

**SOUTH EAST ENGLAND COUNCILS
EXECUTIVE MEETING**

Date: 10 September 2010

Subject: **SEEC submission on Regional Growth Fund**

Report by: Cllr Paul Carter, SEEC Chairman
Heather Bolton, SEEC Head of Communications & Public Affairs

Recommendation:

SEEC Executive is asked to note the report and submission to BIS on the proposed Regional Growth Fund.

1. Introduction

- 1.1 On 23 July the Department for Business, Innovation and Skills (BIS) launched consultation on a Regional Growth Fund (RGF). This followed an announcement by the Deputy Prime Minister on 29 June that RGF would provide £1 billion to support projects that offer significant potential for sustainable economic growth and creation of new private sector employment.
- 1.2 As the consultation both opened and closed between meetings, the SEEC Chairman requested a draft response. The draft was emailed to all Executive Committee members for comment and the final response approved by the SEEC Chairman for submission by the deadline of 6 September.
- 1.3 A full copy of SEEC's submission on the Regional Growth Fund is attached.

2. Context

- 2.1 The RGF proposes two objectives – encouraging private sector growth and transition to a less public-sector dependent economy. The consultation asks a number of specific questions on:
 - Benefits of allocating different elements of the fund in different ways
 - Type of activities that should be supported
 - Whether proposed assessment criteria are correct
 - Views on a two-stage bidding process
 - Whether RGF should become a long-term means of funding activity that promotes growth.
- 2.2 The greatest risk to the South East is that misconceptions about universal prosperity across the area could mean that South East local authorities and Local Enterprise Partnerships have limited access to RGF funds. The risk is twofold:

- Successful areas could miss out on support for projects that offer excellent economic returns
- The South East's significant disadvantaged areas and their 500,000 residents would miss out on funding to support economically-led regeneration.

3. Summary of key points on Regional Growth Fund

3.1 Key points from the SEEC submission on Regional Growth Fund include:

- i) The South East is a region of contrasts that includes both globally successful zones and economically-challenged, deprived areas. In each case there are infrastructure challenges that must be overcome to enable growth.
- ii) Despite these contrasts the South East contributes some £18bn a year net profit to the Treasury, which supports public spending here and elsewhere. Without investment in the South East this contribution to the public purse is not guaranteed.
- iii) Investment in the South East offers good returns and potential to drive UK recovery from recession.
- iv) Growth in other UK economies must not be at the expense of investment and performance of the South East.
- v) We need RGF investment to help the South East deliver two benefits to the national economy:
 - Bring under-performing areas up to at least average national levels of economic performance, reducing reliance on public sector employment.
 - Help ensure that our globally competitive areas can continue to attract companies to locate here rather than overseas – for example through improved infrastructure and sustainability.

3.2 Summary responses to specific consultation questions include:

- i) SEEC supports allocating different elements of the fund in different ways as an effective way of responding to the wide range of economic and infrastructure challenges in the South East.
- ii) Activities needing RGF support will vary according to area. For example successful areas may want specific help for high potential industries, while more deprived areas may need help with physical infrastructure, broadband and skills.
- iii) Assessment criteria should depend on the areas bidding for funds. In successful areas RGF should look for good leverage and a quick return on investment; in deprived areas the focus should be on those areas with greatest need for economically-led regeneration.
- iv) SEEC supports a two stage bidding process to help manage effective use of resources in preparing bids.
- v) SEEC believes there is a need for a long term commitment from Government to fund activity that promotes economic growth.

6 September 2010