Three values run through the Strategy:
– Building on excellence for global competitiveness
– Investing in potential to lift underperformance
– Safeguarding quality of life as a competitive advantage

Progress towards **three headline targets** will provide evidence of progress:
– 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.

Cross-cutting themes are identified for information and communication technologies; culture, sport and creative industries; equality and diversity; and rural areas. The European dimension of the strategy is also identified.

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.

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. Following endorsement of the Strategy, a draft Implementation Plan will be prepared in December 2006, with a full version to be published in April 2007.

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REGIONAL ECONOMIC STRATEGY

FOR SOUTH EAST ENGLAND 2006 – 2016

SUMMARY

Introduction

The vision for the South East is to be a world class region achieving sustainable prosperity. This third Regional Economic Strategy 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.

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.

The Strategy

The **vision** for the Regional Economic Strategy 2006-2016:

"BY 2016 THE SOUTH EAST WILL BE A WORLD CLASS REGION ACHIEVING SUSTAINABLE PROSPERITY"

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.

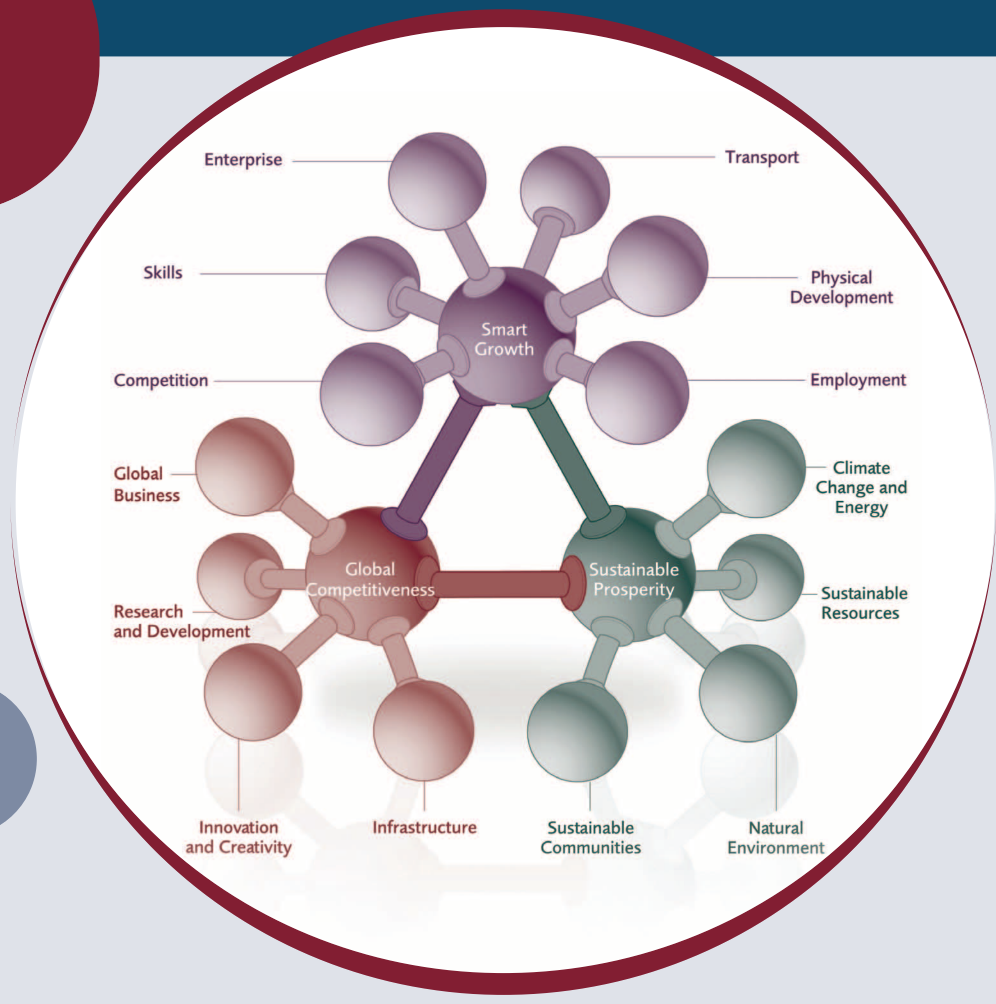
The **Rural South East** accounts for 80% of the region's land mass, a third of its business base and a quarter of its population. Whilst agricultural businesses are diversifying fast and increasing numbers of knowledge-based high value-added businesses are attracted by the high quality of life, the 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.

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 for global competitiveness

Investing in potential to lift underperformance

Safeguarding quality of life as a competitive advantage

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

OBJECTIVES

GLOBAL COMPETITIVENESS
Targets and **A**ims

1. T **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
   A
   - Joint team for trade and investment
   - Global Regions network
   - Investor aftercare
   - Market the Greater South East

2. T **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
   A
   - Innovation Action Plan
   - Promote the region's knowledge base nationally and internationally
   - Skills for the 10-Year Science and Innovation Strategy

3. T **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
   A
   - Develop Sector Consortia
   - Promote Design for Business
   - Develop high growth enterprise
   - Develop Enterprise Hub network
   - Create early stage business fund
   - Develop the Manufacturing Advisory service
   - Develop the Innovation Advisory Service
   - Pan-regional collaboration on the Technology Strategy Programme
   - Leadership and management skills for entrepreneurs

4. T **Infrastructure**. Secure investment in infrastructure priorities to maintain international economic competitiveness
   A
   - Airtrack to Terminal 5 by 2010
   - Upgrade Southampton – West Midlands freight corridor by 2009
   - Improve access to Port of Dover
   - Maintain good rail access to Gatwick Airport

SMART GROWTH
Targets and **A**ims

5. T **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
   A
   - Integrated business support
   - Support for women's enterprise
   - Support for creative and leisure economy
   - Stimulate rural enterprise
   - Support home-based and micro-businesses
   - 20 Enterprise Gateways by 2007
   - Integrate Corporate Social Responsibility
   - Support enterprise teaching
   - Increase enterprise in under-represented groups

6. T **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
   A
   - Skills to meet business needs
   - Improved skills brokerage
   - Respond to Leitch Review of future skill needs
   - Vocational and work-based learning opportunities
   - Accessible community-based learning opportunities

7. T **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
   A
   - Support SMEs tendering for contracts
   - Focus public contracts on local suppliers
   - Positive regulation
   - Positive planning frameworks

8. T **Transport**. Reduce road congestion and pollution levels by improving travel choice, promoting public transport, managing demand and facilitating modal shifts
   A
   - Invest in key transport corridors
   - Integrated, inter-modal transport hubs
   - Innovative transport funding partnerships

9. T **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
   A
   - Local housing market assessments
   - Deliver high quality sustainable homes
   - Develop a strategy for private sector housing renewal
   - Develop key employment sites
   - Develop surplus public sector land
   - Build local authorise capacity to develop brownfield land
   - Support development with timely environmental infrastructure
   - Promote quality standards and best construction practice
   - Support skills for regeneration

10. T **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)
   A
   - Support workplace training
   - Encourage life-long learning
   - ICT for flexible working
   - Develop flexible and remote working policies which improve work-life balance
   - Promote a diverse workforce
   - Promote a healthy workforce

SUSTAINABLE PROSPERITY
Targets and **A**ims

11. T **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
   A
   - Plan to manage climate change
   - Deliver infrastructure resilient to climate change
   - Support businesses innovation that adapts to climate change
   - Promote business opportunities arising from energy policy
   - Exemplar projects for local energy supply

12. T **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
   A
   - Promote reductions in water consumption
   - SEEDA to demonstrate exemplary water management
   - Business opportunities for water management, efficiency and treatment
   - Support sustainable consumption and production
   - Regional Action Plan for sustainable public procurement by 2007
   - Support resource recovery parks
   - Sustainability Checklist for mixed-use developments
   - Adopt 'Excellent' standards for SEEDA-funded developments

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

14. T **Sustainable Communities**. Enable more people to benefit from sustainable prosperity across the region and reduce polarisation between communities
   A
   - Involve communities in urban renaissance
   - Encourage Third Sector competition for public contracts
   - Work through Local Area Agreements for economic inclusion
   - Build capacity in the VCS to tackle barriers to economic inclusion and build social capital
   - Adopt Regional Index of Sustainable Economic Wellbeing as a measure of sustainable prosperity

Transformational Actions

100% Next Generation Broadband Coverage
Science and Innovation Campuses
Skills Escalator

Raising Economic Activity Rates to 85% by 2016
Regional Infrastructure Fund
Global Leadership in Environmental Technologies

Education-led Regeneration
Making the Most of 2012