

**SOUTH EAST ENGLAND COUNCILS
EXTRAORDINARY EXECUTIVE MEETING**



Date: 14 July 2010

Subject: **South East England Councils' Approach to SR
- Economy and Skills (including report back
from the Economic Development and Skills Board)**

Report of: Mike Appleyard, SEEC Representative on the EDSB

1. Investment in the South East is Critical to the Success of the UK Economy

1.1 South East England is the powerhouse of the UK economy and our performance is critical to the UK's success. The immediate challenge is to ensure that the investment needs of the South East (in terms of economic development and skills) are not 'lost' during the Spending Review which is now underway.

1.2 With the focus of the coalition Government on sustainable economic growth there remains a need to use economic intelligence available to the South East to make the strongest possible case to the Spending Review. The UK's overall competitiveness is inextricably linked with the South East's continued success.

1.3 Our economy's inherent strength means that we have the potential to recover from the recent economic crisis faster and stronger than any other UK region. However this cannot be taken for granted and it requires sustained investment if it is to be achieved.

1.4 The Economic Development and Skills Board has focused on the following areas, seen as critical to the South East's economy:

- Business Critical Infrastructure - going beyond the work of the transport and housing and regeneration boards to consider the broader infrastructure remit such as high-speed broadband access.

Access to quality infrastructure is vital to supporting and attracting business and investment and to keep pace with our comparators.

- Learning and Skills - identifying the skills needs of the South East in order to compete in a global economy and considering issues relating to productivity and workforce development.

Skills are an important driver of productivity and a major factor that helps to explain the UK productivity gap with major developed economies.

- Business Support and Innovation - identifying those elements of business support where there is added value in a sub-national approach, as well as looking at the innovation growth agenda and science based R&D.

Innovation is an important driver of productivity and long- term growth; enterprise is an important driver of productivity since it leads to high levels of competition, innovation, investment and skills as well as job creation.

1.5 The Board has also considered:

- Support for future sectors - a significant proportion of future business sector opportunities resides within the South East. There is a need to bring work together on skills/training, innovation, business support and infrastructure provision to turn these opportunities into commercial activities.
- Local Economic Assessments - the EDSB agreed that there is added value in seeking to maintain an overview of progress with the preparation of Local Economic Assessments. It provides an opportunity to share the experience and good practice among local authorities and enables a minimum level of consistency across the South East to be achieved. This enables the output from the assessments to be combined to produce a composite evidence base.

2. Meeting of the Economic Development and Skills Board - 25 May

2.1 The meeting of the Economic Development and Skills Board on 25 May focused on: innovation, skills, broadband access, progress in producing Local Economic Assessments across the South East, and progress in producing the Delivery Plan. The Board also considered European funding opportunities.

Innovation

2.2 Future economic growth in the South East and UK is likely to be driven by high-growth indigenous firms as well as foreign direct investment, which not only creates employment opportunities but also contributes to productivity growth through the inflow of new technologies and knowledge. In an increasingly competitive global economy, companies need to innovate in order to survive and prosper.

2.3 With the publication of SEEDA's Innovation Strategy, the Board discussed the actions and investments needed to support innovation. The need to continue learning from international experience and to keep attracting foreign direct investment was discussed; in order to keep pace with our comparators, access to quality business infrastructure such as super-fast broadband is crucial if the South East is to capitalise on technological innovation.

Business Critical Infrastructure - Broadband

- 2.4 High-speed broadband is one of the key pieces of infrastructure identified by the Board as critical to the South East's ability to compete with the rest of the world. A presentation on the options for a South East approach to broadband, from SEEDA, brought into focus the importance of broadband to the South East's economy and the challenges of improving access and download speeds - particularly in rural areas.
- 2.5 Investment in communications (such as broadband) and a number of significant elements of infrastructure is delivered within a framework controlled by (statutory) independent economic regulators. It is important to influence the plans and investment of the regulated industries in order to ensure vital infrastructure is delivered.

Delivery Challenges

- 2.6 Timely investment in infrastructure is a critical success factor in achieving sustainable economic growth. The scale and pace of growth is inextricably linked to the timely delivery of infrastructure: the failure to deliver the infrastructure required to support planned growth will act as a barrier to delivery. The Board heard that the Delivery Plan has highlighted three key delivery challenges:
- i) The need for better understanding of the inter-relationships between actions across a range of policy areas.
 - ii) The ability to present infrastructure requirements in terms of the strategic outcomes.
 - iii) The importance of considering issues of affordability and deliverability when developing detailed proposals.
- 2.7 The work completed to date suggests that for some policy areas it is clear that there will be gaps that need to be addressed. One of these gaps is the identification of strategic economic development and skills interventions, particularly at the sub-regional level.

Skills

- 2.8 The Skills Working Group met for the first time in April; the Group's first task is to produce a Skills Priorities Statement, which will outline where skills in the South East can be improved to their greatest effect in the academic year 2011/12. To start this process the Board debated the strengths and weaknesses of the skills and training that are available in the South East. Feedback from this debate - which included suggestions to simplify access to training and incorporate employability skills into more academic courses - will be used to guide the draft Skills Priorities Statement, which will be approved in September.

- 2.9 The need to prepare such a statement also represents the opportunity to ensure alignment of investment decisions across the full spectrum of skills and training provision. With the future of the Skills Funding Agency uncertain there is an urgent need for local authorities to develop their view on how, working with the business community, they will ensure that skills funding is co-ordinated with investment in other infrastructure.

Evidence Base

- 2.10 A presentation from Buckinghamshire Economic and Learning Partnership gave the Board a snapshot of progress with their Local Economic Assessments. The Board agreed it is important to ensure consistency so that these assessments can be compared and help to inform key areas of work - such as skills.

European Opportunities

- 2.11 The briefing on SEEDA's European Strategy and current European projects and future funding opportunities for the region served to highlight the importance of maintaining the South East's track record of not only securing but making good use of European funding in the ongoing efforts to strengthen the South East's economy.

3. Moving Forward

- 3.1 With SEEDA now embarked upon the transition towards eventual closure there is a need to develop a proposition that enables the needs of local authorities and the business community to feed into the decision making processes that have an impact on economic development.
- 3.2 Following discussions on 2 July a meeting is being arranged between SEEDA officials and local authority members to discuss further arrangements for ensuring effective engagement between local authorities and the business sector.

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