.

Energy is a critical enabler of economic activity in the region. Energy supply has to be viewed in the context of the global need to address climate change; at the same time, there are also major concerns over continuing security of energy supplies in the face of a prospective 'energy gap' in the South East, following the phasing out of older nuclear and fossil-fuel power stations that provide the bulk of the region's electricity. No businesses in the world are better placed than those in the South East to create and market innovative solutions to the energy needs of the future. The Regional Economic Strategy identifies a framework of choices to enable this to happen.

The **quality of the natural and built environment** is a major element in the quality of life in the South East, and a key source of competitive advantage. The environment is an economic asset in its own right: in 2003, activities linked to the environment contributed almost 250,000 jobs and nearly £8 billion GVA to the regional economy. Culture and the environment are also important drivers of the visitor economy; can help build integrated, sustainable communities; and can lead and support regeneration in both urban and rural areas.

Water presents the South East with a number of challenges. The region is one of the driest and most densely populated parts of the country, with per capita rainfall lower than that in Oman, while domestic water consumption is 15 litres per head per day higher than the UK average. Many of the South East's internationally recognised wetlands depend on groundwater levels being maintained. At the same time, the region is affected by a range of flooding issues – tidal, rivers and groundwater, with over 200,000 existing houses and workplaces located in areas of high flood risk.

Truly sustainable development is only achievable through **sustainable communities**. Poverty and disadvantage exist in the South East alongside a strong economic performance. In order to be sustainable, prosperity and the quality of life which underpins it must be inclusive and give everyone the opportunity to share in its benefits. The South East faces considerable inequalities, and the quality of life and economic opportunities are poor for some. There are disadvantaged geographical communities, groups and individuals; all need the opportunity to work, develop skills and engage in cultural life to release untapped potential and build cohesive, sustainable communities. **The challenge for the South East is to harness the region's strengths so that all can benefit.**

The richness and diversity of the region's **cultural assets** are major factors in attracting inward investment and making the South East a desirable place to live, work, and do business. The South East is home to 190 art galleries, over 250 performing arts venues, more than 12,000 sports clubs, 500 libraries, over 300 museums, and 218 registered archives. These enrich the quality of life for all the people in the South East, and have measurable effects on health, education, skills, overcoming disadvantage, and promoting a fairer and more inclusive society for all.

The region also hosts a range of world renowned festivals and sports events, including the Brighton Festival, Cowes Week, Glyndebourne, Henley Royal Regatta and Royal Ascot. It leads UK regions in fast growing creative industry sectors, with at least 24,000 creative businesses – almost one in 10 of all businesses – in the region.

These cultural and creative assets mark out the South East as the region with unique attractions and advantages. As global competitiveness intensifies, they must be recognised as key contributors to the region's identity, and as a sustainable source of competitive advantage.

With these assets come a number of **challenges**. There is less public money per head to be spent on culture in the South East than in other regions of the UK, and the evidence needed to convince other sources of funding to invest in culture because of its wider benefits is still in the course of development. The South East also has a high cost base, which squeezes the disposable income which its people may wish to invest in cultural experiences. For example, the Hay Group has concluded that employees across the South East are 6% worse off than the national average in real terms.

Above

The 2012 Olympic Games and Paralympic Games Roadshow at Dorney Lake (Eton), venue for flat water canoeing and rowing

Opposite

John Pounds Centre, Portsmouth

It is essential to invest to sustain and further develop the region's cultural, environmental and creative asset base, in order to preserve its distinctive identity, promote its competitive advantage in world markets, and preserve its quality of life for future generations. Actions should include supporting active yet sensitive management of the landscape and built environment, investing in cultural infrastructure and developing a sustainable visitor economy.

2012 offers huge opportunities for the region's economy. Around four billion spectators are expected, while the value of the 2000 Sydney Olympic and Paralympic Games to the New South Wales economy has been estimated at £1.5 billion. However this is much more than an opportunity for business and the visitor economy. **We must ensure that 2012 leaves a positive legacy for the South East** in terms of an enhanced visitor offer, improved sporting and cultural facilities, a healthier population and stronger communities.

The region's **voluntary and community sector** is a key asset in ensuring that prosperity is inclusive. With up to 35,000 organisations employing over 300,000 (about 6% of the region's workforce) and with an additional 700,000 volunteers, the sector accounts for over 3% of the region's GVA. Even more significant is the sector's extraordinary diversity, reaching into almost every aspect of community life. The sector plays a key role in helping people move into employment and improve their skills, and is a vital element in building a sense of community. Procurement of public services must make the most of this potential, while providers must adjust to more commercial funding regimes (recognising that the sector also plays a much wider role).

Health is a key dimension of disadvantage, and will become more significant as the region's population ages. The region's most disadvantaged areas, where unemployment is highest, often feature higher than average ill health and mortality. Initiatives which target worklessness will also lead to higher standards of living and other factors which influence quality of life. As well as being a route out of poverty and benefit dependency, employment and training programmes can lead to a healthier lifestyle.

There are business benefits in developing a **healthy workforce and workplace environment**, reducing absence through illness and improving efficiency and productivity. There are also health challenges to be confronted in the workplace. Job insecurity, jobs that are demanding yet offer little personal control, long hours and lack of social support at work are all bad for people's health. In 2003, the sickness absence rates stood at 3.3%, higher (with Scotland) than any other part of the UK and well above the national average of 3%. Meanwhile obesity is a growing problem, costing the economy an estimated £8 billion in 2004.

New ways of working offer potential solutions to some of these challenges. Already 11% of the region's workforce – almost half a million people - spends at least part of their week working from home or from a remote location. Does this offer a route to easing some of the region's congestion problems? Do new information and communications technologies offer a way of bringing new high value jobs to the parts of the region that need them most? Do we have the imagination and determination to make the most of these opportunities?

Conclusion – Rising to the Challenge

The three central challenges – the challenge posed by changing global competitive forces, the challenge of attaining smart growth, and the challenge of achieving prosperity and sustainability together – take the South East into new territory for the UK. As a globally high-performing region, the South East is confronting challenges that are yet to impact in many regions. It will therefore need to find ground-breaking solutions and new ways of working. This is the context for the 2006-2016 Regional Economic Strategy.

SECTION 2
Mapping the South East Economy

- The Greater South East
- London and the South East
- Inner South East
- Rural South East
- Coastal South East
- The Growth Areas
- Cities and Towns in the South East

Mapping the South East Economy
The Greater South East

Two themes run consistently through the evidence base supporting this Regional Economic Strategy. Firstly, the South East is a region that in terms of averages consistently outperforms the UK on wide ranging measures of economic well-being. Secondly, it is clear that averages can be as misleading within regions as between them. The South East comprises some of Europe's most successful and prosperous areas, well-equipped to compete globally, although they require significant investment in infrastructure to maintain their edge. It also contains a number of underperforming areas, with substantial numbers of individuals and communities achieving below their potential – a loss to the South East and UK economy. It is critical to make sense of these differences in order to produce a successful and relevant economic strategy for this large and diverse region.

The economic geography on which this Regional Economic Strategy is based comprises three broad contours (Inner, Rural and Coastal South East), cross-cut by a range of urban areas, including designated Growth Areas. These are best understood by first considering the South East in its wider context.

The Greater South East

The Greater South East embraces the South East, East of England and London, and extends from the Wash down to Dover Straits and across to the Solent. At its heart is London, one of the greatest 'World Cities'. The Greater South East is home to:

- 21 million people – 35% of the UK's population
- The world's 10th largest economy, with over 750,000 businesses and an annual GVA of £450 billion
- London Heathrow, the world's best connected hub airport, as well as Southampton and Felixstowe, the sea ports which account for the bulk of UK trade with the Far East. These sit alongside three other major airports at Gatwick, Stansted and Luton, the sea ports of Dover, Tilbury and Harwich and the Channel Tunnel to mainland Europe and beyond
- 71 of the UK's 131 Higher Education Institutions
- 40% of UK Government R&D and 60% of Business R&D undertaken in the UK
- 62% of jobs in Britain's creative industries

Top

Port of Dover, Kent

Above

Cowes Yacht Haven, Isle of Wight

Opposite

The Lanes, Brighton (britainonview/Martin Brent)

Above

First Light Solutions, Canterbury Enterprise Hub

Opposite

Macro-Conex, Oxfordshire Enterprise Hub

As an advanced industrial super-region, the Greater South East is meeting today the challenges that other regions will face tomorrow. The key priorities for the Greater South East are:

- Science, creativity, technology and R&D – to maintain and increase global competitiveness, to maximise the benefits which this concentration of global excellence in businesses and higher education brings to other UK regions, and to open up opportunities for research and knowledge transfer with other advanced industrial regions around the globe.
- Transport and infrastructure – to identify strategic transport requirements to support connectivity and deliver effectively the infrastructure to support future competitiveness, including energy, water and ICT.
- Skills – to develop a highly skilled, flexible and adaptable labour force as the foundation of future competitiveness, productivity and prosperity
- Inter-regional growth strategies – to maximise the opportunities to create new homes, jobs, learning opportunities and communities in the four Growth Areas launched in 2003, all of which lie in the Greater South East (see section on Growth Areas on page 37).
- 2012 Olympic Games and Paralympic Games – to ensure a lasting and sustainable legacy for the businesses and communities of the Greater South East.
- Maintaining and enhancing the area's environmental, cultural and historic assets – recognising that these represent one of the Greater South East's major sources of competitive advantage.
- Limiting and adapting to climate change – to ensure that the Greater South East's prosperity is truly sustainable.

Within the Greater South East, and stretching across into the East Midlands, is the Oxford to Cambridge Arc. It covers the area between Oxfordshire and Cambridgeshire and includes parts of Bedfordshire, Buckinghamshire and Northamptonshire. The Arc contributes significantly to the UK economy, accounting for over 5% of national GVA (£50.3 billion in 2004). There is scope for further enhancement of the Arc as a one of the world's leading centres of the knowledge economy, given its assets including world class universities, high-tech spin-outs, innovation networks and highly skilled workforce.
Much of the Arc is within the Milton Keynes and Aylesbury Vale Growth Areas designated under the Sustainable Communities Plan. This provides a unique opportunity to combine its innovation assets and development potential,

thereby strengthening its position and spreading the benefits of success more widely across the Arc and beyond.

Complementing this is the vast commercial base of the Thames Valley, North and West Surrey (reaching as far as Guildford) and North East Hampshire. This area has a legacy of high-tech innovation and a rich range of research spread across the sub-region in universities, public sector institutions and companies, large and small. The high number of research intensive corporations with head offices in or close to the region (with Heathrow as the principal magnet) is a distinctive economic characteristic of the sub-region. Although many locate their research elsewhere, such corporates make a significant contribution to the innovation process through commercialisation. Together with London and the Oxford to Cambridge Arc, the Thames Valley has the potential to anchor a national innovation cluster for the UK.

The Greater South East

Mapping the South East Economy
London and the South East

Above

Canary Wharf, London Docklands (britainonview/ FCO / Damir Fabijanic)

London and the South East are inextricably interlinked in terms of workforces, incomes, supply chains and migration patterns. According to the 2001 Census, 371,000 South East residents worked in London while 128,000 Londoners worked in the South East, a daily net out migration of 243,000 workers. In addition:

- Almost one sixth of London's effective labour catchment area is located in the South East
- The estimated gross incomes of commuters from the South East to London in 2002 was about £22 billion, roughly one sixth of South East GVA
- An estimated £18.3 billion worth of goods and services was exported from the South East to London in 2002, supporting 400,000 South East jobs
- A net 27,000 people moved from London to the South East in 2001 and
- About £15 billion of Government tax revenues in 2002 accrued from the economic linkages between the regions

Given this substantial degree of interdependency, issues which are likely to impact on the South East economy include the overall health of the London economy, economic growth rates and projected job growth in London, and housing provision in the capital. Moreover the Thames Gateway, if the proposals in the London Plan are delivered, will have a particular impact on patterns of growth in the South East, exerting a pull beyond the immediate area of West Kent.

London's economy is projecting a 2.5% long-term annual real growth, with 957,000 new jobs anticipated between 2006 and 2026. If London's own workforce does not expand in line with this growth, or if its housing targets to accommodate the anticipated growing population are not met, it is likely that London will import more of its labour from the South East, intensifying commuting and cross-border working, and potentially increasing the need for the South East to import its own labour needs, and to provide for the housing needs of this workforce.

As well as putting pressure on the transport system and housing supply, there could be a negative effect on skills in the region. These are further reasons to anticipate any London 'pull' effect by improving the skills and educational achievement of more South East residents of working age, bringing more people back into employment, and increasing the potential pool of labour.

Mapping the South East Economy

The Inner South East

The economic area around Heathrow Airport straddling North and West Surrey, the Eastern part of the Thames Valley, North East Hampshire and West London performs particularly strongly. This strength is built on excellent regional, national and international connectivity, strong economic and labour market structures, high skill levels and a strong business base (comprising large multinationals as well as high value added small and medium sized enterprises). The concentration of multi-nationals is especially strong around Heathrow.

However the resident skills base in this area is less strong, indicating that businesses located in the area are not always embedded in the local economy. The full benefits of the Heathrow effect are thus not currently being realised.

In some respects the Heathrow area can be seen as an integrated economic entity. However it is not currently clear what the interdependencies are between its constituent parts. In addition, primary transport routes in the area tend to be radial, with weaker orbital links between centres. Further research into relationship-mapping and supply chain analysis will be used to develop appropriate policy responses in this area.

The Blackwater Valley straddles the boundary between North East Hampshire and West Surrey. It is influenced by the economic dynamics of the Thames Valley, North West Surrey and Heathrow Airport. The issues facing the area include the need to support the development of the knowledge economy, in particular in terms of Aerospace and Defence. Connectivity, particularly by road and rail, and local labour and skills supply are also an issue, and these need to be addressed if the area is to remain competitive.

The parts of the South East described above form a relatively wealthy core around London[2], where a strong relationship with a World City sits alongside centres of economic vitality as strong as any in Europe, delivering much of the South East's 'world class' performance. For example, with the exception of High Wycombe all of the local authority areas in Surrey and the Thames Valley fall in the top quartile in terms of GVA per head and overall competitiveness.

Above

Gatwick Airport, West Sussex (Barry Pickthall/ Sussex Image Library/PPL)

2 Broadly characterised as the Gatwick, London Fringe, Western Corridor, Central Oxfordshire and Milton Keynes and Aylesbury Vale Sub-regional Strategy Areas in the draft South East Plan.

What's the goal?

Investment in success.

The area is one of Europe's fastest growing business locations. Sustaining this success will require an emphasis on productivity-led growth, matching the best knowledge sector businesses and research centres in the region with the best in the world.

Although there are significant variations within the Inner South East, when taken as a whole the area shows the following characteristics in comparison with regional averages:

- High productivity
- High economic activity and near full employment
- High levels of enterprise
- High concentrations of world class companies, clusters and high-tech sectors
- A high skills profile among the working age population
- A low proportion of economically inactive groups
- A high proportion of employment in knowledge-based sectors
- Low dependency on public sector employment
- Significant pockets of deprivation co-existing alongside general prosperity
- A relatively young population and favourable demographic trends
- Relatively good infrastructure and connectivity, but with substantial congestion on existing networks

The area is one of Europe's fastest growing business locations. Sustaining this success will require an emphasis on productivity-led growth, matching the best knowledge sector businesses and research centres in the region with the best in the world. The Regional Economic Strategy needs to address the following priorities and deliver the following specific results in the Inner South East:

Priorities	Results
1. Work with London, the Oxford to Cambridge Arc and along the Gatwick – Guildford – Thames Valley – Oxford axis to be at the forefront of the UK's global competitiveness.	A collaborative network of universities, public and private research establishments and knowledge businesses, working with neighbouring areas. An innovation strategy tailored to the needs of the Inner South East. Increased levels of R&D spend, technology transfer and new business creation and strong inward investment.

Priorities	Results
2. Make the most of the Heathrow effect.	A network of flourishing global businesses, strongly embedded in their local areas through employment and supply chains.
3. Invest in the skills needed by global knowledge businesses.	Integrated programmes to maintain and improve the international competitiveness of the Gatwick Diamond and the Thames Valley / Surrey / West London area around Heathrow.
4. Invest in the public transport infrastructure needed to support access to airports and linking to the rest of the region.	Implementation of the Airtrack rail link to Heathrow and Fastway extensions to Redhill and East Grinstead from Gatwick.
5. Invest in high growth globally competitive sectors.	Increased levels of low impact foreign direct investment.
	Increased productivity growth and export levels in key global sectors including aerospace, digital creative industries and environmental technologies.

SEEDA will work with partners across the Inner South East to establish a framework to achieve these results. This will build on the results of work already commissioned by Surrey Economic Partnership, Thames Valley Economic Partnership and SEEDA[3].

Top

Thames Valley Business Park

Above

Surrey Research Park, Surrey

3 Strategies and Solutions for Sustaining Success in Surrey and the Thames Valley, Deloitte 2005.

Mapping the South East Economy

The Rural South East

Top

Oast Houses in Kent (Kent Tourism)

Above

Burford Village, Oxfordshire

More than 80% of the South East's land mass is rural with nearly two million people living in small rural towns, villages, and the countryside, mainly but not exclusively within a central band. Around 100,000 businesses operate in rural areas, the majority in manufacturing, services, the visitor economy or leisure. Fewer than 20% of them are farms, with agriculture accounting for around 2% of the region's GVA. Yet farming has a major and direct impact on the quality of the environment. The area is seeing the establishment of increasing numbers of knowledge-based high value added businesses, attracted by a high quality of life.

Nearly a third of the South East is designated as nationally important landscape and the region accounts for the four most wooded counties in England, giving it a real competitive advantage in terms of quality of life. The land-based sector is vital to maintaining and managing these assets. The sector operates in a globally competitive market and is facing enormous challenges through reforms of the Common Agricultural Policy and the move away from subsidy regimes to single farm payments. These changes will offer opportunities to respond to new markets, while adopting management practices that will benefit biodiversity.

Enterprise and accompanying skills development must continue to be encouraged in rural areas to create new market opportunities for local products and local assets. Investment in infrastructure is critical to providing sites for rural enterprise; to the development of supply chains for the food, fishing, farming and forestry sectors; and to an adequate supply of affordable housing for vibrant rural communities that can maintain a working population, particularly young people and young families.

The countryside also provides critical green infrastructure around our major towns and cities with opportunities for rural products from farming and forestry as well as access for urban dwellers. The world class heritage provided by the landscape and historic rural settlements, together with historic houses, parks and gardens is an asset to the region. However the specific skills required to maintain this asset are in increasingly short supply.

Rural communities must remain places where people both live and work. They provide services and offer opportunities to improve the work-life balance and to create more sustainable travel patterns through home or remote working.

Deprivation and economic exclusion can be found in small pockets in most rural communities, and its dispersed nature requires different interventions compared with those for urban communities.

Over the last few decades the centralisation of many services has led to a decline in services available in rural areas, and mechanisms to halt any further decline or improvements are essential. Community-based businesses such as village shops and post offices are vital to maintain vibrant and sustainable rural communities. In addition the voluntary sector is a key resource in rural areas and underpins many of the activities that take place in it.

There are considerable employment opportunities in rural areas, yet in 2003 224,000 of the region's economically inactive residents lived in rural areas. In addition, the population in these areas is ageing more rapidly than the regional average. Tailored employment solutions must be found which meet the particular needs of businesses and communities in rural areas. The South East needs to continue working closely with European partner regions helping develop rural policies; exchanging best practice and learning from them.

The Rural South East already has a family of strategies in place, including the overarching South East Rural Delivery Framework, the Sustainable Farming and Food Strategy the Regional Forestry Framework and, currently in development, the Regional Implementation Plan for the Rural Development Plan for England.

The Rural South East includes wide variations in conditions but, taken as a whole, shows the following characteristics when compared to regional averages:

- High overall economic activity and employment rates
- Highly skilled commuter workforce (commuting both within and outside the region)
- High business density and business start-up rates
- Dispersed patterns of rural deprivation, which risk being ignored as they do not register on the overall index of multiple deprivation
- High levels of deprivation with regard to housing and access to services
- A population whose average age is increasing faster than the regional average
- Variable transport infrastructure, especially for non-radial movements

Top

Tenterden, Kent

Above

Odiham, Hampshire

The Regional Economic Strategy needs to address the following priorities and deliver the following specific results in the Rural South East:

Priorities	Results
1. Invest in the economic viability of villages and market towns across the Rural South East.	Strengthened position of market towns as hubs for rural enterprise and training, characterised by: • Increased private investment • Key services retained and developed to serve the needs of surrounding areas • Provision for affordable housing New models for streamlined, collaborative and flexible delivery developed and implemented in rural areas, recognising the diversity of rural communities and landscapes.
2. Exploit the potential of the knowledge economy for new business creation and development, and stimulate the take-up and effective use of Broadband.	Increased formation of new businesses, particularly in the most deprived rural areas. Improved access to high quality infrastructure, including ICT, business advice and skills.
3. Assist the food and farming sectors to adapt to new regulations, enabling them to develop new skills and to capitalise on opportunities for new products and processes resulting from CAP reform and new technology, while enhancing the natural resources on which they rely.	Improved viability of the food and farming sector. Successful adoption of new crops including industrial and biomass crops, consistent with maintaining the region's most sensitive quality landscapes and biodiversity.

Above

Broadband accessibility in rural South East England

Opposite

South East produce (Kent Tourism)

Priorities	Results
4. Support the development of premium local products by investing in the land-based products supply chain, adopting high quality standards.	A range of local produce offers that are able to compete and make best use of outlet opportunities in the South East, London and beyond.
5. Invest in and promote the area's cultural, heritage and landscape assets, and develop the visitor economy linked to the conservation of a high quality environment.	A set of higher value tourism propositions, that secure the benefits of increased visitor spend for rural communities while supporting the sustainable management of rural landscapes.

SEEDA will work with partners through existing policy frameworks, particularly the regional implementation plan for the Rural Development Plan for England, to achieve these results.

Mapping the South East Economy
The Coastal South East

Top

River Medina, Isle of Wight

Above

Eastbourne, East Sussex

The Coastal South East[4] is characterised by some of the country's cleanest beaches, major environmental assets such as the Downs and the Channel Coast, and a number of coastal cities and towns each with their own distinctive character and history. Yet it is also an area of substantial untapped economic potential, characterised by:

- Low productivity relative to the South East and, in some cases, the UK
- Generally lower economic activity and employment rates
- High concentrations of economic inactivity and higher 'structural' unemployment rates
- Relatively low skilled profile of its workforce
- Lower business density and business start-up rates
- More traditional industrial activities, including lower value added manufacturing and the visitor economy
- High dependence on public sector employment
- A low proportion of employment in knowledge based sectors, especially in the private sector
- A greater proportion of people already over retirement age than the regional average, with projections of further ageing
- Relatively poor infrastructure and connectivity

If the Coastal South East was to match the average economic performance of the UK, an estimated additional £13 billion in GVA would be added to the national economy each year. If this untapped economic potential is to be realised, a targeted coastal strategy will be necessary. However, in order to address the diverse potentials and challenges facing the Coastal South East, both overall coherence and a variety of locally-driven approaches will be needed to achieve critical mass and local focus. These must address social and environmental frameworks as well as economic opportunities, embracing new interventions beyond the traditional ones of physical renewal and community support. The coastal strategy will need to focus on maximising economic potential and the differing opportunities presented by:

- **Skills-led growth** – removing persistent pockets of low skills attainment, providing an escalator of skills and increasing access to higher education,

4 Broadly represented by the Kent Thames Gateway, East Kent and Ashford, Sussex Coast and South Hampshire Sub-regional Strategy Areas together with the Isle of Wight Special Policy Area in the draft South East Plan.

delivering employment-ready skills for increased productivity and excellence for global competitiveness.

- **Innovation and creativity-driven growth** – maximising the potential of existing creative and technology clusters and recognising the importance of high value manufacturing and knowledge-based supply chains.
- **Economic upgrading** as the basis for growth – enabling cities and major urban areas to reach their potential by investing in key infrastructure to enable housing development that supports economic prosperity.
- **Connectivity** as the basis for growth – addressing the remaining transport bottlenecks on the South Coast, ensuring efficient connections to major ports and maximising the potential of next generation Broadband.
- **Culture and leisure-based growth** – harnessing the power of place and quality of life to stimulate wider economic transformation.

The cities and towns of the Coastal South East vary in their economic performance, with differing opportunities and potential for the future. The Regional Economic Strategy needs reflect this diversity in addressing the following priorities and delivering the following specific results in the Coastal South East:

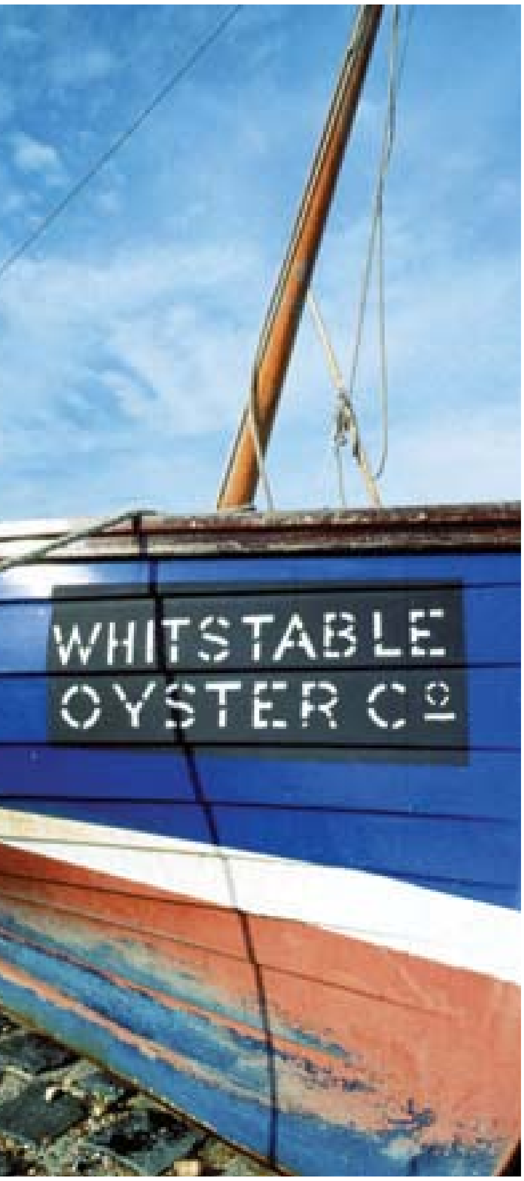
Priorities	Results
1. Create cities and towns where people choose to live by investing in an urban renaissance, redeveloping and regenerating key town centres to stimulate development of local economies.	A network of vibrant and attractive towns and cities, maintaining diversity by playing to existing or latent strengths.
2. Raise the quality of the offer to visitors, release the enterprise potential of the creative industries, leisure facilities and the visitor economy and expand the cultural offer.	A set of high quality destinations, that secure the benefits of increased visitor spend for local communities and contribute to wider objectives for urban renaissance.
3. Support enterprise and stimulate the creation of a wide variety of businesses.	Increased business start-up, survival and growth rates.

Top

De La Warr Pavilion, Bexhill-on-Sea, East Sussex

Above

Windsurfing on the South East coast



Above

Whitstable, Kent

Priorities	Results
4. Ensure that sufficient employment land is provided through redevelopment of brownfield land and refurbishment of existing stock, to provide new and flexible employment space.	Strategic employment sites identified and secured for high value employment uses. Sustainable and strategically accessible locations such as Eastbourne/Hailsham and East Worthing brought into use.
5. Maximise the benefits of high speed Internet to overcome geographic isolation and attract new high value businesses.	New high value businesses attracted, offering a variety of employment opportunities.
6. Invest in the long-term sustainable growth of key ports, particularly the major ports of Southampton, Portsmouth, Dover and Thamesport, and explore future prospects for smaller ports such as Shoreham and Newhaven.	Deliver rail freight gauge improvements on the Southampton – Midlands route.
7. Improve connectivity along the coast and with key hinterlands and London.	Appropriate solutions adopted and investment secured for improvements along the M27 / A27 / A259 South Coast artery, A2 and Solent-Midlands A34 corridor.
8. Raise educational attainment and aspirations, including a comprehensive approach to enterprise education and improved access to higher and further education.	Improved education attainment at 16, increased take-up of Further and Higher Education, increased retention of young people in high value employment.
9. Improve access to workplace learning for low-skilled, low-paid, low-status workers to enable labour market progression, and work with employers and other support agencies to bring the economically inactive back into work and training.	Increased economic activity rates, and improved progression prospects for those in work.

SEEDA will work with partners across the Coastal South East to develop a coastal strategy which achieves these results.

Mapping the South East Economy
The Growth Areas

Straddling these three broad contours are the Thames Gateway, Ashford, and Milton Keynes South Midlands Growth Areas. Each of the Growth Areas launched in the Sustainable Communities Plan 2003 is different in challenge, scale and vision, but with a shared need to stimulate enhanced productivity and sustainable growth, secured through appropriate investment in infrastructure to unlock their potential:

- Investment in enabling transport, utilities and community infrastructure
- Investment in innovation, enterprise, knowledge transfer and business support
- Enhanced demand-led workforce skills and training provision
- Complementary neighbourhood renewal and economic inclusion programmes
- Environmental and cultural improvements that promote quality of life
- Promotion of best practice in design and delivery of Sustainable Communities

The **Thames Gateway** Growth Area is the largest regeneration project of its type in Europe, straddling London, the South East and East of England. Improving the performance of the Thames Gateway will raise the prosperity of the Greater South East and the UK on the international stage contributing up to an additional £30 billion GVA to the UK economy by 2021, and targets have been set for the development of 120,000 new homes and up to 180,000 new jobs by 2016. The challenges are substantial – there are 62,000 unemployed people in the Thames Gateway (more than in Wales or Northern Ireland), and 31% of people aged 16-74 in Thames Gateway have no qualifications compared with 18% across England and Wales.

Essential investments in connectivity – maximising the potential of the Channel Tunnel Rail Link, Shellhaven, the expansion of Southend Airport, Crossrail and in the longer term a Lower Thames crossing - will help ease the major transport bottlenecks identified as a growing issue for the South East and its neighbours.

Thames Gateway Kent forms a major part of the Thames Gateway, and its regeneration will have a major impact on the overall economic performance of the South East. The area has the advantage of close proximity to London and is the UK's main gateway to Europe. The area has seen major investment over recent years, and the continuing commitment of the Department for

Top

Channel Tunnel (Kent Tourism)

Above

Children at St Mary's Island School at Chatham Maritime, Kent

Above

The University of Kent, Medway Building at Chatham Maritime, Kent

Communities, local government and SEEDA will be instrumental to ensuring the area achieves a step change in economic performance.
The area has strong aspirations for the development of Medway as a city of learning, culture, tourism and enterprise, and for a new financial and business services centre at Ebbsfleet. At present the economy lags behind most of the South East and has many similar features to other areas within the Coastal South East. However, Thames Gateway Kent has distinct characteristics and priorities:

- **Transport infrastructure and connectivity** – the development of the CTRL and the opening of the international rail station at Ebbsfleet in 2007 (domestic rail services starting from 2009) is key to the development of the new major office and business centre at Ebbsfleet, with a focus on public transport.
- **Large supply of brownfield development sites** - the area has the largest supply of brownfield sites in the South East which offer a unique opportunity for the sustainable development of both housing and employment opportunities
- **Knowledge intensive and high growth sectors** – attracting new employers in more productive employment sectors, stimulating innovation and encouraging entrepreneurship will help raise productivity
- **High quality buildings and a green environment** – there is a strong commitment towards high quality buildings and creating attractive environments along the Gateway
- **Sustainable communities** – it is recognised that the social, cultural, economic and environmental needs of both new and existing communities have to be addressed equally to ensure the development of stable and sustainable communities
- **Skills-led growth** – skill levels will need to be raised to both attract new higher value added employers into the area and to ensure that existing residents can take advantage of the economic benefits of regeneration.
- **2012 Olympic Games and Paralympic Games** – the close proximity to Stratford and with the introduction of CTRL international and domestic rail services between Ebbsfleet and Stratford with journey times of approximately eight minutes, means that the Games has the potential to be a major driver for regeneration in North Kent.

SEEDA is currently working closely with partners to identify the economic development priorities for Thames Gateway Kent, and is contributing to the Thames Gateway Strategic Framework being developed by the Department for Communities and Local Government for publication in November 2006. **Ashford** is a strategic location as a gateway to Europe. This function will be strengthened with completion of the high-speed rail link to London in 2007 and CTRL domestic services in 2009, which will see dramatic improvements in travel times to the capital. Ashford has the potential to accommodate 31,000 homes and 28,000 jobs by 2031, doubling the size of the existing town. Through a co-ordinated partnership approach there will be a focus on developing the town centre's commercial 'offer' around a sustainable development model, linking to a number of new mixed-use district centres and village communities, which will see Ashford grow as a place to live and do business.

Maximising the potential of the Channel Tunnel Rail Link will be essential to the successful growth of Ashford. It will also be vitally important to increase the capacity in the two junctions of the M20 that serve the town. This is especially true of Junction 10, which will serve the new urban villages to the South of Ashford town centre and key employment areas that are critical to the delivery of the 28,000 additional jobs. The vision for Ashford identifies its need to become a strong, self-sustaining and growing town, recognised as a world class exemplar location. It will combine an environment rich in resources with a technologically enabled, knowledge based learning economy, recognised for the excellence of its physical, cultural, economic and digital connectivity with its surrounding region, London, the UK, Europe and the wider world.

The objective of the Ashford's Future partnership is strengthen Ashford's economic vitality, providing a sustainable community with jobs as well as houses. This will be achieved through establishing an attractive and unique inward investment offer, as well as supporting enterprise and innovation in existing local companies to provide a balanced sustainable economy for the future.

Milton Keynes and Aylesbury Vale form part of the Milton Keynes South Midlands Growth Area. Aylesbury Vale is required to accommodate 18,300 additional homes and at least 12,690 net additional jobs by 2021. It has been identified that Milton Keynes has the potential to provide almost 70,000 additional homes in the period up to 2031, supported by the generation of at least 100,000 additional jobs. This will result in the population of Milton Keynes growing to over 300,000 (the current size of Cardiff). The need to improve the accessibility of Aylesbury to enable growth is recognised, and in particular its connectivity to Milton Keynes,

What's the goal?

Lifting underperformance.

Improving the performance of the Growth Areas will raise the prosperity of the Greater South East and the UK.

alongside major improvements to the functioning of the town centre. SEEDA is working collaboratively with the East of England Development Agency and the East Midlands Development Agency on three agreed priorities for action:

- **Improving the climate for investment** - by influencing and lobbying on infrastructure, promoting new investment and retaining existing investors, promoting sustainable development and regeneration and influencing ICT infrastructure.
- **Stimulating an entrepreneurial and innovative economy** - by supporting and promoting the concept of the Oxford to Cambridge Arc, supporting the creation of a network of innovation and incubation centres across MKSM, providing enhanced business support and supporting business to business collaboration in key clusters and sectors.
- **Ensuring learning and skills provision responds to population and business demands** - by acting upon the skills implications of the growth strategy, developing the Higher Education Institutions (HEI) provision, strengthening the links between education and business and enabling improved access to employment for the disadvantaged.

The key future transport priorities for Milton Keynes and Aylesbury Vale will be to progress the East West rail link, and improve road links between Milton Keynes and Aylesbury by linking the A41 and the A418 and to complete as rapidly as possible the improvement of the A418.

Ensuring skills-driven growth, enhancing workforce skills to attract knowledge-driven industries, ensuring a supply of high level skills to service those leading edge firms which are already in place, and improving locally accessible higher education opportunities are essential factors in all Growth Areas.

Top

Milton Keynes (www.britainonview.com)

Above

Aylesbury, Buckinghamshire (www.britainonview.com)

Mapping the South East Economy

Cities and Towns in the South East

The Growth Areas have been designated to provide for substantial expansion in employment and new development. For example the total housing provision intended for these areas adds up to almost a quarter of the total projected increase in housing provision in the South East over the period 2006 - 2026 (based on figures in the draft South East Plan). However, this poses a key question as to where else growth will be accommodated within the region. Given the sustainability argument that housing growth should be closely allied to employment growth, it makes sense that the existing centres of economic activity should provide a focus for accommodating sustainable growth supported by appropriate and timely investment in infrastructure.

This approach is consistent with the draft South East Plan which states that 'the prime focus for development in the South East should be urban areas, in order to foster accessibility to employment, housing, retail and other services, and avoid unnecessary travel' (policy CC8a: Urban Focus and Urban Renaissance). The draft South East Plan identifies 21 Regional Hubs as centres of economic activity and transport services, 16 of which lie beyond designated Growth Areas:

Ashford	Aylesbury	Basingstoke
Brighton & Hove	Canterbury	Crawley/Gatwick
Ebbsfleet	Guildford	Hastings
High Wycombe	Maidstone	Medway
Milton Keynes	Oxford	Portsmouth
Reading	Reigate/Redhill	Slough
Southampton	Tonbridge/Tunbridge Wells	Woking

Within this set of Regional Hubs initial research has identified a number of major concentrations of economic growth potential which:

- Extend beyond the boundaries of an individual local authority
- Are centred on an urban core or comprise networks of urban areas; and
- Play a leading role in the economic vitality of their broader sub-regions

Above

Canterbury City Centre, Kent (KTA)

Top

Brighton Dome

Above

Southampton

These Diamonds for Investment and Growth have the potential to act as a catalyst to stimulate prosperity across wider areas, and offer scope for further sustainable growth based on targeted investment in their infrastructure. Initial research has identified eight Diamonds for Investment and Growth, all relating to relevant sub-regional strategy areas of the draft South East Plan:

- Basingstoke
- Brighton & Hove
- Gatwick Diamond
- Milton Keynes and Aylesbury Vale
- Oxford / Central Oxfordshire
- Reading
- Thames Gateway Kent (including Medway and Ebbsfleet)
- Urban South Hampshire (including Portsmouth and Southampton)

The cities and towns at the heart of these areas account for over half of the region's population and a similar proportion of its GVA. The average workplace-based GVA per head of £18,860 is some 7% above the regional average. However, there are significant variations between individual Diamonds, with GVA in the Reading area some 45% above, and Thames Gateway Kent some 31% below, the regional average. In each case there is a close relationship with surrounding areas, which is recognised in the relevant sub-regional strategies of the draft South East Plan.

With in these areas it is the concentrations of people, employment, built assets, knowledge, transport, networking, creativity, leisure, culture and diversity which give the potential to be economic catalysts for the region as a whole. This needs to be reinforced by selective infrastructure investment as a stimulus to sustainable growth.

All eight areas were highlighted as a focus for investment in infrastructure in the Regional Funding Allocation guidance submitted to central government by partners in the South East in January 2006. During the summer of 2006, local authorities in several of the Diamonds are negotiating proposals for Growth Point funding with the Department for Communities and Local Government, in each case focusing on proposals to unlock additional sustainable growth potential.

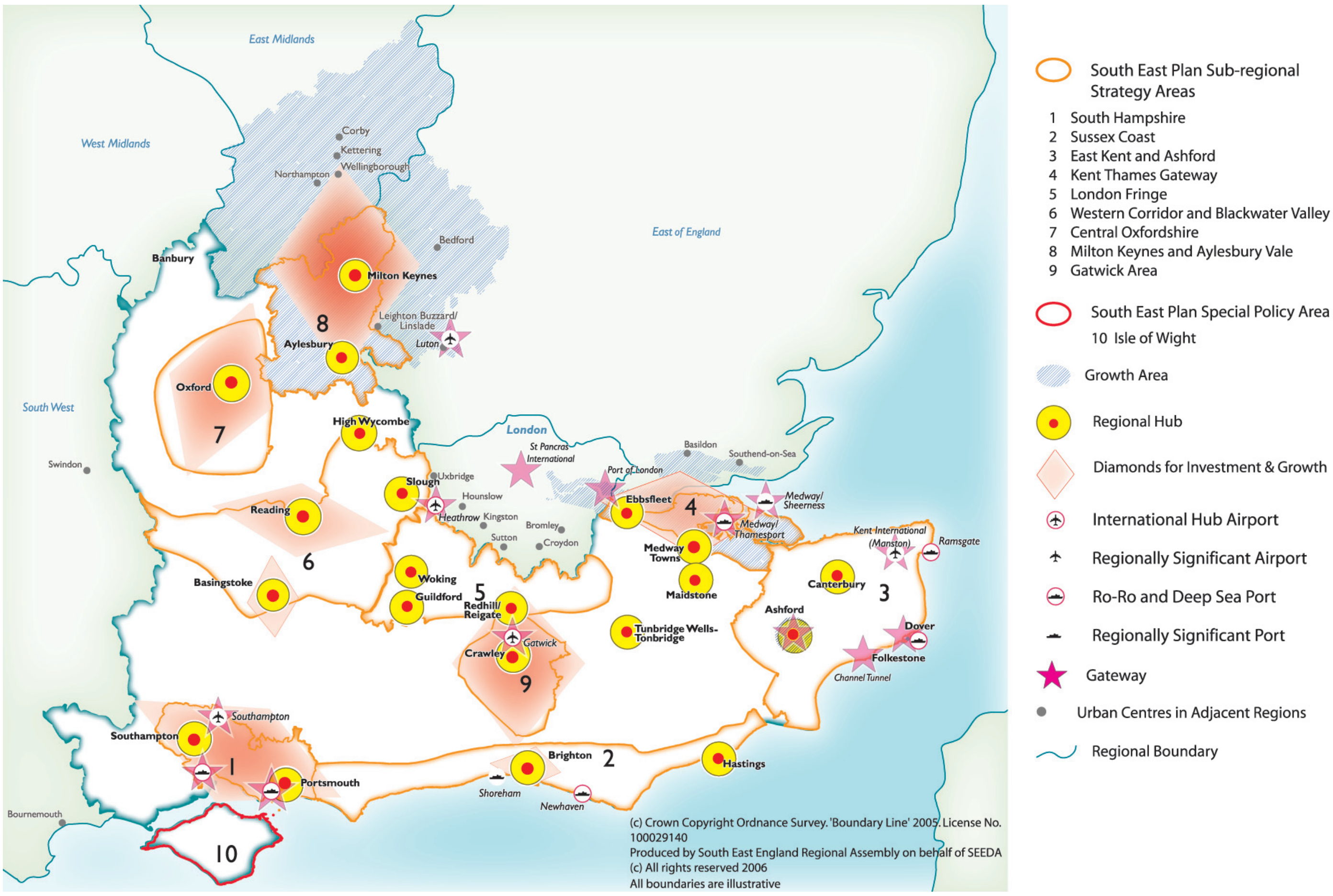
Each of these areas is at a different stage in developing its plans. Beyond the Growth Areas, Urban South Hampshire is currently most advanced, having developed an inclusive partnership of 11 local authorities and an analysis of the measures and investment that would be necessary to raise the average annual increase in GVA from 2.5% to 3.5% annually. Other Regional Hubs such as Guildford, Maidstone, Slough and Woking are also developing plans for sustainable growth, with Maidstone also negotiating for Growth Point funding. In addition, Hastings and Bexhill remain the focus for a major 10-year programme of regeneration and investment in its Five Point Plan for growth.

The Regional Economic Strategy will support these Hubs and Diamonds in developing and implementing their plans to unlock the potential for sustainable growth. The role of, and support for, these and other towns in underpinning sustainable prosperity will be developed in the frameworks and strategies for the Inner, Rural and Coastal South East.

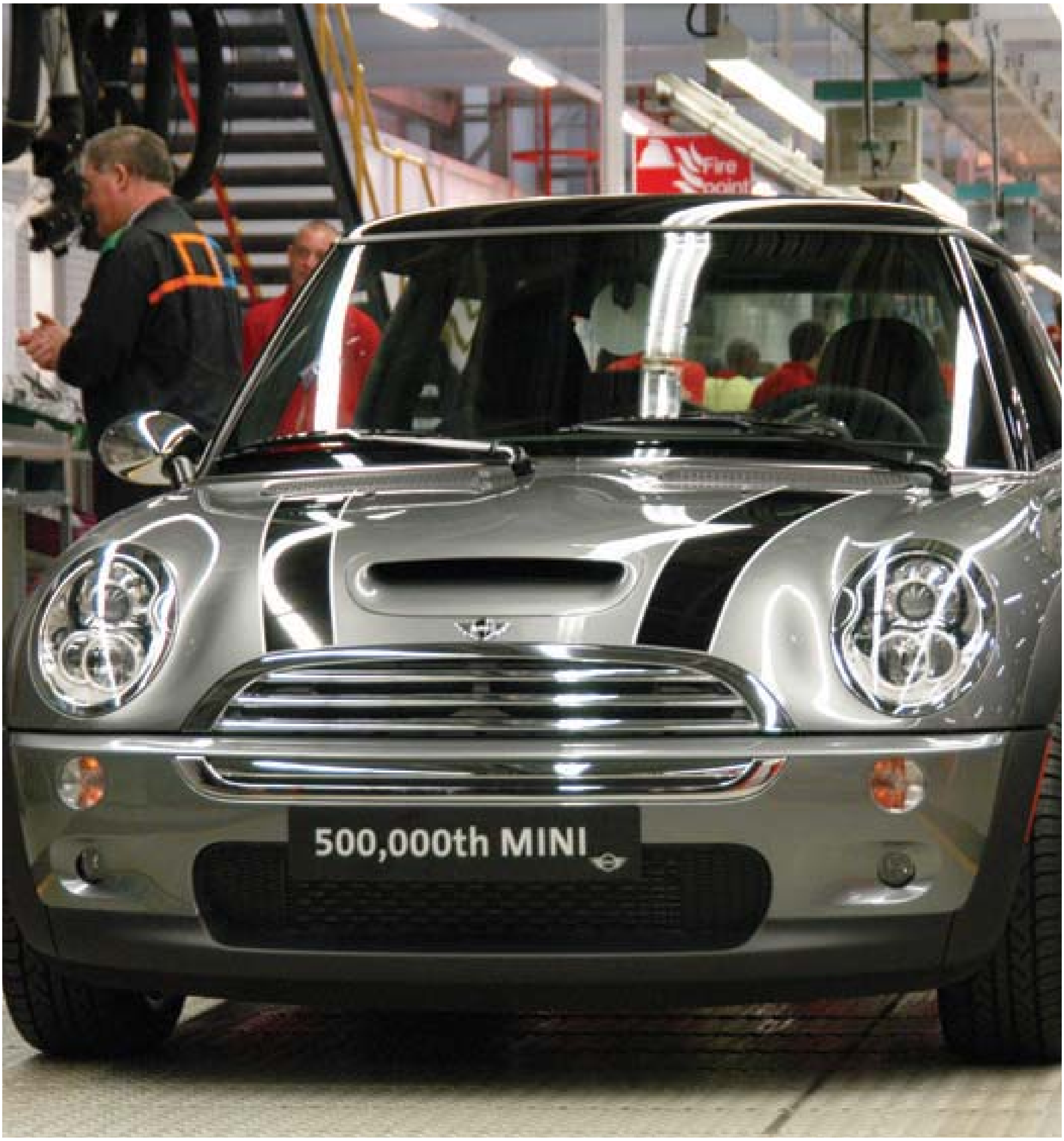
What's the goal?

Invest to unlock the potential for sustainable growth.

The Regional Economic Strategy will support these Hubs and Diamonds in developing and implementing their plans.



SECTION 3
The Vision, Values, Targets and Actions



Vision

By 2016 the South East will be a world class region achieving sustainable prosperity

Informing this **vision** are **three values** which run through the Strategy:

- **Building on excellence** for global competitiveness
- **Investing in potential** to lift underperformance
- **Safeguarding quality of life** as a competitive advantage

Three headline targets will be adopted. Progress towards all three of these will provide evidence of overall progress against the vision:

- Achieve an average annual increase in GVA per capita of at least 3%
- Increase productivity per worker by an average 2.4% annually, from £39,000 in 2005 to at least £50,000 by 2016 (in constant prices)
- Reduce the rate of increase in the region's ecological footprint (from 6.3 global hectares per capita in 2003, currently increasing at 1.1% per capita per annum), stabilise it and seek to reduce it by 2016

The Strategy is structured around three interlinked **objectives**:

- **Global Competitiveness:** achieving it
- **Smart Growth:** spreading the benefits of competitiveness
- **Sustainable Prosperity:** ensuring that competitiveness is consistent with the principles of sustainable development

For each of these objectives, a set of **measurable targets** is identified that demonstrate progress towards the goal. A context is provided for each objective or its components, with **actions** organised to demonstrate their contribution to individual targets. Each action is accompanied by a brief rationale, and a proposed lead organisation. Many of these actions are continuations of existing activities which are already embedded in the work of regional partners, but which may need greater coherence, clearer focus or renewed impetus. New actions are identified and marked in bold, and these will provide a particular focus for implementation planning.

The Strategy identifies **eight transformational actions** that have the potential to have particular impact across the breadth of the Strategy. These transformational actions, which will be developed by SEEDA with partners as appropriate, are grouped according to the challenge that they address most directly. In this way, the Strategy provides a clear hierarchy that connects individual actions to the overall vision, and is summarised overleaf.

Opposite

MINI production line at BMW, Oxford

Above

Spinnaker Tower by night, Portsmouth

The Vision, Values, Targets and Actions

Framework of the Regional Economic Strategy 2006 – 2016

Vision

By 2016 the South East will be a world class region achieving sustainable prosperity

Values

Building on excellence

Investing in potential

Safeguarding quality of life

Headline Targets

Achieve an average annual increase in GVA per capita of at least 3%

Increase productivity per worker by an average 2.4% annually, from £39,000 in 2005 to at least £50,000 by 2016 (constant prices)

Reduce the rate of increase in the region's ecological footprint (from 6.3 global hectares per capita in 2003, currently increasing at 1.1% per annum), stabilise it and seek to reduce it by 2016

Objective: Global Competitiveness

Targets

1 **Global Businesses and Foreign Direct Investment.** Increase the percentage of businesses located in the South East operating internationally from an estimated 10% in 2003 to 15% by 2016, maximising the South East's share of global Foreign Direct Investment.

2 **Knowledge Transfer and Business Expenditure on Research and Development.** Increase the proportion of businesses in the South East reporting R&D links with universities from 11% in 2005 to 15% by 2016, and increase business expenditure on research and development in the South East from 3.2% of Gross Value Added in 2003 to 4% by 2016.

3 **Innovation and Creativity.** Increase the percentage of total South East business turnover attributable to new products from 12% in 2004 to 20% by 2016, and the percentage attributable to significantly improved products from 18% in 2004 to 25% by 2016.

4 **Infrastructure.** Secure investment in infrastructure priorities to maintain international economic competitiveness.

Objective: Smart Growth

Targets

5 **Enterprise.** Increase the business stock by 35% from 35 businesses per 1,000 inhabitants in 2005 to 44 per 1,000 inhabitants by 2016, including 10,000 new businesses run by women by 2010.

6 **Skills.** Maximise the number of people ready for employment at all skill levels, and ensure they are continually equipped to progress in the labour market.

7 **Competition and Business Regulation.** Increase the level of participation of South East businesses (especially small businesses and social enterprises) in tendering for public sector contracts.

8 **Transport.** Reduce road congestion and pollution levels by improving travel choice, promoting public transport, managing demand and facilitating modal shifts.

9 **Physical Development.** Ensure sufficient and affordable housing and employment space of the right quality, type and size to meet the needs of the region and support its competitiveness, and create the climate for long-term investment through the efficient use of land resources, including mixed-use developments.

10 **Employment.** Improve the productivity of the workforce and increase economic activity from 82% to 85% by bringing 110,000 net additional South East residents of working age into the labour market by 2016 (as a step towards bringing up to 250,000 residents into the labour market by 2026).

Objective: Sustainable Prosperity

Targets

11 **Climate Change and Energy.** Reduce CO^2 emissions attributable to the South East by 20% from the 2003 baseline by 2016 as a step towards the national target of achieving a 60% reduction on 1990 levels by 2050, and increase the contribution of renewable energy to at least 10% of energy supply in the South East by 2010 as a step towards achieving 20% by 2020.

12 **Sustainable Consumption and Production.** Reduce per capita water consumption in the South East by 20% from 169 litres per day in 2003/04 to 135 litres per day by 2016, and achieve a 30% increase over the 2003 baseline in GVA generated per tonne of materials entering the waste stream by 2016.

13 **Natural Resources and the Environment.** Achieve measurable improvements in the quality, biodiversity and accessibility of green and open space.

14 **Sustainable Communities.** Enable more people to benefit from sustainable prosperity across the region and reduce polarisation between communities.

Actions: Global Competitiveness

1 Global Business
- 1.1 Joint team for trade & investment
- 1.2 Global Regions network
- 1.3 Investor aftercare
- 1.4 Market the Greater South East

2 Research and Development
- 2.1 Innovation Action Plan
- 2.2 Promote the region's knowledge base nationally and internationally
- 2.3 Skills for the 10-Year Science & Innovation Strategy

3 Innovation and Creativity
- 3.1 Develop Sector Consortia
- 3.2 Promote design for business
- 3.3 Develop high growth enterprise
- 3.4 Develop Enterprise Hub network

Transformational Actions

Global Competitiveness

100% Next Generation Broadband Coverage

Science and Innovation Campuses

Smart Growth

Skills Escalator

Raising Economic Activity Rates to 85% by 2016

Regional Infrastructure Fund

Sustainable Prosperity

Global Leadership in Environmental Technologies

Education-Led Regeneration

Making the Most of 2012

Top

Café culture in Tunbridge Wells, Kent (Kent Tourism)

Above

Aylesbury Vale Enterprise Hub

3.5 Create early stage business fund
3.6 Develop the Manufacturing Advisory Service (MAS)
3.7 Develop the Innovation Advisory Service (IAS)
3.8 Pan–regional collaboration on the Technology Strategy Programme
3.9 Leadership and management skills for entrepreneurs

4 Infrastructure
4.1 Airtrack to Terminal 5 by 2010
4.2 Upgrade Southampton – West Midlands freight corridor by 2009
4.3 Improve access to Port of Dover
4.4 Maintain good rail access to Gatwick Airport

Actions: Smart Growth

5 Enterprise
5.1 Integrated business support
5.2 Support for women's enterprise
5.3 Support for creative and leisure economy
5.4 Stimulate rural enterprise
5.5 Support home-based & micro-businesses
5.6 20 Enterprise Gateways by 2007
5.7 Integrate Corporate Social Responsibility (CSR)
5.8 Support enterprise teaching
5.9 Increase enterprise in under-represented groups

6 Skills
6.1 Skills to meet business needs
6.2 Improved skills brokerage
6.3 Respond to Leitch Review of future skill needs
6.4 Vocational & work based learning opportunities
6.5 Accessible community – based learning opportunities

7 Competition and Business Regulation
7.1 Support SMEs tendering for contracts
7.2 Focus public contracts on local suppliers
7.3 Positive regulation
7.4 Positive planning frameworks

8 Transport
- 8.1 Invest in key transport corridors
- 8.2 Integrated, inter-modal transport hubs
- 8.3 Innovative transport funding partnerships

9 Physical Development
- 9.1 Local housing market assessments
- 9.2 Deliver high quality sustainable homes
- 9.3 Develop a strategy for private sector housing renewal
- 9.4 Develop key employment sites
- 9.5 Develop surplus public sector land
- 9.6 Build local authority capacity to develop brownfield land
- 9.7 Support development with timely environmental infrastructure
- 9.8 Promote quality standards and best construction practice
- 9.9 Support skills for regeneration

10 Employment
- 10.1 Support workplace training
- 10.2 Encourage life-long learning
- 10.3 ICT for flexible working
- 10.4 Develop flexible and remote working policies which improve work-life balance
- 10.5 Promote a diverse workforce
- 10.6 Promote a healthy workforce

Actions: Sustainable Prosperity

11 Climate Change and Energy
- 11.1 Plan to manage climate change
- 11.2 Deliver infrastructure resilient to climate change
- 11.3 Support businesses innovation that adapts to climate change
- 11.4 Promote business opportunities arising from energy policy
- 11.5 Exemplar projects for local energy supply

12 Sustainable Consumption and Production
- 12.1 Promote reductions in water consumption
- 12.2 SEEDA to demonstrate exemplary water management
- 12.3 Business opportunities for water management, efficiency and treatment

Top

Waterfront at Gunwharf Quays, Portsmouth

Above

Bedgebury Pinetum, Kent (Bedgebury Pinetum)

12.4 Support sustainable consumption and production
12.5 Regional Action Plan for sustainable public procurement by 2007
12.6 Support resource recovery parks
12.7 Sustainability Checklist for mixed-use developments
12.8 Adopt 'Excellent' standards for SEEDA-funded developments

13 Natural Resources and the Environment

13.1 Measurable improvements in biodiversity and green infrastructure

14 Sustainable Communities

14.1 Involve communities in urban renaissance
14.2 Encourage Third Sector competition for public contracts
14.3 Work through Local Area Agreements for economic inclusion
14.4 Build capacity in the VCS to tackle barriers to economic inclusion and build social capital
14.5 Adopt Regional Index of Sustainable Economic Well-being as a measure of sustainable prosperity

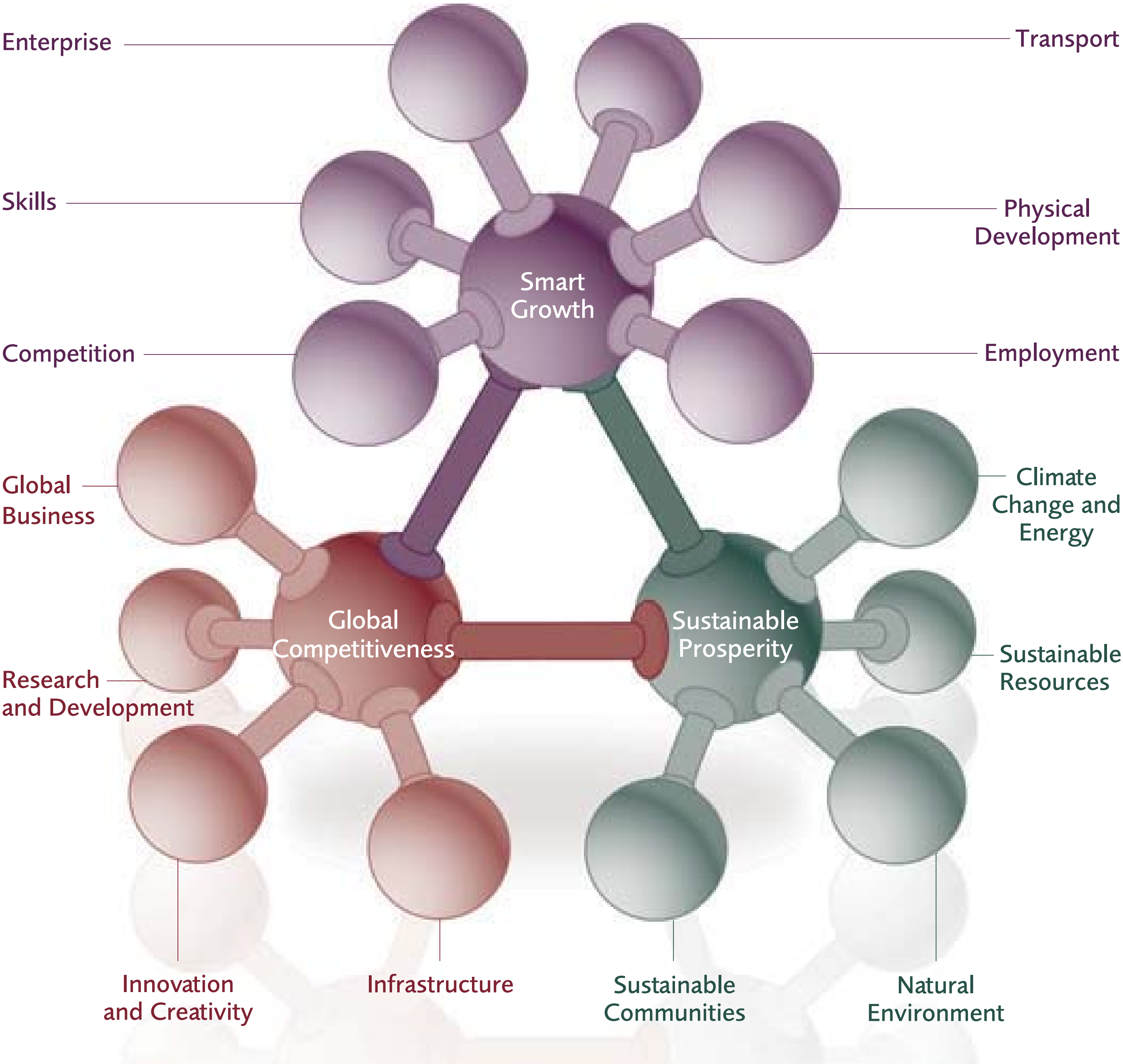
Top

Sheepdrove Organic Farm and The Kindersley Centre, Lambourn

Above

Lacuna Place site, Havelock Road, Hastings, East Sussex

SECTION 4
The Strategy



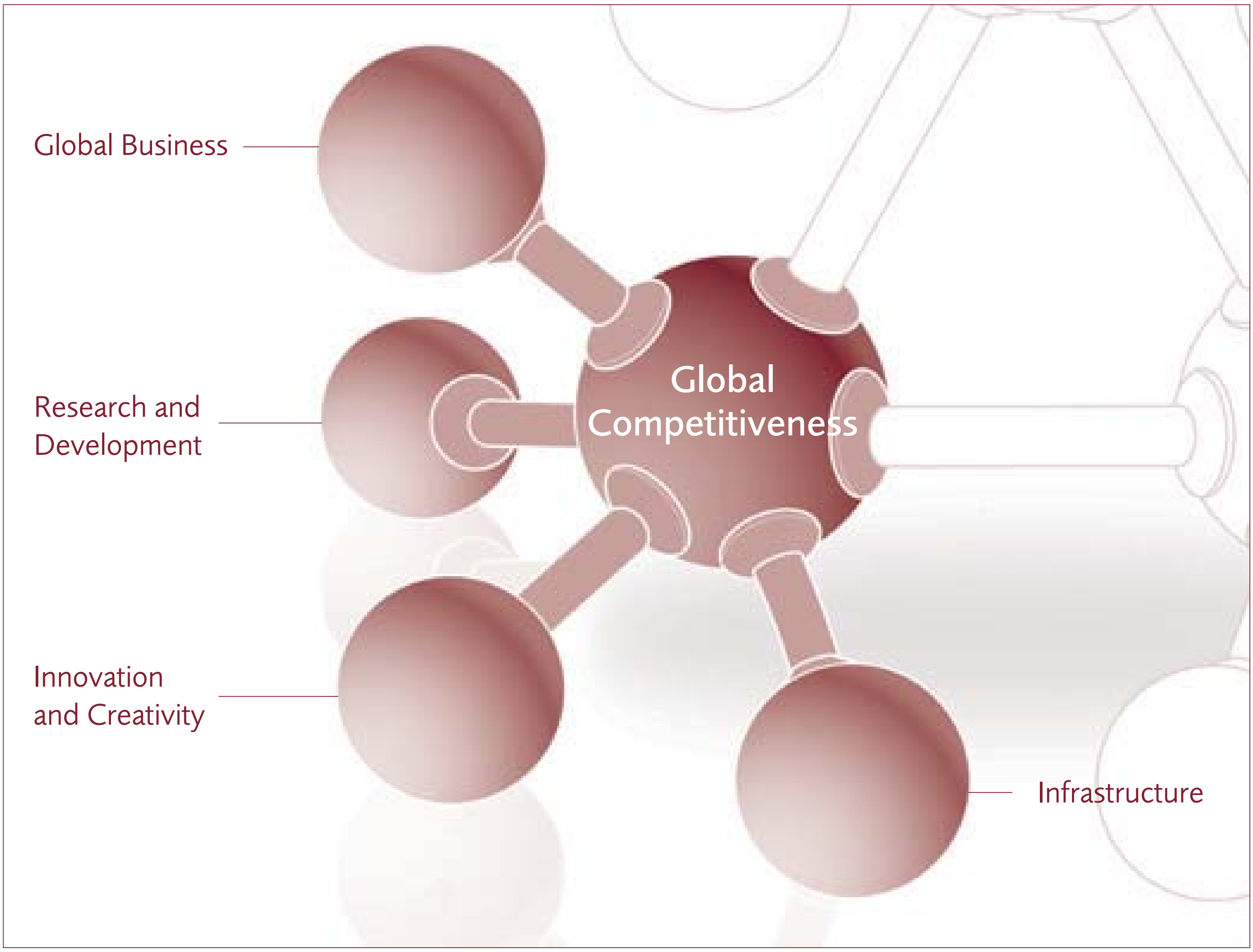
Objectives

1 **Global Competitiveness**

2 **Smart Growth**

3 **Sustainable Prosperity**

OBJECTIVE 1
Global Competitiveness



Targets

1 **Global Businesses and Foreign Direct Investment.** Increase the percentage of businesses located in the South East operating internationally from an estimated 8% in 2003 to 12% by 2016, and maximise the South East's share of global Foreign Direct Investment

2 **Knowledge Transfer and Business Expenditure on Research and Development.** Increase the proportion of businesses in the South East reporting R&D links with universities from 11% in 2005 to 15% by 2016, and increase business expenditure on research and development in the South East from 3.1% of Gross Value Added in 2002 to 4% by 2016

3 **Innovation and Creativity.** Increase the percentage of total South East business turnover attributable to new and improved products and services from 12% during 1998-2000 to 20% by 2016

4 **Infrastructure.** Secure investment in infrastructure priorities to maintain international economic competitiveness

Global Competitiveness

Context

The world economy is undergoing fundamental change with countries such as China, India, Brazil and Russia, as well as the Central and Eastern European Accession States, emerging as huge new markets offering significant opportunities and threats to South East businesses. At the same time, the USA and the rest of the EU remain dominant, both as sources and destinations for trade and investment. Much remains to be done in strengthening the inter-relationship with these developed markets, for example in attracting US spending on R&D. If the South East is to maintain its existing position as a leading global region, businesses will need to be able to respond to these opportunities and challenges in a way that is sustainable and takes advantage of the expanding global economy.

Global Businesses and Foreign Direct Investment

Although increasing globalisation will open up new markets for companies in the South East, it is also likely to increase competition for the region's key sectors. The Regional Economic Strategy needs to ensure that South East businesses, whether indigenous or headquartered overseas, are able to respond to these challenges by helping companies to globalise their business and so survive and grow.

Globalisation encompasses much more than the traditional areas of trade and investment; it also has implications for activities such as joint ventures and partnerships, technology transfer, and acquisitions and mergers. Equally, businesses no longer have to secure domestic markets before thinking of wider international markets, and are increasingly 'born global'.

An important element of the South East's existing success as a Global Region has been its strategic importance as the gateway to the rest of the UK and Europe, with transport and infrastructure of national importance. If the South East is to continue to attract and retain investment, it will be vital to improve the infrastructure that businesses require to respond to the pressures of the Global Economy. This includes not just the road network, but also the rail, airport and port infrastructures, as well as information and communications technologies. A skilled and healthy labour force is also of critical importance.

Innovation and Creativity

To drive the vision of an innovative region forward we need to attract and develop the creative individuals who will provide leadership and inspiration, and ensure that we have the capacity to deliver innovation. Creative human capital is a key driver of both regeneration and innovation in the region. Through encouraging

Above

Cara Technology Limited, Oxfordshire Enterprise Hub

Top

Solent Enterprise Hub, Portsmouth

Above

Barrels at Denbies Vineyard, Dorking, Surrey

Opposite

Diamond Synchrotron, Harwell Chilton, Oxfordshire

a highly creative atmosphere and culture to promote a quality of life and quality of place, the region will stand out as a key location for international business.

In July 2004, the Government published a 10-year Framework for Science and Innovation. This establishes a set of goals to raise innovation and productivity at national and regional levels. Most importantly, the publicly funded research base must be more responsive to business needs. This will lead to increased business investment in R&D and increased business engagement with the UK knowledge base. We will also need to ensure we have the capacity to manage and the higher skills needed to deliver innovation, including world class researchers and developers, entrepreneurs, leaders and managers.

The South East is rich in cultural and creative assets, which underpin business success in global markets and are a source of innovation which enters economic supply chains via the creative industries and elsewhere. The design sector, in particular, has a key role to play in delivering innovation, as highlighted by the Cox Review. The South East also has a strong creative arts knowledge base which promotes entrepreneurship in graduates, and co-operation and knowledge exchange with business. The South East has an important role to play in delivering the innovation agenda through finding and evaluating the levers and mechanisms which convert public investment in the knowledge base into business productivity and through stimulating greater business innovation in products, processes and services. Good practice in increasing innovation and effective knowledge transfer must be identified and promoted.

Becoming one of the top innovative regions needs concerted actions to stimulate greater knowledge transfer and innovation (and skills) in all types of business. In addition to encouraging new business development, it will be important to stimulating innovation in medium sized businesses (47% of manufacturing GVA in the South East is generated by businesses with 50 to 500 employees), including by encouraging supply chains and major companies to achieve product and process innovation through greater collaboration.

There are substantial opportunities to accelerate innovation in the region's land-based industries, for example around new premium products and processes, new opportunities arising from climate change, and support to explore markets for new crops for industry (including fuel and energy crops).

Infrastructure

Heathrow is the UK's only global hub airport and, together with Gatwick and Southampton, has been identified for further growth in the Future of Air Transport White Paper. These airports make a major contribution to the region's economy and are also responsible for major environmental impacts. Support for a third runway at Heathrow and associated additional terminal capacity must relate directly to the needs of the regional and national economy and goes hand in hand with substantial surface access improvements to meet the sustainability tests set out in the White Paper.

What's the goal?

For the region to stand out as a top location for international business.

GLOBAL COMPETITIVENESS
Actions to achieve targets

1. **Assist** more businesses to operate internationally and maximise the South East's share of foreign direct investment
2. **Increase** business expenditure on research and development, encouraging greater collaboration with the region's knowledge base
3. **Increase** the percentage of total South East business turnover attributable to new and improved products and services
4. **Secure** the infrastructure needed to maintain international economic competitiveness

1 Assist more businesses to operate internationally and maximise the South East's share of foreign direct investment

	Action	Rationale	Lead
1.1	**Fully exploit the opportunities presented by the creation of a single regional team encompassing trade and investment, underpinned by a joint trade and investment regional international strategy.**	The UKTI/SEEDA International Team was established in January 2006 to ensure the region can anticipate and adapt to the challenges and opportunities of globalisation. The Strategy will identify specific sectors and technologies which the region needs to promote and attract to ensure that it retains and builds on its competitiveness. There will also be a focus on assisting existing exporters into emerging markets, such as China and India.	UKTI SEEDA Universities
1.2	**Strengthen the international network of global partners from similar high performing regions overseas.**	This will breakdown barriers to competition and help identify commercial opportunities for our companies and universities. The network will also help identify global best practice and provide a basis for benchmarking the performance of the South East.	UKTI SEEDA Universities Business Representative Organisations
1.3	**Further develop a programme of aftercare support for investors as part of a broader Investor Development Programme.**	This will ensure that strategically important investors are embedded into the economic fabric of the region, ensuring the benefits are maximised for all. Developing closer relations with major investors will underpin a more targeted approach to securing further investment.	UKTI SEEDA Economic Partnerships
1.4	**(New Action). Develop and utilise the offer of the Greater South East's collective strengths by working with regional partners in London and the East of England.**	A partnership approach is required to showcase the collective strengths of the Greater South East as a global centre for business, science and creativity, working with regional assemblies and the Greater London Authority.	UKTI SEEDA LDA EEDA

2 Increase business expenditure on research and development, encouraging greater collaboration with the region's knowledge base

	Action	Rationale	Lead
2.1	Respond, with the advice of SESETAC, to the Government's 10-Year Investment Framework in Science and Innovation, through developing and delivering SEEDA's Innovation Action Plan.	The Innovation Action Plan will help deliver the 10-Year Framework through increased Knowledge Transfer, Innovation and Skills, to increase the number of businesses engaged in collaboration with the knowledge base, and to accelerate knowledge transfer in key emerging technologies where the region already has established strengths.	SESETAC
2.2	**(New Action). Promote the strengths of the South East's knowledge base, including Higher Education Institutions and public sector research establishments, to regional, national and international businesses. Assist foreign companies to access the innovative capabilities of the region's knowledge base and businesses.**	Identify and promote strengths e.g. through the Research Excellence Directory regionally and nationally. Develop, with UKTI and FCO, links with foreign universities and research institutions to assist South East-based companies with accessing innovative capabilities across the world.	SEEDA UKTI HESE SESETAC
2.3	Ensure a skills perspective to the 10-Year Framework for Science and Innovation, ensuring that innovation and creativity are underpinned by excellent skills.	The science, technology, engineering and mathematics (STEM) mapping review has identified too many initiatives of limited impact. A regional STEM support centre has been developed to rationalise and bring coherence to STEM initiatives, in partnership with the regional SETpoints and Science Learning Centre, and key stakeholders, to ensure programmes have critical mass. Key priorities are: • increasing the supply and retention of skilled researchers and developers, and increasing STEM graduate employment in SMEs to stimulate innovation; • training more advanced technicians, including through life-long learning; • effective professional development for STEM teachers; • ensuring that leaders and managers can support the increase the region's capacity for innovation, • developing entrepreneurial thinking at all educational levels and across all sectors.	SESETAC Regional STEM Support Centre RSPA

3 Increase the percentage of total South East business turnover attributable to new and improved products and services

	Action	Rationale	Lead
3.1	Support further development of the following key Sector Consortia: • South East Media Network (digital content) • Marine South East (marine technologies) • South East Health Technologies Alliance (health technologies) • Envirobusiness South East (environmental technologies and services) • South East Centre for the Built Environment (built environment) • Farnborough Aerospace Consortium (aerospace and defence)	Sector Consortia provide a business-led focus for collaboration to spark new ideas, identify opportunities and bring more innovation to market through business-to-business engagement. Sector Consortia will work closely with the region's knowledge base through SEEDA's Knowledge Networks. Further consortia will be considered if appropriate to the needs of key sectors. Appropriate land and premises will be required to meet the needs of regionally important sectors.	Sector Consortia
3.2	**(New Action). Promote the importance of design and creativity across all sectors, to realise the true market value of the South East's rich technology and creative resources, and maximise the contribution of the creative industries to the South East economy.**	Successful innovation is more than just about take-up of technology and should seek to deliver new values to customers. SEEDA's new Design for Business project, developed with the Design Council, will ensure that businesses are strongly supported to take on design capabilities. It will be fully integrated with Business Link, Enterprise Hubs and the Manufacturing Advisory Service.	Business Link Service Providers SEEDA MAS IAS
3.3	Continue to develop a programme to support high expectation enterprise, which will be key drivers of the economy in 10 years' time.	This requires intensive support to allow these entrepreneurs to develop their ideas and to bring them to market. It also requires a programme of development from raw idea to market launch that makes the best use of the current business support available.	SEEDA Enterprise Hubs
3.4	Develop, support and consolidate the Regional Enterprise Hub Network.	Enterprise Hubs are now a world-leading initiative, helping entrepreneurs to bring groundbreaking ideas to market in the most effective way possible.	SEEDA
3.5	**(New Action). Create an integrated South East early stage business fund by merging existing funding programmes.**	A larger, more flexible fund will remove unnecessary barriers, simplify access and support businesses through each stage from proof of concept to commercialisation.	Finance South East Enterprise Hubs
3.6	Develop the Manufacturing Advisory Service (MAS) to improve its effectiveness and impact and make it into a fully sustainable service.	The MAS provides hands-on support to enhance productivity and promote a culture of innovation within businesses and their supply chains. If continuous improvement is to be sustained, it needs to become widely embedded across South East manufacturing, and this will require strong links to skills and innovation initiatives, and to supply chain development.	Manufacturing Advisory Service

	Action	Rationale	Lead
3.7	Develop the Innovation Advisory Service (IAS), providing intensive support to those businesses with the most capacity for sustained innovation and the potential to influence others through their supply chains.	Through its network of specialist advisors, the Innovation Advisory Service will increase the base of innovating businesses by advising on technology-based and other innovative solutions. A simpler offer to business is needed, through more integrated support with national advisory schemes and other SEEDA business support delivery arms.	Innovation Advisory Service
3.8	Encourage pan-regional collaboration and good practice on innovation, to maximise the economic value released through innovation both regionally and nationally.	Through SEEDA's national lead role in Innovation, RDAs have worked together to extend their innovation and knowledge transfer programmes; establish Science and Industry Councils; develop closer pan-regional and regional-national collaborative on the Technology Strategy Programme and on innovation support. This approach will be developed further through, for example, the Innovation Platforms initiative.	SEEDA
3.9	**(New Action). Develop support mechanisms that ensure entrepreneurs can access leadership and management skills they need to innovate and thus grow successful businesses.**	A successful world class knowledge economy needs business leaders and managers who embrace and exploit the innovation challenges posed by global competitiveness. They need to be able to access high quality, appropriate solutions for personal development.	HEIs Private Providers Public Sector Businesses

4 Secure the infrastructure needed to maintain international economic competitiveness

	Action	Rationale	Lead
4.1	Secure funding for the delivery of Airtrack into Heathrow Terminal 5 by 2009- 2010.	This is essential to the sustainable growth Heathrow Airport and requires a definitive scheme to be developed, with implementation through a public and private sector funding package.	Department for Transport Network Rail BAA plc
4.2	Support the sustainable growth of the Port of Southampton and secure gauge upgrading on the South Hampshire – Midlands National Rail Freight Corridor by 2009.	The delivery of this national freight corridor needs to be developed jointly with Network Rail and other stakeholders to implement a scheme already designed.	Network Rail ABP plc
4.3	Develop a comprehensive access management package for the Port of Dover.	Overcoming the regular freight bottlenecks is essential to maintain and improve the Port's productivity.	Dover Harbour Board
4.4	Ensure Brighton Mainline provides appropriate facilities for Gatwick Airport users to access London and the South Coast.	This requires a service solution to accommodate the specific needs of air passengers and ensure the Airport operator can deliver its sustainable access targets.	Train Operating Companies

Transforming the South East

100% Next Generation Broadband Coverage • Science and Innovation Campuses
Regional Infrastructure Fund • Raising Economic Activity Rates
Skills Escalator • Global Leadership in Environmental Technologies
Education-Led Regeneration • Making the Most of 2012

Above

Achieving 100% next generation Broadband coverage throughout the South East

Opposite

Slough Enterprise Hub

Anytime, anywhere access to Broadband services will:

- Transform the way people work - enabling work location to be less important and encouraging new ways of working
- Transform the way people learn – allowing school children, college and university students to access learning when and wherever they choose
- Improve business efficiency and create the potential for new innovative businesses and applications
- Improve public services
- Reduce travel, road congestion and carbon emissions
- Improve work-life balance
- Help reduce digital and social exclusion

To be competitive in a global economy the South East will require new high speed data distribution infrastructures because the existing telephone infrastructure was not designed to carry high speed Broadband traffic. Optical fibre will provide for the highest bandwidth requirements and wireless will provide mobile services and, importantly, fill in gaps where wired provision takes time to deploy for commercial reasons. Technological and commercial issues will dictate that both fibre and wireless services will happen first in urban areas. There is consequently a danger of a new urban-rural Broadband divide and SEEDA will work with partners to minimise this.

The different problems of implementation in rural areas will require the use of emerging wireless technologies such as WiMAX to provide the cost effective coverage of thinly populated areas. The ability to delivery this service will be crucially dependent on the availability of the necessary spectrum on a national or even regional basis. SEEDA will work with private and public sector partners to lobby for the issue of the necessary licenses.

The foundations for the new services will be new fibre optic and wireless infrastructures as the existing copper network will not have sufficient capacity to meet growing 21st Century demands. Fibre will provide the bulk

of the bandwidth available, with wireless technology used to fill the gaps where wired provision is either not physically possible or uneconomic. Technological and commercial issues will favour the installation of the service first in urban areas. In order to prevent a Broadband divide emerging between urban and rural areas it will be necessary for partnerships to exploit global best practice in reaching the less densely populated areas and also to encourage innovative solutions to minimise it. Minimising any emerging divide is important, as much of the transformational value of the Broadband network results from the 'whenever wherever' nature of the service.

BT's 21st Century Network (21CN) has started to deploy fibre optics to the exchanges. The next stage will be to:

- Encourage distribution to kerbside and local distribution points to bring it closer to customers
- Identify and engage with potential major users such as universities, hospitals and large businesses which might provide the keystones for the structure
- Ensure that all new developments have the necessary infrastructure to support the use of next generation Broadband
- Create 'Wireless Cities' through technical, commercial and procurement assistance

Transforming the South East

100% Next Generation Broadband Coverage • **Science and Innovation Campuses**
Regional Infrastructure Fund • Raising Economic Activity Rates
Skills Escalator • Global Leadership in Environmental Technologies
Education-Led Regeneration • Making the Most of 2012

SEEDA will work with businesses, universities, public sector research establishments other leading research institutions and central government departments to encourage and stimulate the establishment of at least two new Science and Innovation Campuses in the region, drawing together all of the elements needed to maximise the economic and social benefits of the region's world class science, engineering and technology base and business strengths. These campuses will build on internationally recognised regional research groups and provide business with new opportunities to develop new and innovative knowledge based products and services needed to compete in the global marketplace.

The Campuses will address the gap left by the demise of many large corporate research and development laboratories and capitalise on the trend towards greater business to business collaboration particularly at the pre-competitive research and development stage of new product development. Building on international best practice, these Campuses will provide a space, and access to specialist scientific instrumentation and facilities, where businesses and academics can research and rapidly develop new products and services to address current and emerging market needs. They will a provide focal points for business clusters and knowledge transfer networks together with training, innovation and enterprise services. Consultancy and technology brokerage services will also be provided for smaller firms.

To pilot this approach, SEEDA will continue to work closely with the **Central Laboratory for the Research Councils** to establish the **Harwell Science and Innovation Campus** particularly with respect to promoting business engagement with the project and the establishment of new advanced and accredited courses for advanced instrumentation engineers.

The campus is being developed in parallel with the Daresbury Science and Innovation Campus in the North East. This collaboration will provide an internationally outstanding knowledge base supporting and enabling more businesses to compete globally.

Global Competitiveness
The European Dimension

There are three reasons why the South East needs to engage with Europe:

1. To work with European member states and similar regions to draw on the benefits for our own global competitiveness through trade, joint ventures and research projects.
2. To access European funding and programmes available to member states to meet our own economic, social and environmental objectives, and to ensure that localities in need of targeted support can continue to benefit from Assisted Area status.
3. To influence the climate of regulation and legislation which has a direct impact on South East business and other key economic factors.

1. To work with European member states and similar regions to improve our global competitiveness through trade, joint ventures and research projects.

The South East offers foreign direct investors a gateway to a European market of more than 500 million people; firms in the South East are part of the supply chains of European companies and, in turn, are increasingly sourcing their supplies from countries elsewhere in Europe. Europe is also the home of current competitors who can increasingly be collaborators and business partners, in meeting the challenges posed by rapidly developing economies of Asia and Latin America.

The South East needs to continue working with comparable regions elsewhere in Europe to develop understanding of best practice, exchange experience and collaborate to influence EU policies. Current examples include the GROW network of successful regions, and the PURPLE network of peri-urban regions.

2. To access European funding and programmes available to member states to meet our economic, social and environmental objectives as agreed in the region, and to ensure that localities in need of targeted support can continue to benefit from Assisted Area status.

European Union initiatives can assist in achieving each of the three objectives of the Regional Economic Strategy. For example:

- The Seventh Framework Programme for Research and Development (2007-2013) offers the academic community, South East businesses, and regional bodies an opportunity to build on the excellent record of regional participation in leading

Above

The European Union flag

edge scientific, technological enquiry and demonstration projects, particularly with an information and communications technology theme.

- A number of specific initiatives will also be available to build on the success of HST, FINESSE, IMPACTE and similar programmes which have served the region well so far by supporting strategically important transport development.

Existing EU Structural Fund monies received during the current 2000-2006 budget period in Hastings and Dover (£25 million under Objective 2), Kent, Medway, East Sussex and Brighton & Hove (£76 million under INTERREG), the Thames Gateway (£8 million for urban actions), and £8 million received in five rural areas will soon be coming to an end.

The objectives of this Regional Economic Strategy coincide closely with the objectives the EU has set itself to achieve over the lifetime of its next (2007-2013) budget, expressed in practical programmes and instruments available to member states to increase competitiveness, raise levels of knowledge and innovation, and create employment (the Lisbon Strategy).

A large proportion of the Community Budget continues to focus on Structural Funding, which will be available to all member states. The arguments for investing in areas of opportunity and success as well as in areas of need, can apply to European funds as much as to national investment. Examples of available interventions include the following:

- Small but significant amounts of funding will be offered under the Competitiveness Programme for initiatives in enterprise, innovation and skills.
- A cross-border strand under the Co-operation Programme has the potential to include the South Coast in collaborative ventures with France, the Netherlands and Belgium in order to develop initiatives in environment, broad economic development, the marine sector, tourism and culture.
- There will also be opportunities to access European funding to improve the contributions made to regional prosperity through rural businesses and communities.
- The current framework of State Aids is also currently being reviewed by DTI, with a move towards fewer areas with better targeted assistance.

Top

Freight containers being transferred directly from ship to rail wagons at the Port of Southampton, as part of SEEDA's European co-funded IMPACTE project

Above

EU-funded LEADER+ Growing Skills project, East Sussex

Opposite

White Cliffs, Dover, Kent (Kent Tourism)

3. To influence the climate of regulation and legislation which has a direct impact on South East business and other key economic factors

The majority of legislation affecting economic development continues to originate in the EU. The region has a number of mechanisms open to it to engage in the process to best represent the South East interest – the Joint Europe Committee of the South East England Regional Assembly, South East England House in Brussels, local members of bodies such as the Committee of the Regions and the Economic and Social Committee, and like-minded members of European networks.

The South East should be positioning itself to:

- Identify potential relevant legislation
- Assess its likely impact on key sectors and develop a coherent view
- Mobilise to shape legislation as it passes through the European legislative process and
- Continue to monitor progress and advocate the South East view when the legislation is being transposed into British law, to try to head off 'gold-plating' in the UK legislative system

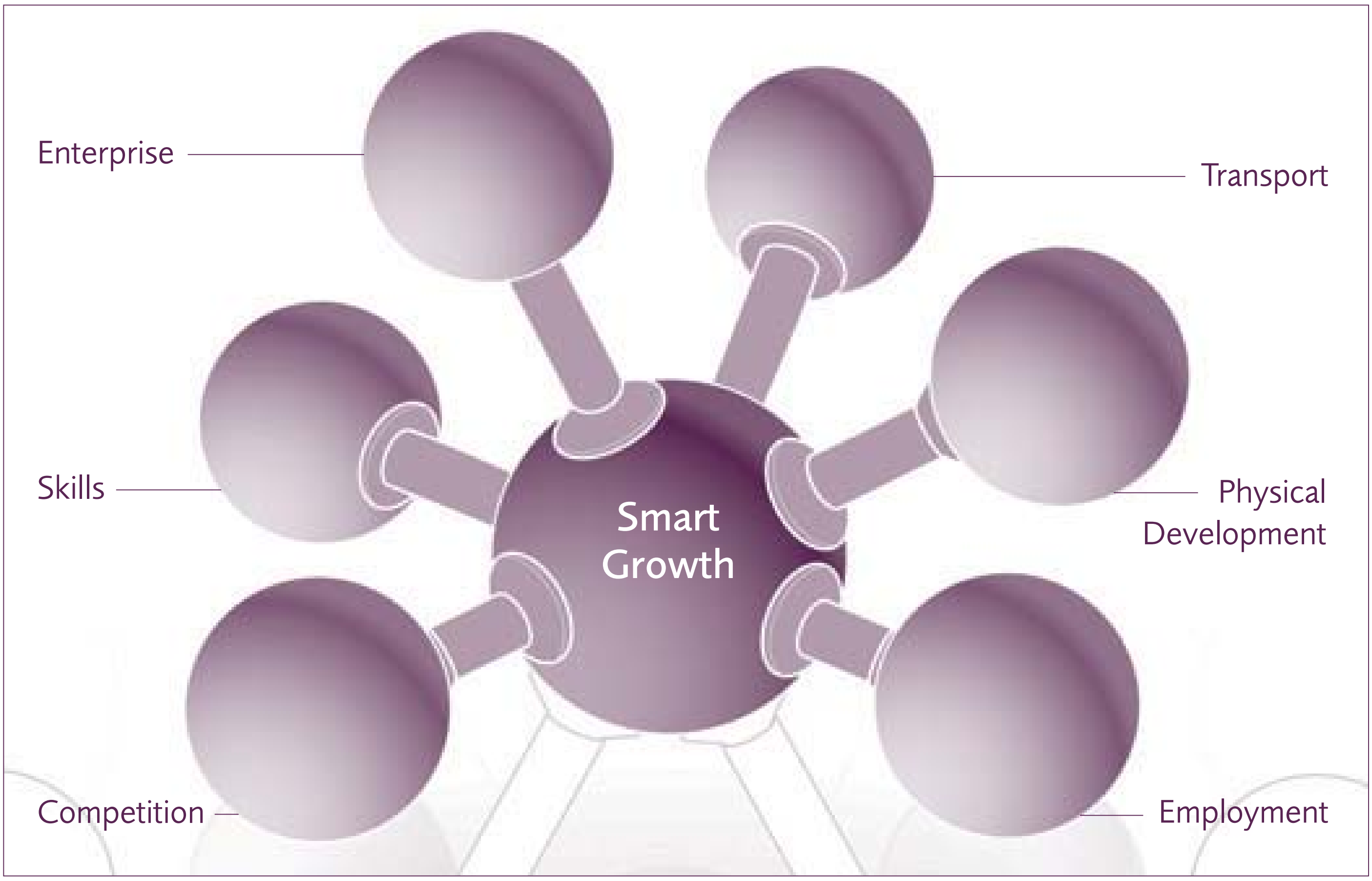
Assessing the effectiveness of existing regulation, and advocating the repeal of outdated legislation, should also be part of this post-legislative monitoring and follow-up. All of this work will require close collaboration and effective partnership working both in the South East and in Brussels.

What's the goal?

Become a leader in delivering the Lisbon Strategy.

The South East will work with comparable regions elsewhere in Europe to understand best practice, exchange experience and collaborate to influence EU policies.

OBJECTIVE 2
Smart Growth



Targets

5 Enterprise. Increase the business stock by 35% from 35 businesses per 1,000 inhabitants in 2003 to 44 per 1,000 inhabitants by 2016, including 10,000 new businesses run by women by 2010

6 Skills. Maximise the number of people ready for employment at all skill levels, and ensure they are continually equipped to progress in the labour market

7 Competition. Increase the level of participation of South East businesses (especially small businesses and social enterprises) in tendering for public sector contracts

8 Transport. Reduce road congestion and pollution levels by improving travel choice, promoting public transport, managing demand and facilitating modal shifts

9 Physical Development. Ensure sufficient and affordable housing and employment space of the right type and size to meet the needs of the region and support its competitiveness, and create the climate for long-term investment through the efficient use of land resources, including mixed-use developments

10 Employment. Improve the productivity of the workforce and increase economic activity from 82% to 85% by bringing 110,000 net additional South East residents of working age into the labour market by 2016, as a step towards bringing up to 250,000 residents into the labour market by 2026

Smart Growth

Enterprise

Context

Although levels of entrepreneurial activity in the South East are improving, and higher than the national average, there remains a significant gap with our key international competitors, particularly the USA. The South East start-up rate in 2003 was 3.8 businesses per 1,000 inhabitants, compared with five per 1,000 inhabitants in London and eight per 1,000 inhabitants in the US as a whole. This masks differences within the region – in 2002 just 3.3 new businesses per 1,000 inhabitants were started in the most deprived wards of the region but 4.9 businesses in the best performing parts of the region. Women are under-represented in entrepreneurial activity; evidence suggests men in the South East are 2.4 times more likely to start a business than women.

The Global Entrepreneurship Monitor 2005 found that high expectation entrepreneurs could be responsible for up to 80% of new jobs. High expectation enterprise is defined as all early-stage businesses that expect to employ at least 20 employees within five years. High expectation enterprise activity is highest in the US (c.1.6% of adult population), roughly twice the rate in the UK and Germany (c.0.7% each).

The evidence base demonstrates that there are pockets of entrepreneurial strength in some parts of the region and in some sectors. However, the region still has significant untapped potential for business start-ups in rural areas, disadvantaged communities, coastal towns and amongst those demographic groups which are under-represented amongst business owners. Large disparities in business ownership are apparent in terms of ethnic background, disability, age and geographical location, as well as gender.

There is huge growth potential in the South East for social enterprise and niche businesses serving diverse and under-represented communities. If new businesses are to emerge through this development route, it will be necessary to support accessible finance mechanisms for entrepreneurs from culturally diverse backgrounds, and also to harness the potential of public procurement. Business support also needs to be responsive to the different accessibility and cultural needs of diverse groups in order stimulate enterprise and business growth across the broadest base of entrepreneurs, offering new routes into economic activity for these groups too.

Above

Sittingbourne Enterprise Hub, Kent

Smart Growth

Actions to achieve the target: enterprise

5 **Increase** the business stock by 35% from 35 businesses per 1,000 inhabitants in 2005 to 44 per 1,000 inhabitants by 2016, including 10,000 new businesses run by women by 2010

6 **Maximise** the number of people ready for employment at all skill levels, and ensure they are equipped to progress in the labour market

7 **Increase** the level of participation of South East businesses (especially small businesses and social enterprises) in tendering for public sector contracts

8 **Reduce** road congestion and pollution levels by improving travel choice, promoting public transport, managing demand and facilitating modal shifts

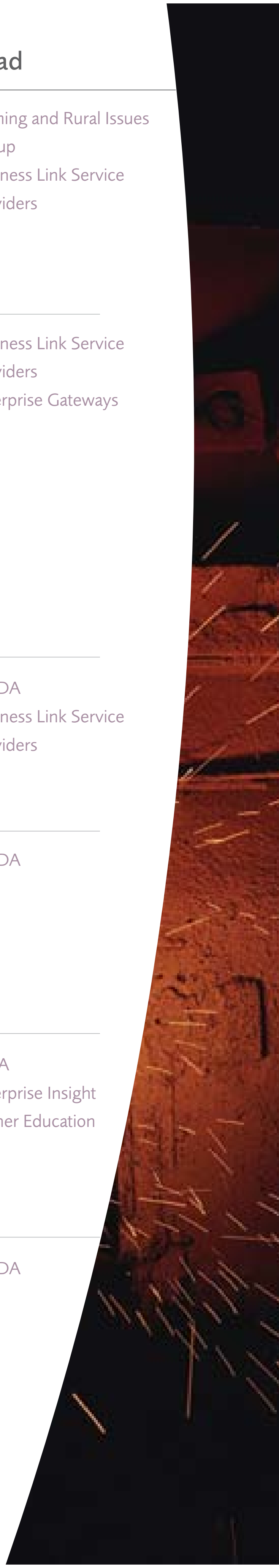
9 **Ensure** sufficient and affordable housing and employment space of the right type and size to meet the needs of the region and support its competitiveness, and create the climate for long term investment through the efficient use of land resources, including mixed-use developments

10 **Improve** the productivity of the workforce and increase economic activity from 82% to 85% by bringing 110,000 net additional South East residents of the working age into the labour market by 2016, as a step towards bringing up to 250,000 residents into the labour market by 2026

5 Increase the business stock by 35% from 35 businesses per 1,000 inhabitants in 2005 to 44 per 1,000 inhabitants by 2016, including 10,000 new businesses run by women by 2010

	Action	Rationale	Lead
5.1	Implement an integrated approach to business support.	There is a substantial amount of business support available in the region, but businesses perceive that the offering is fragmented. SEEDA's responsibility for Business Link provides the opportunity to develop an integrated and simplified approach to business support which puts businesses in the driving seat through the Joining Forces initiative.	Small Business Service Joining Forces Steering Group
5.2	Implement improved and better targeted support for women's enterprise.	Realising the untapped potential of women's enterprise, in particular, could make a major contribution to improving the region's start-up rate. Currently around 50,000 South East Businesses are owned by women; we aspire to increase this by 10,000 by 2016.	South East Women's Enterprise Group
5.3	Support new and growing businesses in the creative, cultural, leisure, sporting and visitor economy sectors.	Since the creative industries are the fastest growing sector in the region, it is important that services are designed with their needs in mind and delivered in ways that reach creative businesses effectively. The region's visitor economy faces particular opportunities in the build up to the 2012 Olympic Games and Paralympic Games. Tourism South East will work closely with businesses servicing the visitor economy to deliver a step change in the performance of the industry and make the South East a 'must visit' region.	Tourism South East Culture South East Finance South East Cultural Agencies Business Link Service Providers

	Action	Rationale	Lead
5.4	Stimulate rural enterprise and nurture new and existing businesses based on good market intelligence, making use of networks, collaborations and co-operatives and centres of excellence.	More than 100,000 of the region's 350,000 businesses are based in rural areas. Enterprise services need to be relevant and accessible to rural businesses.	Farming and Rural Issues Group Business Link Service Providers
5.5	**(New Action). Support the development of home-based businesses, particularly targeting rural and women owned businesses. Recognise the importance of micro businesses and home-based businesses, the major contribution made from the voluntary sector and the potential for social enterprise.**	Home-based working often leads to self-employment and business start-ups. Already more than one in nine people in rural areas work from home, and home-based businesses offer benefits in reducing congestion, strengthening local communities and assisting urban renaissance.	Business Link Service Providers Enterprise Gateways
5.6	Expand the Enterprise Gateway Network from nine to 20 Gateways by 2007.	Levels of enterprise in the region's most disadvantaged communities are well below the regional average. The Enterprise Gateway network was established to fill a gap in provision, and early results demonstrate that it has a unique role to play.	SEEDA Business Link Service Providers
5.7	**(New Action). Build sustainability and corporate social responsibility into everyday business practice.**	The capacity of Sustainable Business Partnerships, Business Link Service Providers and business networks needs to be strengthened. The challenge is to create an integrated and simplified menu of opportunities for businesses, enabling them to improve productivity through sustainable practices.	SEEDA
5.8	Enhance the teaching of, and support for enterprise in schools, colleges and Higher Education.	Enterprise and employability skills in schools, colleges and Higher Education Institutions need to be highly developed in order to better equip new entrants to the workforce with skills and competences required not only by employers but also as a sound basis for creating their own businesses.	RSPA Enterprise Insight Higher Education
5.9	**(New Action). Stimulate increased levels of enterprise among under-represented groups.**	Focusing on under-represented groups (especially women, minority ethnic groups, people with disabilities, grey entrepreneurs and social enterprises) and on geographical areas such as rural communities and the coastal towns and cities, there is real potential to increase the rate of business start-ups. Business Link Service Providers will need to address this by targeting under-represented groups, to ensure that business support meets their needs. Support for social enterprise will play a major role in reaching these groups.	SEEDA



Smart Growth

Skills

Above

Chichester College, one of the 'Action for Business Colleges' in the South East created to meet the needs of local employers

Opposite

Work underway at Sealift, East Cowes, Isle of Wight

Context

In comparison with the rest of the UK, the South East as a whole has a relatively well qualified workforce. Nevertheless this masks substantial variations within the region, with coastal parts of the region in particular lagging seriously behind both regional, and in some cases national, averages. These skills deficiencies tend to be reflected in lower economic activity and employment rates, lower earnings and lower productivity.

Despite relatively high skills profiles at the regional level, many employers in the region encounter persistent difficulties in finding workers with relevant basic, technical and specialist skills. Skills gaps identified by employers in the South East equal UK average levels, with over a fifth of South East employers reporting skills gaps in their workforces in 2003.

While the South East has a lower proportion of its working age population with no skills than any other UK region, this still equates to almost a million people of working age in the region with poor literacy skills, while around 900,000 people have poor numeracy skills. Most of these people are in jobs: their prospects, and the productivity of their employers, are limited by the gaps.

The Regional Skills for Productivity Alliance has a key role in ensuring that current and future skills provision and labour market services meet the needs of businesses, and in stimulating demand for higher level skills. Along with its constituent partners, it will have a supporting, influencing and enabling role in delivering the skills actions in the Regional Economic Strategy.

Taking a longer term view, the current skills profile in the UK and the South East is inadequate to sustain the scale of production of high quality goods and the delivery of high quality private and public services required to compete in international markets and to meet domestic demand effectively and efficiently. The Leitch Review argues that the UK must urgently raise its game and set itself a greater ambition to have a world class skills base by 2020. The South East must respond to this challenge. Skills at all levels are therefore recognised as a key driver for the region's prosperity and a core component of the Regional Economic Strategy, particularly given the challenge of an ageing population.

Unique repositories of skills remain untapped throughout the region – older workers, culturally diverse communities and people with

disabilities all have the potential to add significant value to the region's economy. As the proportion of residents aged 65 and over rises over the next few years, it will become increasingly important to tap the skills of older people. The growing importance of in-migration from the EU and beyond also offers a unique opportunity to support the transfer of existing skills as well as bring global perspectives to the business environment. This will only happen if new and existing communities are supported to avoid being trapped in – or even excluded from – the lowest paid jobs. This requires the provision of adequate language skills support, and through removing barriers to accessing information, employment and training.

What's the goal?

Close the skills gaps at all levels as a key driver for the region's prosperity.

Smart Growth
Actions to achieve the target: skills

6 Maximise the number of people ready for employment at all skill levels, and ensure they are equipped to progress in the labour market

	Action	Rationale	Lead
6.1	Ensure education and training providers deliver skills provision and services to meet business requirements and stimulate the demand for higher level skills, including the use of Sector Skills Agreements.	This will include further encouragement of business representatives and the Sector Skills Councils to engage with the region's education and training providers, for example building a network of 30 Action for Business Colleges, to ensure qualifications and learning opportunities reflect current industry practice.	Regional Skills for Productivity Alliance Sector Skills Councils Action for Business Network
6.2	**(New Action). Clarify and simplify the skills offer to businesses across the region and address skills deficits, particularly those at intermediate level.**	Employers require effective advice on and referrals to appropriate, demand-led training through the employer skills brokerage service and Sector Consortia.	Regional Skills for Productivity Alliance Sector Skills Councils LSC
6.3	**(New Action). Increase the percentage of the working age population with qualifications at Level 2 or higher from 66% in 2003 to at least 80% by 2016, and the percentage with qualifications at Level 4 or higher from 28% in 2003 to at least 40% by 2016.**	The Leitch Review defines the skills profile the UK needs to aim for by 2020 to support productivity, economic growth and social objectives over the longer term.	Regional Skills for Productivity Alliance LSC
6.4	**(New Action). Ensure that all young people and adults of all ages in the region have access to relevant diplomas, vocational and work-based learning opportunities, including the number, range and quality of apprenticeships and other vocational opportunities including foundation degrees – in skills centres and elsewhere.**	Effective information, advice and guidance is critical to helping young people make informed decisions on career choices and for adults in career change periods. Lifelong Learning Networks have an important role here. This will include the need to ensure provision of appropriate sites and premises, to meet increases in the demand for skills.	Learning & Skills Council Regional Skills for Productivity Alliance Lifelong Learning Networks
6.5	**(New Action). Develop an action for communities model with providers and other partners.**	The task here is to ensure that there is a wide range of accessible learning provision in the community and that the LSC funding reaches those most in need. This includes economically inactive people who want to work, and those already in work who need skills to progress.	LSC

Smart Growth
Competition

Context

The UK is characterised by relatively open markets, and it is important that that this position is maintained in the face of increasing mobility of business in a global age. Competition policy and regulations condition the environment in which business and other economic actors operate. Roughly 85% of legislation applying to the South East originates in the EU, and businesses across the region are affected by health and safety regulations, the Working Time Directive and Single Market regulations. The EU is currently reforming State Aid, and the Assisted Area map is being re-drawn. Both of these will reduce the level of EU support for business in the South East.

Whilst the overall regulatory framework is ultimately determined nationally or internationally, mechanisms exist to promote the interests of the region when legislation is in its early drafting stages within the EU, and before it is transposed into UK law.

High regulatory standards offer businesses distinct opportunities as well as challenges. In particular, environmental regulation seeks to deliver a healthy and high quality environment, which is recognised as a factor in the South East's long-term economic success. Modern regulation increasingly adopts a risk-based approach that rewards good performance and encourages businesses to manage their impact on the environment. High environmental standards and efficient resource use increase competitiveness at company level, smart regulation also creates new markets for environmental goods and services. This stimulus for innovation offers real business and employment opportunities for the region, which is well placed to gain a leading edge in environmental technologies because of its existing spread of businesses and R&D base.

Within the South East, there is clear scope to pursue measures to stimulate competition, particularly around the issue of procurement and the encouragement of small and medium enterprises to tender for public contracts. New procurement frameworks are needed to broaden the base of businesses who tender for public sector contracts. These frameworks will also need to encourage participation by social enterprises and businesses from all communities.

Recent planning reform has focused strategic planning powers at regional level, and synergies between the Regional Spatial Strategy, the Regional Transport and Housing

Above

Whitfield Solar, Reading Enterprise Hub

Above

Chatham Maritime in 1984 (top) and nearly two-thirds complete (below)

Opposite

The Innovation Centre, Hastings, East Sussex

Strategies and the Regional Economic Strategy are a statutory requirement. Implementation of these strategies needs to recognise the links between land use, economic prosperity and travel demand. This requires a positive planning framework to support efficient competitive and innovative businesses, commercial and industrial sectors. The increased devolution of decision-making, for example through the Regional Funding Allocations process, allows greater alignments of priorities.

Smart Growth
Actions to achieve the target: competition

7 Increase the level of participation of South East businesses (especially small businesses and social enterprises) in tendering for public sector contracts

	Action	Rationale	Lead
7.1	Improve business support available to help small and medium enterprises and social enterprises tender for contracts.	If firms, particularly small firms, co-ordinate their efforts to tender successfully for contracts, economic benefits will more readily be retained within the region.	SEEDA Business Link
7.2	**(New Action). Identify areas of the public sector where there is potential for more procurement from local SMEs, and encourage alliances and collaboration to increase local procurement by improving client-side capacity.**	The public sector will benefit from early engagement with potential suppliers, raising levels of innovation and achieving continuous improvement throughout the tendering process.	Government Agencies
7.3	Develop the region's capability to influence legislation and regulations affecting the region's economy, including rural businesses.	The region needs to make the South East's case clearly to EU and UK Government.	Business Representative Organisations South East England Regional Assembly
7.4	Develop a proactive approach to improving planning performance and speed.	A positive planning framework is required for sustainable prosperity.	South East England Regional Assembly Local Authorities

Smart Growth
Transport

Top

Hastings Station, East Sussex

Above

Reading Station

Opposite

Southampton International Airport

Context

An effective transport system is one of the fundamental requirements for the continuing competitiveness of the region. The major challenges lie in addressing congestion and the disparities between economically successful parts and those with untapped economic potential.

To address congestion and avoid the tipping point that will undermine the region's competitiveness, we need to focus on solving bottlenecks in the infrastructure system, on promoting investment in and usage of public transport wherever possible and on developing mechanisms such as congestion charging and access monitoring to improve demand management on the existing transport system. Developing a clear and coherent view of regional transport priorities is essential, and the role of the Regional Transport Board is vital in this regard. Regional Funding Allocation guidance prepared in early 2006 represents an important step here. A more responsive planning system will enable regional stakeholders to consolidate development needs with transport capacity.

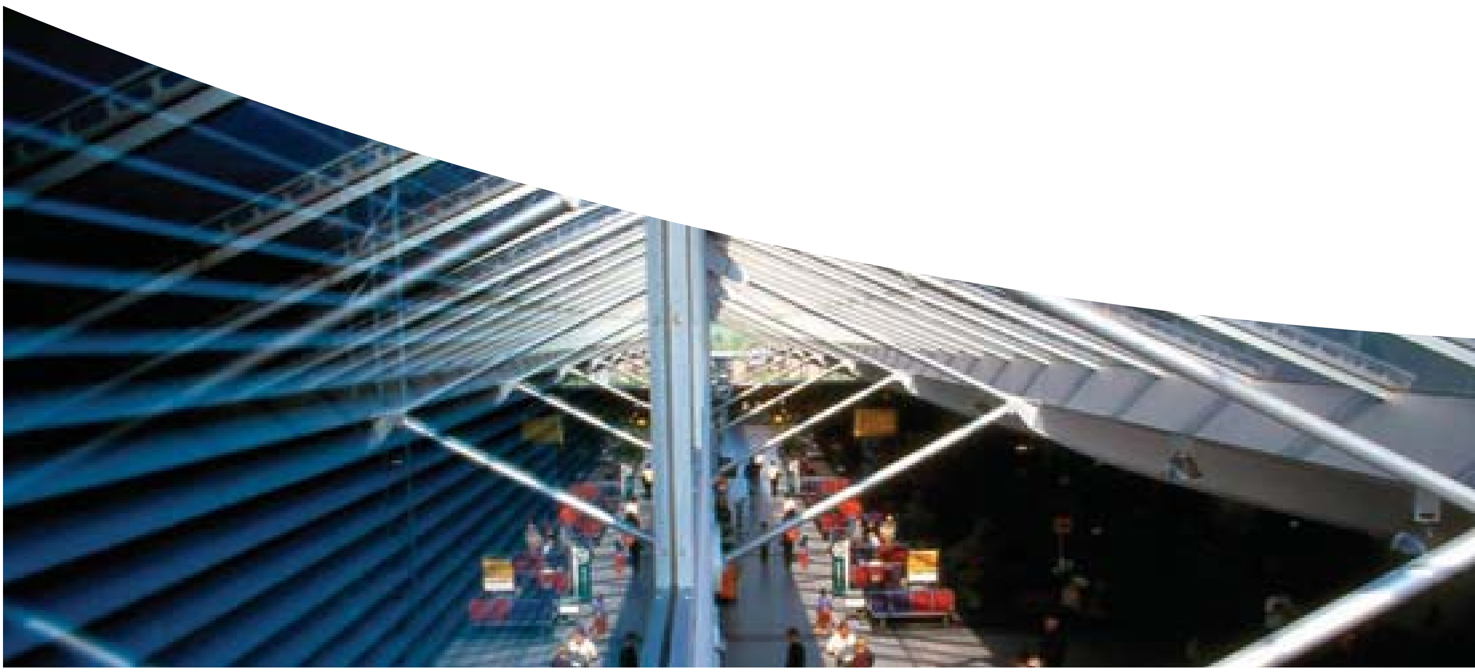
The region is part of the Greater South East, with its complexity of passenger, commuter and freight movements around London as well as through it. This means that a number of locations in the region operate as major transport hubs. Some of these, such as the track and signalling around Reading Station, require improvements in order to increase capacity. The Thames Valley in particular suffers from high levels of congestion, hindering international access to London Heathrow Airport and the ports.

In addition, the region needs to improve accessibility from relatively remote and from rural areas to service infrastructure, employment opportunities and above all to the primary transport network. Innovative transport solutions and funding approaches need to be developed in order to enable rural and remote communities to play an active part in the regional economy and to enable agricultural and other businesses in rural areas to access people and markets. This must include new thinking across related policy areas, such as the use of flexible working supported by developments in ICT to reduce commuting, while enhancing health and productivity.

Smart Growth
Actions to achieve the target: transport

8 Reduce road congestion and pollution levels by improving travel choice, promoting public transport, managing demand and facilitating modal shifts

	Action	Rationale	Lead
8.1	**Invest in transport to support strategic economic corridors.**	Specific priorities are the South Coast (including the A27 at Arundel and Worthing, and radially the A21), the A3 at Hindhead, the need to fully capitalise on CTRL domestic services in the Thames Gateway, the Brighton-Gatwick-Croydon Corridor, the South Hampshire-West Midlands A34 and rail multi-modal corridor, Thames Valley Artery, Oxford to Cambridge Arc connection and Milton Keynes-Aylesbury Growth Area supported by East West Rail Link, cross London regional connections (CrossRail and Thameslink) and in the longer term, subject to further assessment of need and impacts, a lower Thames crossing.	Network Rail Highways Agency
8.2	**Invest in integrated, intermodal transport hubs of national and international economic significance.**	Specific priorities are Ashford, Ebbsfleet, Reading, Oxford, Milton Keynes, Gatwick, Heathrow, Thames and Medway Ports, Dover Port and Southampton.	Local Authorities Network Rail SEEDA BAA Port Authorities
8.3	**Develop deliverable and sustainable solutions for regional road, rail and light rail schemes of national and regional significance.**	Partnership working among stakeholders will need to be supported by innovative funding packages.	Regional Transport Board



Smart Growth

Physical Development

Top

Construction at Woolston, Southampton

Above

Fishing Village, Chatham Maritime, Kent

Context

The region's position is that further growth in housing and employment space requires investment in infrastructure alongside that growth. Housing is an essential part of the infrastructure needed to support the region's economy as well as a critical component of the Government's Sustainable Communities agenda. The relationships between housing supply, population growth, labour supply, productivity and GVA are complex. However, it is vital to ensure that plans for housing provision (in terms of numbers, location, type and quality) meet the needs of the region's economy and the people who live here.

Affordability continues to be a key issue for the region, and the challenge is demonstrated by the falling number of people joining the housing market for the first time. The proportion of house purchases accounted for by first time buyers in the South East has fallen from 48% in 1993 to 18% in 2003. This already has a damaging impact on the ability of employers to attract and retain staff. Whilst Government funding must contribute to the supply of affordable housing, the role of the private sector is increasingly significant. A range of affordable housing options in both urban and rural areas are required to meet the needs of those on lower incomes unable to access homes at market prices, including options for rent, shared ownership and intermediate housing. The cost and availability of intermediate housing is not yet adequate and there remain pockets of unacceptably low standards in both the public and private rented stock.

New homes should meet the highest standards of design and sustainability, including efficient use of energy and water, and technical infrastructure such as Broadband. The current target of 60% of housing to be built on brownfield land is being achieved, and needs to continue to be the focus of future development, along with better use of empty buildings, which are a wasted resource and are often a blight on local environments. Nevertheless, new housing development accounts for only 1% of homes in the region. Thus increasing investment in private sector housing renewal has a crucial role to play in achieving sustainable resource consumption, as well as improving poor housing quality. For example, the existing stock will need to be refitted to accommodate growing trends towards home-based working and to reduce household energy and water use.

Businesses also need an adequate supply of land for employment. An appropriate level and range of industrial and commercial space is vital, as is its location in relation to housing. This is vital in order to improve the sustainability of communities, reduce congestion and stem the emergence of dormitory towns and villages. Space provided must include a range of provision, from flexible workspace for enterprise to the preservation of working waterfronts for use by the region's marine sector.

All new development must be supported by adequate and timely provision of environmental infrastructure that meets the highest standards of design and sustainability. This includes waste management, water supply and resources, wastewater treatment, sewerage, surface drainage capacity and flood risk management. The infrastructure must be provided in sufficient time for the phasing of major new developments, but opportunities for investment in sustainable infrastructure will occur both with new development and the replacement of old or otherwise inadequate infrastructure. The Growth Areas represent a major opportunity to deliver the highest standards of sustainable construction – including a requirement for sustainable infrastructure, especially transport, water, waste, energy and community facilities.

SEEDA's work on physical development contributes towards the overarching ambition of sustainable prosperity, supporting and creating the infrastructure and locations that promote business in the region and using SEEDA's developments as exemplars that practically demonstrate 'best practice' in areas of design and sustainability. The aim is to create a balanced approach mixing physical demonstration, policy lead and capacity building to directly influence the behaviour of partners and stakeholders on the quality of the built environment.

What's the goal?

New development supported by adequate and timely provision of infrastructure that meets the highest standards of design and sustainability.

Smart Growth

Actions to achieve the target: physical development

9 Ensure sufficient and affordable housing and employment space of the right type and size to meet the needs of the region and support its competitiveness, and create the climate for long-term investment through the efficient use of land resources, including mixed-use developments

	Action	Rationale	Lead
9.1	**(New Action). Encourage close collaboration between local authorities to develop local- and sub-regional housing market assessments.**	Collaboration will be necessary to ensure an adequate supply of housing of the right quality, type, tenure and size alongside the provision of appropriate and timely infrastructure to enhance regional and sub-regional competitiveness. Rural communities will also need a sufficient supply of affordable homes.	Regional Housing Board Local Authorities
9.2	Encourage innovative approaches and address the barriers to delivering quality and sustainable housing across all sectors.	Initiatives such as development forums will identify and share good practice.	Regional Housing Board
9.3	Develop and implement a private sector housing renewal strategy for the region.	This is needed in order to tackle non-decent housing and houses in multiple occupation, as well as to improve energy efficiency and water consumption, and to identify actions which will have the greatest impact.	Regional Housing Board
9.4	Ensure that physical development supports sustainable prosperity by investing in success and releasing untapped potential.	Accessible and well located sites for employment and mixed uses should be retained and developed where there is a good prospect of use.	Local Authorities SEEDA
9.5	Ensure the best use of public agency land assets surplus to requirements.	The South East contains 16% of all brownfield land in the UK. Making the best use of previously developed land is critical to sustainable development. The public sector is in a strong position to set standards and lead by example on its own sites.	English Partnerships SEEDA
9.6	Build the capacity of local authorities to deliver brownfield development.	A significant proportion of the development industry's output is driven by the public sector. In addition to its regulatory role the public sector is a major investor in the built environment.	SEEDA English Partnerships
9.7	**(New Action). Ensure that development is supported by the delivery of adequate and timely environmental infrastructure.**	Achieving sustainable prosperity relies on adequate funding for, and planned construction of, environmental infrastructure. This includes water supply, sewerage and sewage treatment, surface water drainage, flood risk management and waste management.	Environment Agency Local Authorities

	Action	Rationale	Lead
9.8	Ensure a wider understanding and adoption of quality standards and best practice in construction and encourage developers from both the public and private sector to raise their design aspirations.	A building project matters to everyone who comes into contact with it. It should be fit for purpose, sustainable, efficient, coherent, flexible and responsive to context. The procurement of construction projects should seek to optimise the combination of whole life costs and design quality to meet users' requirements. SEEDA will establish performance standards for its own development projects.	South East Excellence South East Centre for the Built Environment Architecture & Built Environment Centres
9.9	**(New Action). Increase the number of organisations and people with the skills, knowledge and behaviour to confidently and competently take forward significant regeneration and development projects.**	Raising skills to deliver significant physical change is essential to sustained economic success. As well as specific technical skills, research has highlighted the need to increase the number of people with generic skills such as effective leadership; communication, team working and complex project management skills.	South East Excellence Sector Skills Councils

Graham Franks/WSCC/PPL

Smart Growth

Employment

Above

NHS Staff at the Alton Community Hospital, Hampshire, participating in the SEEDA 'Skills for Life' courses

Context

The South East's labour force is one of the most effective in Europe. We work more productively than every other region in the UK except London, and sustain an economy that is the 20th largest in the world. The South East has one of the highest employment rates in Europe. In 2003 economic activity stood at 82%, 7% higher than the UK as a whole. Our economy also continues to demand more labour, with high job vacancy rates in many parts of the region.

However, economic and demographic changes mean that we cannot afford to be complacent. By 2007, the South East will have more adults of retirement age than children. Our shrinking tax base and tight labour market makes sustaining growth ever more difficult. Whilst the South East as a whole has high levels of economic activity significant numbers of residents in the region are economically inactive. In 2005, almost 900,000 South East residents of working age were not participating in the South East Labour Market.

Ensuring that our workforce continues to be able to support a rapidly changing economy will mean developing new skills, identifying new labour sources and undertaking a more flexible approach to how and where we work. As a region, our aim must be to develop a labour market that can respond quickly to new skills demands, include all those who want to work and encourage, through the use of ICT and planning policies, the sustainable growth of businesses which appreciate the value of a diverse workforce.

There is also a clear case for raising levels of health in the workplace. Health and productivity are two sides of the same coin, and successful organisations are increasingly based on an approach to employer/ employee relationships which are open and share information, leading both to increased productivity and to reduced sickness absence.

More generally, achieving a healthy work-life balance offers benefits for businesses and workforces alike. New opportunities are emerging, such as the use of ICT to enable higher levels of home-based and remote working. These will only deliver lasting gains if the benefits are shared by employers and employees, with full involvement in the development of new working practices.

Smart Growth

Actions to achieve the target: employment

10 Improve the productivity of the workforce and increase economic activity from 82% to 85% by bringing 110,000 net additional South East residents of the working age into the labour market by 2016, as a step towards bringing up to 250,000 residents into the labour market by 2026

	Action	Rationale	Lead
10.1	**(New Action). Work with employers to support in-work training schemes; provide vocational training and support in a range of learning styles; and target the support of Further Education (FE) and Higher Education (HE) courses in industrial sectors that have significant skills gaps.**	Within the workplace, employees at all skill levels must be supported to progress within their occupations, both to meet employer needs and to avoid unsustainable low-skilled low-wage traps.	Regional Skills for Productivity Alliance HE Group LSPAs Trade Unions
10.2	Encourage a culture of learning throughout business and community life.	The economy is not static. Businesses and individuals need to anticipate and adapt, and recognise life-long learning as the responsibility of all.	Regional Skills for Productivity Alliance
10.3	**(New Action). Enable coverage and access to ICT support throughout the region, and promote the development of flexible working in quality jobs, including in rural areas.**	This will reduce commuting times and congestion, while also supporting increased productivity, improved health and reduced resource use.	Businesses Trades Unions
10.4	**(New Action). Enable all employers to develop and implement flexible working policies and ensure that regional planning policy supports flexible working.**	This will seek to change perceptions and culture to embrace new ways of working, achieve a better work-life balance and contribute to a better quality of life.	Businesses Trades Unions
10.5	Increase awareness among employers with regard to equalities and disability legislation, promoting the benefits of a diverse workforce to employers.	This will help employers not only to comply with legislation, but to understand the value of a diverse workforce, including retaining and attracting older workers. To include providing flexible work opportunities in order to retain older people within the workforce. Practical guidance will be needed on addressing the needs and barriers associated with age, gender, cultural and ethnic background, migrant workers and disability.	RPSA PROWESS PRIME CROW NIACE SIPSE
10.6	**(New Action). Support businesses and organisations to develop strategies which place physical and mental well-being at the heart of their drive to increase productivity.**	This will improve attendance rates and increase productivity through broader accident and illness prevention. To include promoting physical activity in and around the workplace, and participation in cultural and leisure pursuits.	NHS SEEDA Cultural agencies

Transforming the South East

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Skills Escalator • Global Leadership in Environmental Technologies
Education-Led Regeneration • Making the Most of 2012

Above

Golden Lane, Brighton

Opposite

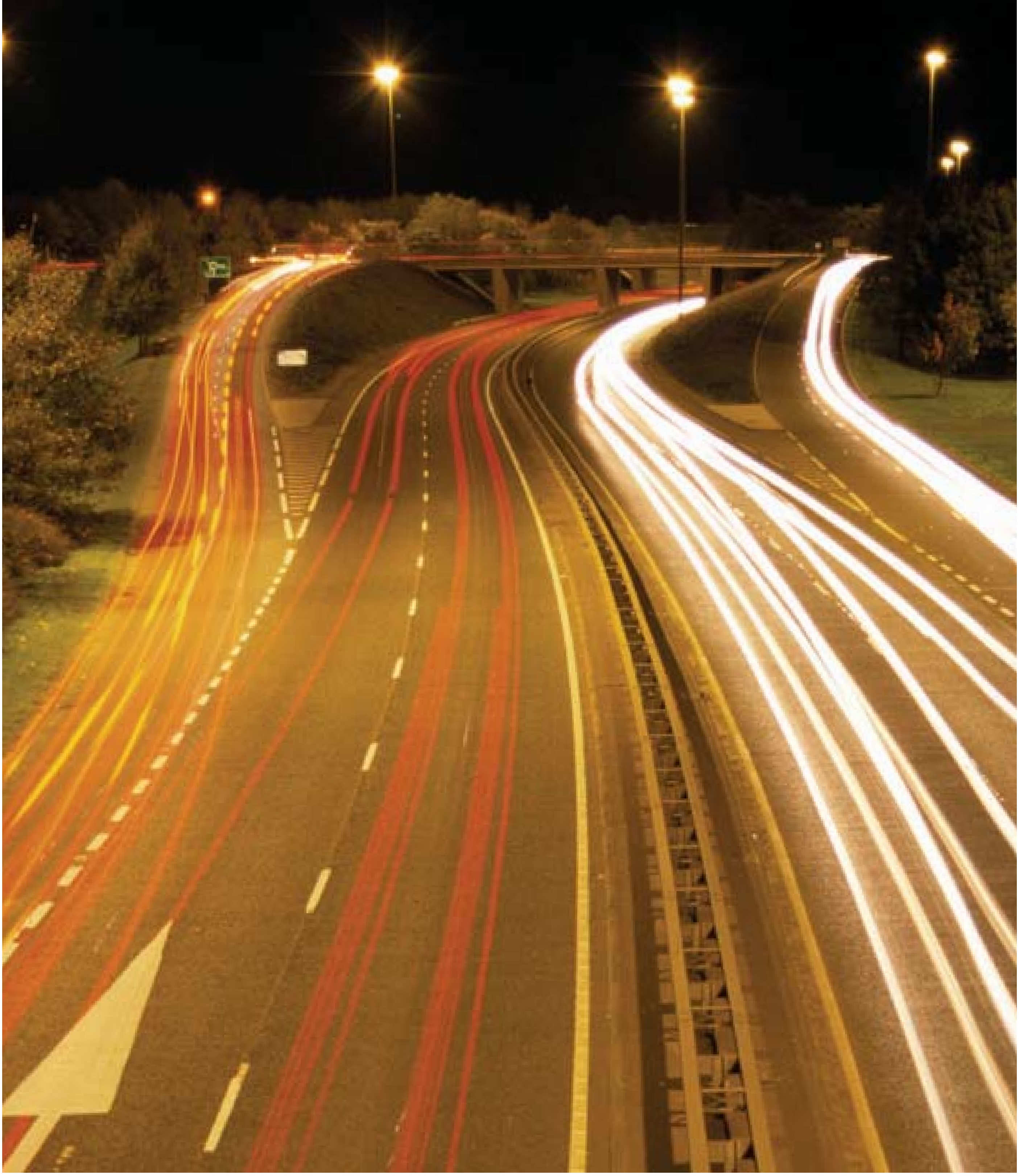
Sussex roads at night (Dave Porter/PPL)

Regional Funding Allocations from Central Government for economic development, transport and housing currently amount to over £700 million annually. Existing commitments against these allocations are high, with virtually no flexibility to address emerging and some long standing concerns on the provision of transport infrastructure.

There is also currently no provision at a regional level for funding of other infrastructure initiatives related to services such as water, power and waste, and no current mechanisms to enable these issues to be addressed to support the sustainable development of the region. In all, current levels of funding fail to enable infrastructure to be delivered in a pro-active and timely manner to facilitate planned levels of growth.

In their Regional Funding Allocations submission to the Government, SEEDA, the South East England Regional Assembly and the Government Office for the South East therefore proposed to create an investment vehicle and revolving loan fund, to be known as the Regional Infrastructure Fund (RIF). This will be the catalyst for unlocking growth potential and economic competitiveness. An initial proposal envisaged that the fund would be pump-primed by adding an additional 10% to existing regional funding allocations (around £70 million per annum at current levels). If such funds are not immediately available, SEEDA and the South East England Regional Assembly will nevertheless seek to create a group of partners to bring forward new funding and delivery solutions and continue to lobby for additional financial support to deliver projects.

Other potential sources of funds include income from levies placed on the development of new housing and commercial projects, an element of the proposed Planning Gain Supplement, and contributions from other partners such as central or local authorities, and service providers. The objective will be to ensure that necessary services and transport infrastructure can be provided at a time and in a manner that supports the aspirations for growth in a sustainable manner.



In order to capitalise effectively on the demand for improvements in infrastructure SEEDA will combine with partners to lobby for powers to be vested in the fund to borrow and to enter into agreements for PFI and PPP projects. The intention will be to maximise the leverage of the RIF by utilising private sector funding and equity. In order to do this innovative ways of working will need to be found, building on examples such as are being taken forward by the East Kent Spatial Development Company, developments in Growth Areas such as Milton Keynes, Ashford and the Bluprint model in the East Midlands.

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Almost 900,000 South East residents of working age are classified as economically inactive. Within this total:

- Economic inactivity among 16- to 19-year-olds and 20- to 24-year-olds is increasing
- People with disabilities are over twice as likely to be economically inactive
- People with no qualifications are five times as likely to be economically inactive
- People suffering with long-term illness or disability account for a fifth of all inactive people in the region
- One in 10 inactive South East residents are inactive due to early retirement (higher than the UK average), while economic inactivity rates are highest among those aged over 50
- Economic activity rates are lowest in Kent, the coastal areas, large urban centres and rural districts in the western part of the region

The proposed target of 85% economic activity will bring a net additional 110,000 of these residents into employment by 2016, with a view to raising this number to 250,000 by 2026. SEEDA will work with partners to achieve this through a combination of:

- Addressing barriers to employment and increasing incentives to work
- Promoting self-employment and volunteering as forms of economic activity
- Promoting the health and well-being benefits that flow from having a job
- Improved access to skills to support progression, and to support including access to affordable child and dependent care and assistance with travel

Make employment affordable for all

Comparatively higher living costs make it more likely for economically inactive South East residents to conclude that paid employment may make them worse off. Increasing the economic viability of employment will require:

- Lobbying for benefits reform and flexibility for those entering paid or self-employment, and raising the tax threshold for the lowest paid
- Renewed efforts to ensure housing affordability and supply
- Creation of more affordable, available childcare places and play schemes
- Improved access to dependent care provision
- Greater access to financial inclusion services, debt advice, micro credit for personal and business lending

Provide the opportunity to work to all that are willing

Many economically inactive people may have limitations on how, where and when they work. For example, people with health problems may need special consideration by employers. Removing such barriers to work is vital to re-engaging the most excluded and will also help reduce pressure on the labour market. Key steps include:

- Promoting social enterprise and intermediate labour market models to support employment and skills development among the most excluded
- Building links between volunteering and economic activity
- Taking a holistic approach by linking personal development, housing, health, skills and employment services, especially in areas where a culture of worklessness is most entrenched
- Pursuing freedoms and flexibilities in benefits regulations to overcome disincentives to work
- Promoting re-training schemes for refugees and asylum seekers and lobby to change the law in relation to access to work for these groups
- Working with employers to recognise and release the potential of older workers, for example through retraining and opportunities for more flexible working

Reduce health inequalities across the region

Having a job can be one of the most effective ways to keep healthy, not only in terms of the income provided but also the social networks that employment can offer. However less skilled and lower paid employees are more likely to be exposed to effects which can harm health. Helping employers to identify and address these issues will lead to both higher productivity and improved health.

Addressing the barriers to employment and increasing incentives to work for people can help people with long-term medical conditions back into the workforce. It will also help people who have been receiving Incapacity Benefit to return to employment, building on work being done through Local Area Agreements on improving employability.

Remove discriminatory barriers to economic activity

Discrimination can prevent economic inclusion, lessening the willingness of individuals to work. Working with communities, businesses, the voluntary and community sector and public agencies can reduce the negative impact of exclusion from the labour market. Key steps include:

- Enabling employers to comply with anti-discrimination legislation
- Encouraging employers to adopt inclusive recruitment and retention practices, which will make it easier for firms to fill vacancies and recruit and keep talent
- Support outreach work by diversity experts in the Third Sector
- Working with self-excluded groups to break down false perceptions of discrimination in key industries
- Supporting social cohesion initiatives throughout the region to promote greater levels of cultural understanding
- Promote self-employment as a route to economic engagement

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Context

The Skills Escalator sets the framework for future workforce development in the South East, recognising the need for employers to drive demand and fund their skills needs. It will join up a range of support aimed at business improvement through developing skills in the workplace. It will stimulate a change in workplace culture by raising business awareness of how skills increase productivity through enabling businesses' and individuals' aspirations. The Skills Escalator will build on the existing work of the Regional Skills for Productivity Alliance. Most importantly, it will seek to ensure that people at all skills levels are continually equipped to progress in the labour market.

Changing workplace culture

Progression in the workforce is a key element in raising productivity, improving people's job satisfaction and ensuring that the South East's population is able to compete effectively for higher quality jobs. The Skills Escalator will support employees' development at all skill levels. Promoting a culture of workplace learning will assist low skilled, low status, low paid workers to improve opportunities to progress within their own organisations. This will include support for flexible and innovative models of workplace learning.

Employability

For some economically inactive groups, skills are a key step on the path to employment. Specialist approaches will be required to bridge the gap between inactivity and work, and to enable people to begin to progress once in employment. This will include training and employment support for the most excluded, providing accessible training in local venues and making basic skills support accessible for all.

Taking account of good practice

The concept will embrace relevant good practice developed within the NHS and we can learn from their experience. At its best, this has facilitated a solid culture of life-long learning within the organisation and has created a system where individuals can progress in line with the skills and abilities they have developed through training and re-training. This has brought significant benefits for the employer too, particularly through improving retention of staff who have in turn become more efficient and productive.

Links to other initiatives

The initial task will be to simplify the skills offer to business in the region through the work being undertaken by the RSPA. In terms of the demand, the clustering work being undertaken by Sector Skills Councils will be accelerated. This will build on the progress being made in the culture, media and sport sectors, and progress will increasingly be made in the construction and science sectors.

The Skills Escalator will raise awareness and encourage take up of Vocational Diplomas (aimed at the 14-19 age group and covering all sectors of the economy) and Foundation Degrees as major opportunities for promoting vocational as well as academic learning opportunities. This will need to be supported through an effective, integrated and accessible Information Advice and Guidance system. The Skills Escalator approach will help support the development of the workforce needed to deliver the 'Every Child Matters' agenda.

What will success look like?

For businesses, the result will be more effective use of skills, higher levels of retention and higher productivity. For individuals, the result will be better access to self improvement, higher skill levels and improved opportunities to progress at work.

Smart Growth

The Contribution of Information and Communications Technologies

ICT contributes to all of the elements of smart growth, as well as to global competitiveness and sustainable prosperity. However, UK and European levels of ICT adoption and benefit currently lag significantly behind the USA. The South East needs to raise its game; it should aspire to be, not just the best in Europe, but the best in the world in the application of ICT for business and social benefit. It must ensure that its businesses and its population understand and embrace the ICT enabled applications, systems and services which will continue to transform our lives and our businesses.

This will be a journey towards a digital future in which:

- Fully ICT enabled homes, connected to very high speed next generation Broadband networks, enable not just today's applications but also those not yet even envisaged
- Sophisticated interactive communication minimises the need to travel with consequential environmental improvements; the work place no longer needs to be the traditional office, travelled to through miles of congestion and pollution
- Individuals increase their personal productivity and make best use of time through access to competitive and convenient Internet based business offers, learning and entertainment
- Schooling/education is extended into the home to especially (though not exclusively) aid the socially excluded and disabled
- Health and care provision for the sick, elderly and disabled is provided through the connected home
- Remote personal and property security is assisted by intelligent systems
- Devices in the home are intelligently integrated for maximum efficiency and lifestyle convenience
- Intelligent energy use and generation, along with utility billing is achieved

Beyond deploying next generation Broadband infrastructure (see page 60), the region must focus on improving ICT awareness and skills, using ICT to make new policy connections and reducing digital exclusion.

ICT Awareness and Skills

An understanding of what ICT can achieve is arguably the single most important tool with which to equip the region's businesses. Leaders and managers in particular must have the necessary expertise and strategic

understanding. The Innovation Advisory Service, as well as the Management and Leadership activities, will be key in this regard.

An appropriate supply of skilled ICT professionals is essential and this will be a priority for the Regional Skills for Productivity Alliance, as will ensuring individuals have the ICT user skills necessary for virtually all new, and an increasing number of existing, jobs. ICT user skills will in future be a key factor enabling individuals to find work, and the skills brokerage service will help individuals and businesses locate appropriate training.

Many businesses, particularly SMEs, will need to seek ICT expertise outside their organisations if they are to effectively deploy and benefit from new ICT systems and applications. Consequently, a strong ICT support sector will be essential, and signposting to the services and expertise offered will be an important role for the region's integrated business support.

Using ICT to Make New Policy Connections – Flexible Working

Widespread adoption of transformational ICT applications is fundamental to innovation but is also a major contributor right across the Strategy. For example, flexible working enabled through ICT has achieved the following results for BT:

- 20% lower absenteeism rates than the national average
- 99% of employees on maternity leave return to work, double the UK average
- A 7% improvement in job satisfaction
- 1,800 person years of commuting saved each year
- Carbon emissions reduced by an estimated 54,000 tonnes since 2001

Securing these gains bring new challenges. There can be negative health impacts from home or remote working, employers will need to adopt appropriate support policies by working with their employees, and more needs to be done to showcase the benefits to businesses. Nonetheless, the potential benefits are huge.

Digital Inclusion

ICT has the potential to be a powerful new route to social and economic inclusion, a fact recognised by the EU which recently held a major Ministerial conference on the subject and is considering legislation in 2008. ICT adoption is a key enabler for employment and in particular will help facilitate increased levels of enterprise amongst older people. ICT and Broadband also have the

capability to improve quality of life through access to health and other services.

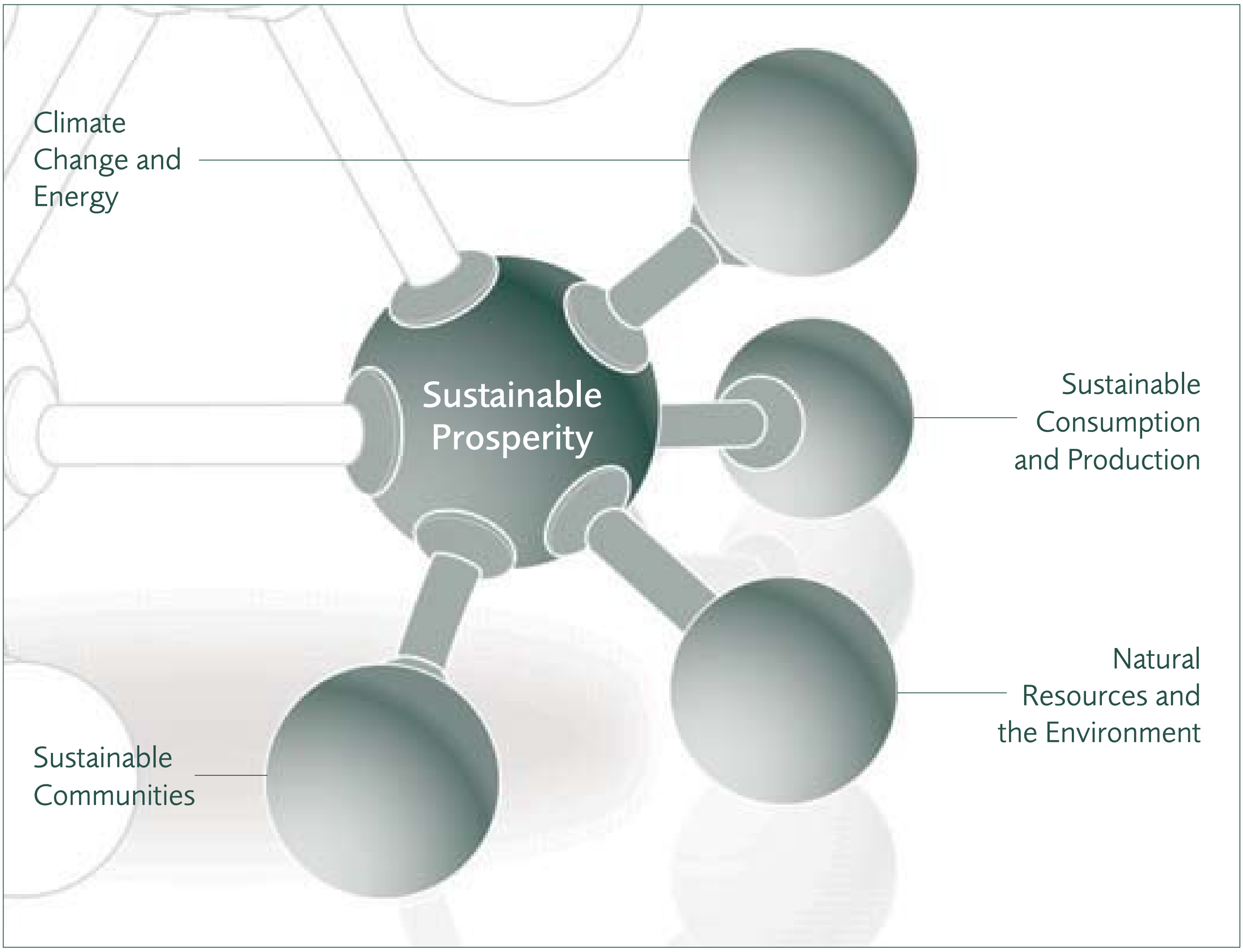
A particular concern is that a large majority of those who are currently digitally excluded do not ever see themselves using digital services. While this is not the only barrier (other issues such as cost are also significant) it is essential that the value proposition is put in ways which will enable the digitally excluded to understand the benefits to them personally, and these values may not be the ones which have traditionally driven Broadband, ICT and Internet take-up. Physical access to the Internet for the most excluded groups, for example asylum seekers and economic migrants, is being addressed through public facilities such as the People's Network in public libraries (used by almost 60% of South East residents). The region must ensure that such services keep pace with technological change.

Currently, over one third of the region's population is considered to be digitally excluded. When 90% of all new jobs now have an ICT component, this level of digital exclusion is clearly unacceptable. The region should aim to **reduce the proportion of the population who are digitally excluded to no more than 10% by 2016.** To achieve this will require action from a wide group of public, private and voluntary sector partners at national, regional and local level. SEEDA will monitor progress and use its many networks to foster collaborative action where necessary.

What's the goal?

Reduce the proportion of the population who are digitally excluded to no more than 10% by 2016.

OBJECTIVE 3
Sustainable Prosperity



Targets

11 Climate Change and Energy. Reduce CO[2] emissions attributable to the South East by 20% from the 2003 baseline by 2016 as a step towards the national target of achieving a 60% reduction on 1990 levels by 2050, and increase the contribution of renewable energy to at least 10% of energy supply in the South East by 2010 as a step towards achieving 20% by 2020

12 Sustainable Consumption and Production. Reduce per capita water consumption in the South East by 20% from 169 litres per day in 2003-2004 to 135 litres per day by 2016, and achieve a 30% increase over the 2003 baseline in GVA generated per tonne of materials entering the waste stream by 2016

13 Natural Resources and the Environment. Achieve measurable improvements in the quality, biodiversity and accessibility of green space, open space and green infrastructure

14 Sustainable Communities. Enable more people to benefit from sustainable prosperity across the region and reduce polarisation between communities

Sustainable Prosperity
Context

In 1999 the original Regional Economic Strategy for the South East made it clear that economic success without environmental sustainability was not an option. Since then, it has only become clearer that quality of life is a competitive advantage, and that to undermine this is to damage a key source of the region's success. The challenge is to achieve sustainable prosperity within environmental limits.

As the pressures and tensions that flow from unsustainable patterns of growth become more apparent, so it becomes more urgent to take clear and decisive action to secure sustainable patterns of prosperity. Currently it takes an area almost 30 times larger than the South East to support the region's consumption, including dealing with its wastes and emissions, and the proportion of the world's resources taken by the South East continues to grow. That is why this strategy sets a headline target of reducing the rate of increase in the region's ecological footprint, stabilising and seeking to reduce it by 2016, which will put the region firmly on the path towards achieving One Planet Living by 2050.

This target should not be viewed as a constraint on business performance – instead, it issues a challenge to innovation and an opportunity to secure major economic social benefits. For example, environmental technology businesses in the South East are extremely well-placed to benefit from the need to manage natural resources more wisely. More generally, sustainable businesses are usually more profitable in their own right and extensive research shows a positive correlation between environmental governance and company financial performance.

Such an approach reflects the UK Strategy for Sustainable Development '*Securing the Future*', revised in 2005. This proposes that sustainable development should be pursued through a 'sustainable, innovative and productive economy that delivers high levels of employment, and a just society that promotes social inclusion, sustainable communities and personal well-being', in ways that protect and enhance the physical and natural environment and use resources and energy as efficiently as possible.

Energy, water and waste are key dimensions of action to secure this approach. Maintaining and improving the biodiversity of the region is both a by-product of successful action in these areas, and a focus for action in its own right.

One of the region's major capital assets is the high quality of its environment. There is considerable scope to develop the environmental economy further and maximise its

Above

St Margaret's Bay, Kent (Kent Tourism)

Opposite

Southampton Carnival

value to the region by maintaining and enhancing the region's biodiversity, and by investing in its heritage assets and green infrastructure[5]. New developments should strive to include these amenities wherever possible, maintaining the network of green spaces in urban areas, the countryside in and around towns, and the wider countryside.

In addition to its intrinsic value and its contribution to maintaining and enhancing the region's biodiversity, green infrastructure adds value to the economy and to community health, while providing critical environmental services such as flood risk management. Communities need to be engaged in the care and improvement of these assets. In rural areas, re-use of redundant buildings offer a valuable resource for supporting the growth of rural businesses.

Quality places are a vital asset for economic success, as well as community well-being. A quality environment and quality of life are important factors in attracting investment and skilled people to the region. Equally a run down, degraded environment is one of the main barriers to economic and neighbourhood revival, where the costs of crime drain resources from local authorities and affect the bottom line of local business.

Successful place-making is as much about process and people, as it is about product and built solutions. High quality and sustainable environments result when people have been involved creating them, and the best results emerge when local people work closely and intensively with experts from all the necessary disciplines. The South East is rich with examples of successful place-making and we need to build on this excellence. Through initiatives such as South East Excellence – the brand name for the Regional Centre of Excellence for Sustainable Communities – we will continue to create effective learning networks and to ensure more widespread take up and consistent application of good practice.

Creating places where people choose to live and invest is essential for sustainable development in the South East. We need to be thinking about how we build places. Probably the greatest challenge facing the built environment in the next five to 10 years will be changing the way we design, build and operate buildings and the spaces between them. Our

5 Defined as outdoor recreational and sports facilities, parks, gardens and allotments, tracks and pathways, natural and historic sites, canals and water spaces, and accessible countryside.

developments need to become more environmentally responsive and to take account of the real cost of using natural and man-made resources. Access to culture is also critical to the success of places. Most people engage with culture at the local level, seeking access to open spaces, cultural and sporting facilities.

Creating new places and renewing, regenerating and conserving existing places requires teamwork. The scale of this task demands not just professional architects, designers, construction workers and planners, but also informed clients and communities. It also demands investment in informal community support structures, especially recognising the role of faith and belief communities in providing outreach and support services.

In order to be sustainable, prosperity must be inclusive, and the concept of sustainable communities embodies the principles of sustainable development at the local level, by balancing and integrating the social, economic and environmental components of their community for the benefit of existing and future generations. Sustainable communities are safe and inclusive, well planned, built and run, offer equality of opportunity and good services for all and are which provide cohesive informal community networks, informal and mutual support. Yet the South East Plan identifies that on an absolute basis the region has one of the largest numbers of deprived people of any UK region, and the dispersed nature of disadvantage creates challenges particularly in developing the basic components of a sustainable community.

Closing the Attitude – Behaviour Gap

To achieve the goals of the Regional Economic Strategy we will need to catalyse more sustainable thinking, decision making and practical action in the activities of businesses, families and communities, the public sector, voluntary and community organisations. If we are to achieve sustainable prosperity, we need to become better at converting thinking into action.

What's the goal?

Creating places where people choose to live and invest.

We need to be thinking about how we build places. Probably the greatest challenge facing the built environment in the next five to 10 years will be changing the way we design, build and operate buildings and the spaces between them.

If we are to achieve sustainable prosperity we also need to build in opportunities to catalyse changes in everyday behaviour and decision making. There are large opportunities to harness public procurement to incorporate social and environmental returns. For example, in the UK, local government alone spends £40 billion a year on purchasing goods and services on our behalf, while the NHS spends £10 billion annually in the South East.

Sustainable public procurement offers many opportunities including making more efficient use of public resources, stimulating the market to innovate and produce more cost effective and sustainable options, and setting an example for business and the public. In particular, the National Procurement Strategy for local government highlights the significance of the holistic economic, social and environmental benefits that can be harnessed through procurement of products and services through the Third Sector.

The increasing recognition by central government of the value of the Third Sector has led to the Change Up capacity building programme, which aims to strengthen the regional, sub-regional and local infrastructure, enabling the sector to be more efficient and increase frontline provision. The development of this infrastructure is particularly important in catalysing change across the 'attitude – behaviour' gap, as it should significantly increase the sector's ability to contribute to the implementation of the objectives within the RES. For example, through the newly developing regional 'Equality and Diversity' Network and 19 local networks, local intelligence and subsequently regional perspective on the needs of minority ethnic groups will be developed.

Making it Add Up

Economic Growth is measured in terms of Gross Value Added. This measures economic activity, but does not measure the type or nature of that activity; it cannot therefore offer any indication of the sustainability of the region. A range of broader measures have been proposed to complement GVA, many giving more emphasis to quality of life and levels of individual satisfaction. A new Index of Sustainable Economic Well-being (ISEW) offers the prospect of valuable insights into the sustainability of the region. An regional ISEW index for the South East has been developed, and SEEDA will adopt the ISEW as an additional regional indicator of progress towards sustainable prosperity.

Sustainable Prosperity
Actions to achieve targets

11 Reduce CO2 emissions attributable to the South East by 20% from the 2003 baseline by 2016, and increase the contribution of renewable energy to overall energy supply in the south east, to meet national targets of 10% of electricity demand by 2010 and aspire to achieve 20% by 2020

	Action	Rationale	Lead
11.1	Promote the inclusion of climate risks and costs into public policy and business decision making, and plan for adaptation to the impacts of 'legacy' climate change.	Proper forward planning will generate cost savings, reduce exposure to risk and losses, enhance business reputation and investor confidence, improve regulatory relationships and increase market opportunities.	South East Climate Change Partnership
11.2	**(New Action). Promote and contribute to the delivery of local, regional and national infrastructure that is resilient to climate change.**	Planning and investment for this resilience should take account of the projected mean and extreme conditions that are projected for at least the next 50 years.	SEEDA South East England Regional Assembly Local Authorities
11.3	Promote and support innovation for new markets, products and services that support adaptation to climate change.	Adaptation to climate change and climate change mitigation will both offer challenges to innovation and offer a wide range of business opportunities for new products and markets.	Innovation Advisory Service
11.4	**(New Action). Maximise opportunities for South East businesses arising from energy policy.**	There are opportunities to achieve major benefits for South East businesses through: • cluster and supply chain support for renewable and other low carbon energy technologies, including nuclear • support for energy management in businesses as part of the wider resource efficiency agenda • promoting market opportunities arising from energy efficiency initiatives	South East Sustainable Energy Partnership
11.5	**(New Action). Support initiatives that integrate local demand and supply of energy, with energy efficiency, building on exemplar projects in the region.**	The region's land-based industries are capable of contributing to renewable energy targets through products such as woody biomass, fuel and energy crops and agricultural by products.	SEEDA Local Authorities Farming and Rural Industries Group

12 Reduce per capita water consumption in the South East by 20% from 169 litres per day in 2003-2004 to 135 litres per day by 2016, and achieve a 30% increase over the 2003 baseline in GVA generated by tonne of materials entering the waste stream by 2016

	Action	Rationale	Lead
12.1	**(New Action). Raise awareness of the need and opportunities for behaviour change amongst consumers.**	Behaviour change is an essential component of securing more efficient use of water; simple actions can make a big difference at no cost to quality of life.	South East Water Resources Forum
12.2	**(New Action). SEEDA will ensure that its own direct developments and those with which it is associated will incorporate water-saving and water-efficient technology, including trials of new technologies.**	New developments offer opportunities to achieve significant savings in water use and improvements in water efficiency, including grey water systems.	SEEDA Local Authorities Water Companies
12.3	Promote opportunities for businesses in the environmental technology sector, through the design and manufacture of water-efficient components, water treatment and recycling systems.	The critical need for water-saving and improved water efficiency in the region offers major opportunities to the region's Environmental Technology sector. The land-based sector can also contribute through management of water catchment areas.	Envirobusiness South East Farming and Rural Industries Group
12.4	**(New Action). Promote sustainable consumption and production among South East businesses, and improve support to businesses on resource efficiency.**	This will include agreeing an integrated Resource Efficiency programme for South East businesses, providing a single gateway into the resource efficiency support network, supporting regional strategic exemplar projects in waste minimisation, re-use or resource swapping, assisting R&D in the resource efficiency sector, and assisting the land-based sector to develop bio-degradable products. This will put the region on a path towards achieving 'One Planet Living'.	SEEDA
12.5	**(New Action). Produce a South East Plan for Sustainable Public Procurement by July 2007.**	The Government's Sustainable Public Procurement Task Force delivered its national Action Plan for Sustainable Public Procurement in June 2006, providing the basis for developing a regional Action Plan.	NHS Local Authorities Food Partnerships
12.6	**(New Action). Support and facilitate the creation of demonstrator Resource Recovery Parks, housing clusters of businesses which extract maximum value from waste.**	The aim will be to achieve a 'materials loop' that conserves energy and resources through reuse, remanufacture and recycling minimising waste and the need for virgin materials.	SEEDA WRAP Local Authorities

	Action	Rationale	Lead
12.7	Further develop and promote the Sustainability Checklist for Developments in the South East as a regional sustainability tool for delivering mixed-use sustainable developments.	SEEDA's pioneering Checklist has been widely adopted. Integrated with Ecohomes/BREEAM, it offers a valuable tool for raising standards of sustainable construction.	SEEDA BRE Local Authorities
12.8	Ensure that all SEEDA-funded developments achieve Ecohomes/ BREEAM 'excellent' standard as a minimum, aspiring to higher standards of sustainability, including zero carbon development, where possible.	SEEDA has a major opportunity to influence the sustainability of all construction activity taking place across the region, both through its procurement and specification and in demonstrating the achievement of the highest standards of sustainable construction in exemplar developments.	SEEDA

13 Achieve measurable improvements in the quality, biodiversity and accessibility of green space, open space and green infrastructure

	Action	Rationale	Lead
13.1	**(New Action). To achieve measurable improvements in the quality, biodiversity and accessibility of public space (including green space, open space and the green infrastructure) in and around towns and cities.**	Quality, well designed and managed places are a vital asset for economic success, as they help to attract investment and skilled people to the region. Equally a run down, degraded environment is one of the main barriers to economic and neighbourhood revival. Sustainable communities will require investing in, and developing economically sustainable models for the management of, green infrastructure.	SEEDA South East England Regional Assembly Local Authorities Natural England Environment Agency

14 Enable more people to benefit from sustainable prosperity across the region and reduce polarisation between communities

	Action	Rationale	Lead
14.1	Support communities to participate in and shape urban renaissance.	Urban renaissance initiatives of all scales present significant opportunities to involve a wide range of people in making sustainable choices with regard their design and management.	South East Excellence SEEDA Local Authorities South East Rural Towns Partnership
14.2	Work with public sector procurers to provide a level playing field for the Third Sector to be able to compete effectively for public sector contracts.	The Third Sector is often excluded from the tendering process because of lack information or capacity to bid, as well as a lack of understanding in how the sector operates and the multiple benefits it can bring.	NHS Local Authorities RAISE

	Action	Rationale	Lead
14.3	Work through a variety of local mechanisms, including Local Area Agreements in order to spread the benefits of sustainable prosperity, including: • Reducing the proportion of young people not in education, employment of training by 2% by 2010 through preventative measures by reducing the number of exclusions from school, young offenders, ASBOs, teenage pregnancies • Reducing the numbers of people experiencing financial exclusion by developing a financial inclusion strategy for the region and raise awareness of community finance by developing a marketing strategy	To spread the benefits of sustainable prosperity, and to tackle the social barriers that prevent disadvantaged people reaching their economic potential. Current Government policy is based on employment being the best way out of poverty. However, some economically excluded groups, such as children are significantly difficult to engage through formal education and training alone, and require interventions through innovative community development and youth work.	Local Authorities
14.4	**(New Action). Strengthen and capitalise on the ability of the voluntary and community sector to build sustainable and economically inclusive communities, develop social capital and spread the benefits of sustainable prosperity across the region by focusing on disadvantaged communities of geography and interest.**	Continued capacity building support will be required enable the voluntary and community sector to spread the benefits of sustainable prosperity, and to tackle the social barriers that prevent disadvantaged people reaching their economic potential. Current Government policy is based on employment being the best way out of poverty. However, some economically excluded groups, such as children are significantly difficult to engage through formal education and training alone, and require interventions through innovative community development and youth work.	SIPSE
14.5	**(New Action). Adopt the Regional Index of Sustainable Well-being as an additional indicator of sustainable prosperity.**	The index provides a valuable assessment of economic well-being, by taking account of environmental and social impacts.	SEEDA

Transforming the South East

100% next generation Broadband Coverage • Science and Innovation Campuses
Regional Infrastructure Fund • Raising Economic Activity Rates
Skills Escalator • **Global Leadership in Environmental Technologies**
Education-Led Regeneration • Making the Most of 2012

The global market for environmental technologies and services is estimated to be worth £515 billion, and is growing dramatically driven largely by legislation to curb global warming. This is a major opportunity for businesses in this sector.

There are currently 1,200 environmental technology businesses in the South East with a combined annual turnover of £4.6 billion, and the region is home to 21% of the UK's environmental research and development capacity. There is a major opportunity to develop this sector further using the 2012 Olympic Games and Paralympic Games, which are to be 'low carbon', as a catalyst.

Key actions for the South East are to:

1. Develop the **skills** necessary to support environmental technologies
2. Increase **collaboration** between businesses and the region's environmental technologies knowledge base
3. Develop **technology validation** programmes
4. Invest in **early stage** environmental technologies and their commercialisation
5. Target environmental technology enterprises around the world as potential **inward investors**
6. Implement exchange programmes, scholarships, technology transfer and capability projects for **developing countries**
7. Encourage businesses to develop **sustainable procurement** programmes

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The Higher Education sector accounts for about 2% of the region's economy, and has a range of impacts on economic prosperity, including:

- Providing higher skills for a competitive international knowledge economy
- Raising aspirations, especially in more deprived areas
- Generating a sense quality place based on increased creative human capital
- Increasing innovation through support for business
- Increasing enterprise through stimulating and mentoring start-ups

There are currently 200,000 Higher Education students in the region – this number is anticipated to increase substantially through rising Higher Education participation rates (to at least 50% of 19-year-olds), and growth in advanced work-based learning, while the demographic decline in 18-21 -year-olds will be balanced by the growth in the region's population. The impact of potentially full cost fees will be complex, while demand may be generally reduced, more students may study 'near to' the family residence, leading to fewer students leaving the region to study. Accurate prediction of demand is also difficult due to uncertainties in the overseas student recruitment, for example, but additional student places are likely to be needed by 2016.

Increasing the proportion of the working age population holding a degree or better (NVQ4 and 5) from 27% to around 40%, will result in a productivity gain of 3%, an increase in the regional employment rate of 0.75% and a net annual increase in the region's GVA of £3 billion. However skills distribution is far from uniform across the region with almost a third of all local authority districts in the South East currently having a lower proportion of adults with NVQ4 than the national average.

Groundbreaking collaborations have already brought new skills opportunities to some of these areas. Multiversity projects such as Universities at Medway and University Centre Hastings demonstrate that the catalytic effect of Higher Education on regeneration is an essential part of the delivery of the vision of an enterprising, innovative and creative region.

The Universities at Medway is a pioneering element of a growth and regeneration project involving three university partners and one Further Education partner, which will increase the numbers of Higher Education students at Medway by 3,300 full-time equivalents, generating an economic benefit to the region of £50 million annually, while the University Centre at Hastings is a core element of the Hastings and Bexhill Five Point Plan. In addition to growth on current campuses, new multiversity campuses will be considered in areas of need and of growth, for example Ashford, Folkestone, Milton Keynes and the Gatwick Diamond.

Greater Further and Higher Education partnership in multiversity developments will encourage greater strategic alignment of the £1.4 billion regional Learning and Skills Councils capital strategy with Higher Education developments, and will facilitate Further – Higher Education progression.

Above

The former Naval Drill Hall, now a £12 million Learning Resource Centre for the Universities at Medway, Chatham Maritime

Opposite

University Centre Hastings (UCH), East Sussex

Transforming the South East

100% Next Generation Broadband Coverage • Science and Innovation Campuses
Regional Infrastructure Fund • Raising Economic Activity Rates
Skills Escalator • Global Leadership in Environmental Technologies
Education-Led Regeneration • **Making the Most of 2012**

The 2012 Olympic Games and Paralympic Games offer huge opportunities for the region's economy. A global audience of four billion spectators is expected, with large numbers likely to visit before, during and after the Games. Sydney experienced 1.6 million visitors between 1997 and 2001, generating an estimated £2 billion for the local economy. The value of the 2000 Sydney Olympic and Paralympic Games to the New South Wales economy has been estimated at £400 million worth of direct Olympic contracts and up to £750 million on the back of The Games. However this is much more than an opportunity for business.

We must ensure that The Games leave a positive and lasting legacy for the South East in terms of an enhanced tourism offer, improved sporting and cultural facilities, a healthier population and stronger communities. The Games will inspire local sporting and cultural festivals which could have a lasting legacy in developing volunteering, promoting community activity and strengthening the network of community sports clubs across the region. They will also have a significant impact on the region's skills needs and resources.

SEEDA and Sport England South East are working with the other cultural agencies and key partners in the region to engineer and co-ordinate the 'South East offer', ensuring the opportunities presented by the 2012 Games are maximised for the region.

The offer comprises three main themes:

1. **Opportunities that are central to The Games** – by capturing the 'Olympic Values' by stimulating greater participation and engagement, showcasing the South East as a world class region and enhancing regional infrastructure or quality of destination for visitors and residents alike.

2. **Opportunities that also have a longer term resonance** - the 2012 Olympic Games and Paralympic Games will be 'low carbon'. Given the energy consumption arising from the comprehensive construction

programme which precedes them, the necessity for people to fly into the Greater South East for The Games themselves the requirement for compensatory savings elsewhere will be substantial. Innovative solutions to these challenges offer a business opportunity which plays to the South East's strengths in innovation. South East businesses will need to bid competitively for contracts; The Games will have an impact on sectors such as Construction, Tourism, Business Services, Digital and New Media, Retail/Merchandising, Environmental Technology, Distribution and Logistics and Security. SEEDA is developing support systems to ensure local businesses can take full advantage of these opportunities and the experience and contacts made in relation to The Games can be developed to deliver business opportunities beyond 2012. Measures to capitalise on the inspiration of The Games to create a healthier region will lead to improved workplace health and increased productivity.

3 **Interventions requiring an early input to ensure they deliver legacy dividends post 2012.** Improving the skills of people in the region will leave a lasting legacy in terms of higher productivity, more sustainable communities and enhanced cultural and sporting venues and activities. Opportunities lie particularly with the 14-19 age range, who will form part of the workforce in 2012, those in employment and out in the community and through volunteering. The Paralympic Games will spotlight equal opportunities and this should be reflected in addressing access issues both physically and intellectually in a number of areas from business through education to communities in general.

Key to the success of the South East's involvement in The Games is an understanding that they should be seen as an opportunity to bring forwards or catalyse investment in programmes which would be desirable regardless of 2012.

The demand for preparation and training camp facilities, the increased cultural programme requirements, and increased sports participation levels will require investment in the facilities and infrastructure in the South East. This investment must contribute to a lasting legacy for the region.

Opposite

School children enjoying the 2012 Olympic and Paralympic Games Roadshow in Milton Keynes

SECTION 5
Cross-Cutting Themes

- **Key Actions for Culture, Sport and Creative Industries**
- **Key Actions for Equality and Diversity**
- **Key Actions for Rural Areas**

Cross-Cutting Themes
Key Actions for Culture, Sport and the Creative Industries[6]

Running through the Regional Economic Strategy are a number of cross-cutting themes which are relevant to actions across its full breadth. The following summaries draw together the key aspects of the Strategy as they relate to the themes of:

- Culture, Sport and Creative Industries
- Equality and Diversity
- Rural Areas

The actions summarised in the following sections form an integral part of the Regional Economic Strategy, and will be addressed further in plans to implement the Strategy.

Enterprise

- Support new and growing businesses in the creative, cultural, leisure, sporting and visitor economy industries through ensuring services are designed with their needs in mind and delivered in ways that reach them effectively
- Increase the range of providers of cultural services to the people of the South East by encouraging and supporting social enterprise as a sustainable business model for the cultural sector
- Advance the knowledge of the way in which culture can act as an economic catalyst in developing underperforming areas and growth poles in all economic areas of the South East, but particularly Growth Areas, the Coastal Towns and the Diamonds for Investment and Growth
- Work with partners in the Greater South East to capitalise on the growth potential of the creative industries

Innovation and Creativity

- Ensure the South East engages with the work of the Creative Economy Programme and contributes to making the UK the world's creative hub.

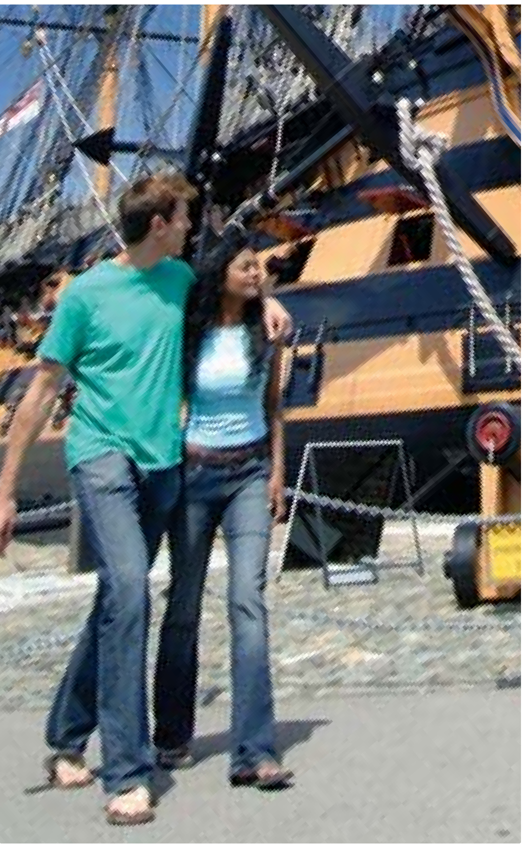
Above

Windsor Castle

Opposite

Cowley Road Carnival, Oxford, Oxfordshire

6 Defined as creative, cultural and sporting activities comprise: Advertising, Architecture, Archives, The Arts and Antiques Market, Countryside Recreation, Crafts, Design, Designer Fashion, Digital Media, Film and Video, Historic Sites, Buildings and Houses, Interactive Leisure Software, Libraries, Information and Knowledge Management, Museums, Music, Performing Arts, Publishing: Software and Computer Services, Sports, Tourism, Television and Radio.



Top

HMS Victory, Portsmouth (britainonview/
Rod Edwards)

Above

Winchester Cathedral, Hampshire (britainonview/
Daniel Bosworth)

- Develop additional Sector Consortia to support the development of further segments of the creative industries sector
- Develop thinking on the contribution of the cultural and creative sectors to the creativity of the region
- Promote the importance of design and creativity across all sectors

Skills

- Work with the Regional Skills for Productivity Alliance to ensure that individuals working in the creative and cultural industries have opportunities to develop management and leadership skills
- Ensure the creative and cultural sector contributes to the development of an Academy for Leadership Skills to support creative individuals
- Use the opportunity of The 2012 Olympic Games and Paralympic Games to develop the role of culture in delivering improved skills for 14-19 year olds, workforce skills and community and volunteering skills
- Develop and support initiatives to engage hard to reach learners through the informal learning environments that cultural venues and activities offer
- Raise the quality of the region's visitor economy and cultural offer through workforce development programmes and volunteer accreditation schemes

Competition and Business Regulation

- Lobby and inform on IPR issues to ensure cultural professionals do not lose out through legislation or lack of knowledge

Transport and Physical Development

- Promote the use of art in the public realm to raise the quality of design in infrastructure projects, both to make them more accessible and attractive and to enhance their functionality
- Ensure SEEDA and partners use existing and developing cultural planning frameworks, toolkits and guidance in physical developments
- Improve sustainability by integrating cultural infrastructure into new development
- Support the use of creative practitioners in masterplanning processes to raise the standard of quality of design in physical development

Employment

- Promote the power of culture to engage hard to reach learners is developed within the Regional Skills for Productivity Alliance
- Champion engagement in cultural and sporting activities that support the acquisition of transferable skills in a range of business sectors
- Promote the role of taking part in sports and cultural activity and its positive impact on physical and mental health that can improve attendance rates in the workplace which increases workforce productivity
- Enhance the employment and productivity dividend from cultural volunteering; use volunteering in cultural activities as a route to gaining transferable skills for paid employment

Sustainable Prosperity

- Support the recognition of culture and diversity as a key driver for sustainable prosperity, through economic inclusion
- Contribute to the inclusion of culture as a key indicator in the Quality of Life measures
- Work in partnership to deliver an inspirational Olympic Games and Paralympic Games with sustainable impact for the region
- Develop a planning framework for cultural provision in new and expanding communities

What's the goal?

Promote culture as an economic catalyst in developing underperforming areas and growth poles in all economic areas of the South East, but particularly Growth areas, the Coastal Towns and the Diamonds for Investment and Growth.

Cross-Cutting Themes

Key Actions for Equality and Diversity

Top

Adult learning at Leigh Park, Hampshire

Above

Southampton Carnival

Opposite

Brighton Beach (britainonview/Martin Brent)

Enterprise

- Implement improved and better targeted support for women's enterprise
- Support the development of home-based businesses, particularly targeting rural and women-owned businesses
- Stimulate increased levels of enterprise by focusing on under-represented groups, especially women, minority ethnic groups and grey entrepreneurs

Skills

- Ensure that all young people and adults of all ages in the region have access to effective specialised diplomas, vocational and work-based learning opportunities. To include the number, range and quality of apprenticeships and other vocational opportunities including foundation degrees – in skills centres and elsewhere
- Develop an Action for the Communities model with providers and other partners to ensure that the LSC funding reaches those most in need, including economically inactive people who want to work

Transport and Physical Development

- Develop and implement a private sector housing renewal strategy for the region, in order to tackle non decent housing and houses in multiple occupation

Employment

- Work with employers to support in work training schemes; provide vocational training and support in a range of learning styles, to allow employees at all skills levels to progress within their occupations
- Enable all employers to develop and implement flexible working policies in order to change perceptions and culture to embrace new forms of working
- Increase awareness among employers with regard equalities and disability legislation and its implications for all aspects of business operations
- Promote the benefits of adverse workforce to employers
- Promote the business case to employers for using the talents of all sections of the community
- Promote the health and well-being benefits that flow from having a job to those who are economically inactive
- Encourage businesses and organisations to develop strategies which place physical and mental well-being at the heart of their drive to increase productivity

- Help employers to identify where, particularly less skilled and lower paid workers, are exposed to effects which can harm health and creates workplace health inequalities
- Address barriers to employment and increase incentives to work, including those with long-term health conditions
- Build on the work being undertaken through Local Area Agreements to help people who have been in Incapacity Benefit to return to employment
- Remove the discriminatory barriers to economic activity including enabling employers to comply to legislation, encouraging inclusive recruitment and retention practices, support outreach work by diversity experts in the Third Sector, working with self excluded groups, supporting social cohesion initiatives
- Promote self-employment and volunteering as forms of economic activity
- Improve access to skills and support including access to affordable child and dependent care and assistance with travel
- Lobby for benefits reform and flexibility for those entering paid or self-employment, and raising the tax threshold for the lowest paid
- Achieve greater access to financial inclusion services, debt advice, micro credit for personal and business lending
- Promote re-training schemes for refugees and asylum seekers and lobby to change the law in relation to access to work for these groups
- Work with employers to support retraining for groups such as older workers

Sustainable Prosperity

- Achieve measurable improvements in the quality and accessibility of public space, including green space, open spaces and green infrastructure in and around towns and cities
- Create cities, towns and villages where people choose to live by investing in urban renaissance and encouraging participation
- Work through a variety of local mechanisms, including Local Area Agreements in order to spread the benefits of sustainable prosperity. To include reducing the proportion of young people not in education, employment and training by 2% by 2010 through preventative measures such as reducing the number of exclusions from school, young offenders, ASBOs, teenage pregnancies
- Reduce the numbers of people experiencing financial exclusion by developing a financial inclusion strategy for the region and raising awareness of community finance by developing a marketing strategy
- Strengthening and capitalise on the ability of the voluntary and community sector to build sustainable and economically inclusive communities, develop social capital and spread the benefits of sustainable prosperity across the region by focusing on disadvantaged communities of geography and interest

Cross-Cutting Themes

Key Actions for Rural Areas

Top

Petersfield Market, Hampshire

Above

South East wines displayed at Denbies Vineyard, Dorking, Surrey

Opposite

Sussex cattle, local breed

Enterprise

- Stimulate enterprise and nurture new and existing businesses based on good market intelligence, making use of networks, collaborations and co-operatives, centres of excellence and hubs of specific activity based on best practice models
- Support locally focused community-based businesses such as village shops, and businesses that make use of the natural environment and heritage assets or that use environmental technologies
- Recognise the importance of micro businesses and home-based businesses, the major contribution made from the voluntary sector and the potential for social enterprise
- Exploit the potential for real premium products through 'added value'; develop and adopt good quality standards; become closer to markets and make best use of opportunities in London and other urban and rural markets on the doorstep
- Ensure businesses have access to a good advisory infrastructure that will maintain the breadth and competitiveness of business activities in rural areas, including mentoring services and the use of ICT

Innovation and Creativity

- Develop new models for collaboration of service delivery in rural communities
- Build on existing and develop models of good practice and create new opportunities in the land-based sector for new uses of land, new premium products and processes and new opportunities arising from climate change
- Explore and support the potential for new crops for industry (including biofuels and bioenergy) to replace oil and the infrastructure needed to enable greater self sufficiency in fuel and supply of local energy

Skills

- Ensure that an understanding of how the countryside works, rural skills and potential careers in land-based industries feature in the development of school curricula
- Ensure that food and farming sectors develop skills to cope with new regulations and the development of new product and processes, so that land-based businesses remain viable and profitable
- Ensure that the traditional and craft skills which underpin the management of heritage assets and landscape are maintained
- Maintain the skills that are needed to provide services in rural communities

Competition and Business Regulation

- Understand and seek to influence the regulatory burden on rural-based businesses
- Create opportunities for public procurement using local produce

Transport and Physical Development

- Ensure provision of sites for rural enterprise, particularly existing rural buildings
- Invest in the development of supply chains from raw food through preparation to 'ready for sale' across the farming, fishing, and food sectors
- Invest in the development of forestry supply chains for the development of local products, energy and the potential for materials for more sustainable construction
- Ensure an adequate supply of affordable houses to maintain vibrant rural communities that can maintain a working population

Employment

- Target new employment activities where there are recognised concentrations of rural deprivation
- Work with the land-based sector to find new solutions for seasonal jobs

Sustainable Prosperity

- Develop opportunities for the land-based sector to grow crops for energy and fuels
- Explore the potential opportunities for the land-based sector to continue to manage and maintain the quality landscapes and biodiversity of the region, particularly in fragile livestock and woodland regimes
- Encourage reductions in the use of packaging and its replacement with packaging made from bio-degradable products from crops
- Explore potential opportunities for the land-based sector to contribute to the management of water catchment areas, protection of aquifers and water storage
- Support small rural towns to become 'capitals' of their surrounding hinterlands

SECTION 6
Implementation and Monitoring

- **Implementation Plan**
- **Monitoring Progress**

Delivering Sustainable Prosperity

This Regional Economic Strategy sets out a vision of sustainable prosperity which is ambitious and challenging. It will only be achieved by all relevant partners spanning the private, public and voluntary and community sectors working in concert, and with the full support of national Government. SEEDA's contribution will be to:

- Drive the development and implementation of actions set out in the Regional Economic Strategy
- Set out its own delivery commitments in its Corporate Plan for agreement with partners
- Monitor and report on progress with actions agreed in the Strategy, assessing their impact and identifying changes in conditions which may require modified or new responses

The summaries of actions contained in this strategy represent progress towards an Implementation Plan, with actions specified and lead partners identified in each case. The task is now to develop a clear and robust Implementation Plan with the full involvement and support of partners. As a first step, options for delivery need to be assessed, dependencies and risks established and barriers and opportunities identified. Following this, costed plans with timeframes, priorities and milestones and success measures will need to be agreed. SEEDA's Corporate Plan, to be revised during 2007, will then take account of these plans in identifying the specific contributions that it will make in delivering these plans.

A draft Implementation Plan will be prepared with partners in December 2006, with a full version to be published in April 2007. Endorsement by Ministers and by the South East England Regional Assembly will be sought at each stage.

Above

Walking with Fish, Hastings, East Sussex

Opposite

Solent Enterprise Hub, Portsmouth

Monitoring Progress

This strategy has set out three measurable headline targets that will measure the overall progress against the vision. In addition, measures have been identified to assess progress against each of the 14 targets set out on pages 46-47 of the Strategy. In each case, targets have been selected for compatibility within the overall Integrated Regional Framework for the South East, and will be refined further to reflect any changes in that Framework as it is revised. In addition, the Regional Index of Sustainable Economic Welfare has been adopted as an additional measure of progress towards sustainable prosperity.

The review of the Regional Economic Strategy benefited greatly from an assessment at the outset of progress against the indicators adopted to measure progress against the previous (2002 – 2012) Regional Economic Strategy. An annual update of progress against targets will therefore be published by SEEDA, in order to inform reviews of progress with partners.

SOUTH EAST ENGLAND DEVELOPMENT AGENCY

Working for England's World Class Region

INVESTOR IN PEOPLE

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