
South East England Regional Assembly Select Committee on SEEDA and Sub- Regional Working

Context & Issues Paper

For consultation and
comment by 26 November
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Prepared for South East England Regional
Assembly by:

EDuce Ltd
St John's Innovation Centre, Cowley Road,
Cambridge CB4 0WS
01223 421685
educe@educe.co.uk
www.educe.co.uk

Makesfive Ltd
18 St Augustine's Road
Canterbury CT1 1XR
01227 762727
contact@makesfive.com
www.makesfive.com

South East England Regional Assembly Select Committee on:

SEEDA and Sub-Regional Working

CONTEXT AND ISSUES PAPER

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South East England Regional Assembly Select Committee on SEEDA and Sub-Regional Working

Section 1 Introduction

1.1 Purpose of the Context and Issues Paper

- 1.1.1 The Regional Assembly has responsibility under the Regional Development Agencies Act 1998 for scrutinising the work of the South East England Development Agency (SEEDA). As part of this the Assembly undertakes topic-based select committees examining the impact of SEEDA's work in certain fields. Further information on these is available on the Assembly's website http://www.southeast-ra.gov.uk/accountability_selectcom.html. This Context and Issues Paper provides essential background for the forthcoming investigation by the South East England Regional Assembly Select Committee on "SEEDA and Sub-Regional Working". **An executive summary of this report is also available on our website.**
- 1.1.2 This document provides the basis for wider consultation on these issues prior to the select committee meeting. The Assembly invites comments on any issues raised in this report, in particular the questions summarised in Section 2 and set out within the report. The Assembly would also be pleased to hear if you feel any key issues have not been identified. **Comments should be submitted electronically in word format to Tina Morris (tinamorris@southeast-ra.gov.uk) at the South East England Regional Assembly by 26 November 2008. Submissions should be no longer than eight sides of A4. Please include a completed cover sheet (available on the Assembly website if you have not received a copy ~ see paragraph 1.1.3) with your contact details, in your response. Please note submissions will be treated as public documents and will be published on the Assembly's website.** It would also be helpful if you could indicate whether you would be willing to participate in the Select Committee's discussions which will take place on 16 January 2009. Please contact Tina if you have any further queries (01483 555216).
- 1.1.3 Further information on the Assembly's work and electronic copies of this paper and the cover sheet are available on the Assembly's website:
http://www.southeast-ra.gov.uk/accountability_selectcom.html

1.2 Background to the Select Committee

- 1.2.1 There is a particular interest in how effectively SEEDA's approach to sub-regional working with a range of partners helps both to deliver the Regional Economic Strategy 2006-2016¹ (RES) and to address local needs and priorities. This has evolved over the

¹ http://www.seeda.co.uk/RES_for_the_South_East_2006-2016/RES_2006-2016/

life of SEEDA and successive Regional Economic Strategies, to the point where there is now much greater emphasis on 'place', reflecting the contrasts in economic geography across the region. This also reflects a much greater, shared understanding of the nature of the RES as a strategy for the region and constituent areas, rather than the RES as a strategy for SEEDA alone. Success in implementing the strategy depends on the extent to which organisations within the region see themselves as partners *with* SEEDA in a shared endeavour, contributing their own energy and resources at regional, sub-regional and local levels. While SEEDA brings some resources to the table, its performance depends crucially on how well it works with and influences others, navigating a complex set of relationships that exist between private, public and voluntary and community sector stakeholders.

- 1.2.2 The context for the review includes proposals for reshaping the roles of RDAs and local authorities under the Government's Review of Sub-National Economic Development and Regeneration² (generally referred to as the 'SNR') as well as a changing economic climate. The SNR has engendered expectations of a shift of resources and decision-making from SEEDA to sub-regions and localities, and of different styles of partnership working.
- 1.2.3 During 2007 SEEDA carried out its own review of sub-regional partnership arrangements in order to streamline and improve delivery, and is making progress in implementing the recommendations of the review. The Select Committee will be timely, in taking stock of progress following this SEEDA review, considering other dimensions of its work at local and sub-regional levels, and drawing out scope for improvement.
- 1.2.4 We have been keen to seek views across the spectrum of partners and stakeholders involved with SEEDA at sub-regional and local levels, whether their relationships are strategic or operational, contractual or informal, intensive or ad hoc. The nature of the Select Committee means that we have sought to engage with people and organisations from different parts of the region and types of partnerships across public, private and voluntary sectors. A list of our 42 interviewees is provided in Appendix A (available on the Assembly website http://www.southeast-ra.gov.uk/accountability_selectcom.html). We sought to ensure that the nature of their engagement varies significantly (eg, from partnerships and programmes directly funded by SEEDA to organisations with passing contact with SEEDA in their day-to-day work). We covered areas featuring as spatial priorities in the RES as well as several outside this categorisation.
- 1.2.5 In our interviews we sought to establish:
- evidence and perceptions of the added value, strengths and weaknesses of the relationships between stakeholders/ partnerships and SEEDA, and how these are evolving
 - how SEEDA has worked with stakeholders in delivering the RES, local and sub-regional priorities, how well these align, and other factors helping and hindering effective delivery
 - lessons and suggestions for how SEEDA and partners can achieve more together.

² HM Treasury (2007) Sub-National Review of Economic Development and Regeneration
www.hm-treasury.gov.uk/spending_review/spend_csr07/reviews/subnational_econ_review.cfm

- 1.2.6 We are very grateful for the time and thoughts of everyone who has contributed. There has been a constructive focus to these discussions, seeking to understand why issues have arisen and exploring ways of improving relationships, coherence, delivery and impact.
- 1.2.7 In addition to the interviews, we have undertaken extensive, in-depth desk research in order to ensure an up-to-date picture of the current national and regional policy context, and thorough background on SEEDA's approach to sub-regional working.
- 1.2.8 In Section 3 we provide the national and regional context for the Select Committee's investigation (Section 3), including SEEDA's current approach to sub-regional working and how this has evolved. This is followed by our analysis, presenting key issues and consultation questions which follow from these (Section 4). Conclusions (Section 5) highlight the nature of the challenges looking forward as a platform for Select Committee deliberations. For convenience in the next section we set out the consultation questions on which the Assembly is seeking your views.

Section 2 Summary of Key Questions

The Assembly would welcome comments on any or all of the following questions:

1. What are the key outcomes and achievements resulting from SEEDA's approach to sub-regional and local partnership working?
2. In seeking to gain the most out of collaboration, how should SEEDA and partners evaluate the effectiveness of formal partnership arrangements, including Sub-Regional Partnerships (SRPs)?
3. What practical steps can SEEDA and its partners take to improve alignment, in the 'how' of delivery as well as the 'what' of strategic priorities?
4. What more can be done to strengthen alignment between Local Area Agreements and the Regional Economic Strategy?
5. What is the scope for SEEDA to devolve and/or delegate to sub-regional and local levels, and what difference would this make?
6. How best can SEEDA help support, sustain and widen business and voluntary and community sector involvement in partnership working at sub-regional and local levels?
7. Looking ahead, how might the focus, membership and capacity of the SRPs supported by SEEDA need to evolve in addressing sub-regional and local needs?
8. How can sub-regional and local arrangements for dialogue with SEEDA, priority setting and negotiating funding be clarified and improved?
9. How well does SEEDA's sub-regional work - including its Area Teams, SRPs, and RES geographical priorities (Economic Contours, Diamonds for Investment and Growth, Growth and Regeneration Areas) - allow for collaboration that reflects differences in needs and opportunities across the region?
10. What is the potential for cross-border collaboration within the region and how can SEEDA best support these developments, including through Multi Area Agreements (MAAs)?

Section 3 Policy and Implementation Context

3.1 Providing the context

3.1.1 In setting the context for the Select Committee, we concentrate on:

- significant developments in national policy which affect SEEDA's relationships and geographical operations (such as the SNR and Local Area Agreements - LAAs)
- relevant SEEDA policies and how SEEDA is engaged with partner organisations at sub-regional and local levels. We cover the pattern of sub-regional and local partnerships and note their evolution, and describe the recent SEEDA review of Sub-Regional Partnerships and its outcomes.

National context

3.2 Review of Sub-National Economic Development and Regeneration

3.2.1 The SNR reported in 2007 on how to strengthen economic performance in regions, cities and localities while tackling persistent pockets of deprivation. Its origins lay in:

- Government concerns about how to address productivity disparities
- doubts about the lasting impact of regeneration and neighbourhood renewal programmes amongst disadvantaged communities
- a wider policy commitment to devolve power from Whitehall
- a desire for simplification (joining up policies at different geographical levels, and reducing the number of strategies and bodies)
- a belief that strategies - and subsequent delivery - can be strengthened through a greater sense of ownership of these strategies by organisations at all levels: local, sub-regional, regional and within Whitehall.

3.2.2 The SNR was based upon principles of managing policy “*at the right spatial level*” and enabling “*place-shaping*”, allowing greater freedom for cities, towns and rural areas to realise their potential. It also concluded that more effective working with business is required at every level, recognising that successful economic development depends on attracting and retaining private investment. It talked of *devolution* of powers and responsibilities from the centre to regions and from regions to sub-regions and localities, and *delegation* of decision-making and management of funding.

Main SNR consultation proposals

3.2.3 The consultation, ‘Prosperous Places’³ (March-June 2008) set out the Government's proposals. These included:

- an emphasis on integrated regional strategies and the transfer of responsibilities for regional spatial strategies to Regional Development Agencies (RDAs)

³ Business, Enterprise & Regulatory Reform and Communities and Local Government (2008) Prosperous Places www.berr.gov.uk/regional/sub-national-review/page40430.html

- an enhanced “*strategic economic leadership*” role for RDAs, including advising government on priorities for regional public spending
 - a stronger role for local authorities, with a new statutory duty to assess local economic conditions and delegated funding from RDAs to local authorities and partnerships, “*where appropriate*” and given capacity to deliver
 - encouragement of inter-authority collaboration across economic areas through Multi Area Agreements (MAAs) and statutory sub-regional partnerships
 - continued RDA responsibility for managing services “*best implemented at regional level*” (including co-ordination of inward investment, business support and innovation and responding to economic shocks).
- 3.2.4 Steps have already been taken in the South East which reflect the spirit of several of (and pre-date) the proposals, eg, in working to develop a Single Delivery Plan for the RES and the South East Plan (the Regional Spatial Strategy). Government decisions are now awaited on the SNR, not least relating to possible legislative changes.
- 3.2.5 The SNR considered what spatial levels matter most for different types of policy intervention, according to four criteria (enabling local solutions; ensuring that costs and benefits are considered across economic areas; exploiting economies of scale and scope; and enabling effective coordination). This led to a conclusion that greater priority should be given to strategy and delivery at *sub-regional* level, often extending across administrative boundaries and taking account of travel-to-work areas and the wider economic impacts of local housing and transport policies.

Government is already implementing aspects of the SNR

- 3.2.6 The Government is implementing the SNR in various ways which seek to reinforce sub-regional dimensions. Examples include:
- the consultation on a Framework for Regeneration⁴ (July 2008), intended to ensure that all the agencies involved are pulling in the same direction. The document includes criteria for identifying spatial priorities for regeneration investment and calls for better targeting and co-ordination, stressing a process that “*starts with communities and their councils*”
 - the guidance on Regional Funding Advice (RFA) asks RDAs and their partners to identify sub-regional priority areas for public investment and help align regeneration-related funding through to 2018-19
 - Local Authorities Business Growth Initiative (LABGI) consultation⁵ (August 2008) proposed sub-regions as the basis for allocating incentives linked to growth in non-domestic rates.

3.3 Other reforms

- 3.3.1 The following paragraphs summarise a selection of other key reforms taking place which are relevant to this select committee:

⁴ Communities and Local Government (2008) Transforming Places, Changing Lives: a framework for regeneration www.communities.gov.uk/publications/citiesandregions/transformingplaces

⁵ Communities and Local Government (2008) Reforming the Local Authority Business Growth Incentives Scheme: Consultation paper <http://www.communities.gov.uk/publications/localgovernment/reforminglabgiconsultation>

Local Strategic Partnerships and Local Area Agreements

3.3.2 The Local Government and Public Involvement in Health Act 2007 links to the SNR in providing a framework for local authorities to improve services and achieve important community outcomes, in the context of priorities agreed with local partners and central Government. Key features of this framework include:

- the role of the Local Strategic Partnership (LSP) as a vehicle for creating a shared vision and sense of priorities for the area
- revamped, three-year Local Area Agreements (LAAs), as a *statutory* mechanism for implementing the Sustainable Community Strategy and setting out the ‘deal’ with government departments and partners for funding and performance targets
- a ‘duty to cooperate’ placed on named public agencies, including RDAs, in agreeing and working towards LAA targets.

3.3.3 Performance against LAA targets will be reinforced by the new regime for the inspection of local services, Comprehensive Area Assessment (CAA) in 2009. This stresses the community leadership role of local authorities and how well they and partners need to work together to address local needs and challenges.

Multi Area Agreements

3.3.4 Multi Area Agreements (MAAs) are a further development of LAA thinking⁶. These are *voluntary* agreements involving two or more county or unitary councils, their partners and Government to achieve shared targets to improve economic prosperity. The thinking is that MAAs should enable partners to achieve more than they could on their own, eg, in tackling large-scale infrastructure projects and attracting private sector finance. MAAs are expected to build on existing sub-regional partnerships, and include representation from businesses and other key stakeholders.

Employment and skills

3.3.5 In the *Work Skills White Paper*⁷, the Department for Work and Pensions (DWP) and the Department for Innovation, Universities and Skills (DIUS) set out to make services at local level work more closely together in pursuit of welfare-to-work and skills objectives. Potentially on offer is devolved responsibility for programme budgets at sub-regional level, given employer leadership and a successful track record on the part of partners. MAAs are viewed as the means for exploring new delivery arrangements, and their preferred governance model is that of Employment and Skills Boards. In the region, SEEDA has been working with Jobcentre Plus (JCP) and the Learning and Skills Council (LSC) to set these up, building from existing (sub-regional) Local Skills for Productivity Alliances established in 2003 under the auspices of the Regional Skills for Productivity Alliance.

3.3.6 There are also changes in funding and planning responsibilities for learning and skills which have a sub-regional dimension. LSC responsibilities for 14-19 education are being transferred to local authorities who in turn are being asked by Department for

⁶ Communities and Local Government (2007) Operational Guidance for LAAs
www.communities.gov.uk/publications/localgovernment/laaoperationalguidance

⁷ <http://publications.dius.gov.uk/workskills/>

Children, Schools and Families (DCSF) to propose sub-regional arrangements for planning and commissioning provision.

Business support and innovation

3.3.7 RDAs play a prominent role in the Business Support Simplification Programme (BSSP)⁸ which implements the Government's commitment to streamline business support. Business Link, now managed by RDAs, is positioned as *the* channel for access to such support. RDAs are expected to work with local authorities to ensure that local business support is improved, undertaken at appropriate spatial levels and consistent with the national offer. There are consultations and trials to ensure that the national portfolio is flexible in meeting local needs.

3.3.8 The *Innovation Nation* White Paper (2008) includes roles for RDAs in developing a better understanding of patterns of innovation at different spatial levels, and ensuring that local authorities include innovation in their local economic assessments. RDAs are expected to strengthen the 'place-based' dimension of innovation policy, integrating a range of support for business innovation, including knowledge exchange and the commercialisation of business ideas including academic spin-offs.

3.4 Implications of policy developments for SEEDA

3.4.1 Implications of these national policy developments for SEEDA include needs to:

- strengthen its corporate approach to 'place', furthering its knowledge of, and responsiveness to, sub-regions and localities – and the wider connections with housing and transport issues
- change and broaden its relationships with local authorities, including closer engagement with LAA processes
- work through, with partners, options for 'delegation' and 'devolution' to sub-regional and local level, along with a shared view of the capacity to deliver delegated or devolved responsibilities
- make sense of the various policy developments pushing in the direction of sub-regional partnership working, including employment and skills
- promote further cross-border collaboration, where justified, including the potential development of MAAs.

3.4.2 To an extent RDAs have been encouraged to explore possible models for delegation ahead of decisions following the SNR consultation, but more recently there have been serious concerns expressed by the Department for Business, Enterprise and Regulatory Reform (BERR) about the scope for RDAs to do this without changes in legislation. Meanwhile, expectations have built up amongst local authorities about what 'delegation' and 'devolution' might mean for them by way of increased resources and budgetary control.

⁸ BERR (2008) Business support at the local level www.berr.gov.uk/bbf/simplifying-business-support/page46305.html

Regional, sub-regional and local context

3.5 SEEDA's approach to sub-regional partnership working

3.5.1 SEEDA's approach to sub-regions and localities has evolved over time, starting with the first RES in 2000⁹ which tended to stress functional interventions (eg, on sectors, skills, and inward investment) alongside inherited responsibilities for administering regeneration programmes (the Single Regeneration Budget - SRB). The latter had created a geography of areas that had been successful in bidding for the SRB, rather than areas which were determined as most in need. SEEDA had to reshape this programme legacy and set regeneration activities alongside the pursuit of competitiveness and sustainable development objectives.

3.5.2 The second RES in 2002¹⁰ recognised far more the need to work with stakeholders to build ownership of the strategy and responsibilities for its implementation, which ushered in three significant changes:

- As a key to this, the potential of sub-regional economic partnerships was recognised, through a network covering the whole region. Building largely on *pre-existing* partnerships, the 'South East Economic Partnerships' (SEEPs) were formally recognised and core funding provided (12 SEEPs, £80,000 pa each) in 2001 to support their work in involving business, providing economic intelligence and inputting to local, sub-regional and regional plans.
- SEEDA set up its own Area Teams in 2003 (initially four across the region) to strengthen involvement with and administer SEEDA programmes delivered at sub-regional or local level.
- Area Investment Frameworks (AIFs) were introduced in 2004 as a replacement for the SRB, to run as a programme for three years to March 2008. These were targeted at priority areas and devised as a means of co-ordinating public investment in each area to maximise partner impact over and above the financial contribution which SEEDA would make. AIFs were negotiated with the local authorities concerned, who were expected to set up AIF partnerships to oversee implementation of the AIF and the programme funding from SEEDA.

3.5.3 The third RES in 2006¹¹ sought to "*bring understanding of place into SEEDA and ensure a co-ordinated approach in line with priorities*", with the review process emphasising sub-regions and other dimensions of 'place'. This was supported by stakeholders in the region who endorsed the efforts of the RES to capture the geographical diversity of the region by identifying a set of 'economic contours' (Inner South East, Rural and Coastal) and sub-regions as a broad framework for priorities and investment. Sub-regions for conceptual purposes of the RES reflect 'functional economic areas' (as stressed by the SNR), and are also in broad alignment with those set out in the South East Plan.

⁹ www.seeda.co.uk/RES_for_the_South_East_2006-2016/RES_2000-2001/index.asp

¹⁰ Work began in 2001 and the RES was published in 2002.

www.seeda.co.uk/RES_for_the_South_East_2006-2016/RES_2002-2012/index.asp

¹¹ www.seeda.co.uk/RES_for_the_South_East_2006-2016/

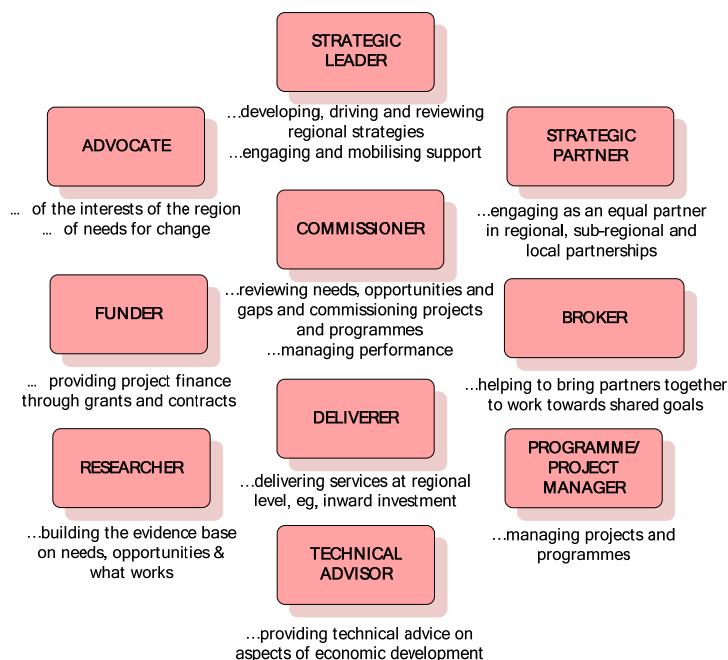
3.5.4 As geographical priorities, the RES Implementation Plan (2007)¹² highlighted:

- the major *Growth Areas* of Thames Gateway, Ashford and Milton Keynes
- eight *Diamonds for Investment and Growth*, those regional hubs deemed by the RES (and the South East Plan) to provide the main focus for accommodating sustainable growth (eg, South Hampshire, Gatwick, Reading and Basingstoke and the Sussex Coast, centred on Brighton and Hove)
- four *Regeneration Areas* where large scale regeneration programmes are underway Ashford, Margate, Dover, and Hastings and Bexhill.

SEEDA roles in sub-regional working

3.5.5 Figure 1¹³ sets out roles that SEEDA plays in working at regional, sub-regional and local levels. These typically vary by RDA priority and programme, by area and over time. Relationships may be one-to-one (say, with individual authorities or partnerships), one-to-many (eg, in discussions on priorities with partners in a given area about SEEDA inputs), or many-to-many (eg, as a SEEDA representative on a strategic partnership alongside equal partners).

Figure 1 SEEDA roles at regional, sub-regional and local levels



3.5.6 There has been a shift away from direct delivery of services and managing projects and programmes to commissioning (eg, of Business Link services) and acting as a strategic partner where the Agency is but one partner at the table. From the outset, RDAs have tended to have been viewed from the outside very much in the funder role. Given its relatively modest budget compared to other RDAs, SEEDA has tried to play this down by stressing the need to look at the bigger picture of all the relevant resources available

¹² *ibid.* Ashford does appear in two out of the three categories.

¹³ Based on analysis by Educe and Makesfive for SEEDA and Advantage West Midlands, and updated in the light of changing RDA roles

in the region: in local authorities, Learning and Skills Council, etc, as well as investment by business.

3.6 SEEDA Review of Sub-Regional Partnerships

3.6.1 By 2006, SEEDA found itself working with a plethora of partnerships and was concerned about value for money and fragmented delivery. It decided that there was a need to concentrate on those partnerships receiving core funding from SEEDA and review support for these in order to find ways of strengthening delivery of the RES while recognising the importance of reflecting local and sub-regional needs.

3.6.2 The SEEDA Sub-Regional Partnerships Review was initiated late in 2006, and consultants, GHK, were asked to assess the effectiveness of existing partnerships to inform the SEEDA board in considering the way forward. The partnerships which fell within the scope of the exercise¹⁴ were:

- South East Economic Partnerships
- Area Investment Fund partnerships
- market town partnership programmes and county-based food partnerships (rural partnerships)
- Local Skills for Productivity Alliances
- Broadband and e-Partnerships
- Sustainable Business Partnerships

Other partnerships with an actual or potential interest in economic development such as Local Strategic Partnerships were not covered by the Review, as they exist entirely independently of SEEDA and have a broader purpose.

3.6.3 GHK reported in April 2007¹⁵, concluding *in general* that:

- there was limited evidence overall that this range of partnerships was providing significant added value
- efforts were fragmented, resources thinly spread, and strategy and planning lacking in coherence
- relationships with SEEDA were “often distant, superficial and partial”
- capacity at sub-regional level was “*either depleted or not realised*”

3.6.4 Further reading of the report elicits a mixed picture with more positive examples of partnership working and results, eg, amongst the SEEPs and some of the AIFs. The latter overall were seen as not ‘fit for purpose’ as a vehicle capable of being scaled up to fit the whole region.

3.6.5 The SEEDA Board (March 2007)¹⁶ took on board the findings and acknowledged the potential of LAAs as a means of bringing about greater alignment between regional and local priorities and possibly as a channel for SEEDA funding. LAAs were felt to be

¹⁴ All covered more than one local authority area, though were not necessarily ‘sub-regional’ if defined eg, on the basis of travel to work areas, housing markets’ etc. Appendix C (available on the Assembly website http://www.southeast-ra.gov.uk/accountability_selectcom.html) provides maps illustrating the coverage of some of these partnerships, along with the new SRP arrangements.

¹⁵ GHK (2007) Interim Report: SEEDA Sub-Regional Partnership Review www.seeda.co.uk/RES_for_the_South_East_2006-2016/docs/InterimReportApril2007.pdf

¹⁶ www.seeda.co.uk/About_SEEDA/Board_members/board_meetings/2007/

appropriate vehicles, *provided that* they reflected business priorities as well as those of public agencies and community voices.

- 3.6.6 The conclusion of the Review was to rationalise SEEDA's funding and engagement with the various types of partnership, concentrating on a strengthened role for what would now formally be termed 'Sub-Regional Partnerships' (SRPs), with a proposed region-wide coverage largely along the lines of the existing SEEPs. It was to be for SEEDA and local partners – first and foremost, the local authorities – to agree what these SRPs should be and what, if any, changes might be needed to make the existing partnerships fit for future requirements, including LAAs and potential MAAs (for example, in the 'Diamonds').
- 3.6.7 In March 2008 the SEEDA Board¹⁷ agreed their policy towards support for SRPs. SEEDA funding was to be dependent on the ability of SRPs to demonstrate:
- leadership in setting economic development priorities
 - effectiveness in bringing about closer alignment between regional and local levels
 - ability to persuade public sector partners on matters of business priority and economic development more generally
 - strong business involvement and credibility amongst the business community
 - understanding of business and economic development needs
 - willingness to engage in cross-border collaborative working
 - an effective link between strategy and delivery (notably through LAAs and, where relevant, MAAs).
- 3.6.8 In essence, SEEDA may be seen as 'buying' economic intelligence, mobilising business interests and contributions, and influencing public sector partners. Crucially, they are seeking to work with SRPs that are strong on strategy and clout, rather than bodies which pursue lots of projects. In return for core funding, SEEDA is looking for evidence of stronger alignment behind the RES, eg, through integrated investment plans for the Diamonds, support for SEEDA's key investments, shaping of SEEDA-funded initiatives to meet local and sub-regional needs, and improved coordination of investment at local level.
- 3.6.9 SEEDA funding contributes to the core costs of the SRPs, and has been allocated according to a formula which allows for variations in business and resident population and complexity within the sub-region (eg, as a consequence of the number of local authorities and the presence or otherwise of RES priority areas). There are three funding bands, with SEEDA contributions ranging from £100,000 to £165,000 pa over three years.
- 3.6.10 SEEDA also decided to fund £75,000 pa for central coordination of the partnership network. This body, 'SEEP Central', now brings the SRPs together on a regular footing to discuss key issues and learn from one another, and undertakes tasks on behalf of the SRPs as a group, eg, in responding to SEEDA and other consultations. It increasingly provides a platform for SRPs to get together with SEEDA staff and other key bodies through topical workshops.
- 3.6.11 The total allocation of £1.85m pa over three years compares with £1m pa for SEEPs in 2005-08. Overall, the Partnerships Review has led to efficiency savings for SEEDA,

¹⁷ www.seeda.co.uk/About_SEEDA/Board_members/board_meetings/

given the ending of AIFs. Just under 20% of previous expenditure on the partnerships covered by the review (a total of £435,000) was released for investment in programmes.

Impacts of review

3.6.12 There have been various consequences for the types of partnership covered by the Partnerships Review. These have affected SEEDA's relationships with partners in ways we discuss in Section 4.

3.6.13 In relation to the shift from 'SEEPs' to 'SRPs', significant changes have included¹⁸:

- the creation of the Berkshire Economic Strategy Board, covering six unitary authority areas (thus six LAAs), with the previous 'SEEP', the Thames Valley Economic Partnership continuing as a business membership body and serving as the vehicle for wider business engagement
- a broadening of the Buckinghamshire and Milton Keynes economic partnerships as 'Economic and Learning Partnerships', formally incorporating responsibility for the skills agenda
- dissolution of the East Sussex and Isle of Wight Economic Partnerships, to be replaced by new partnership arrangements for involving business under the frameworks of their respective Strategic Partnerships
- the replacement of the Kent Economic Board with the Kent Regeneration Board, with a broader remit and supported more strongly by the County Council
- recognition of the Thames Gateway Kent Partnership as an SRP in its own right (covering North Kent and Medway)
- continuation of the Economic Partnerships in Brighton and Hove, Surrey and West Sussex – as well as in Oxfordshire where the need was recognised to bring the partnership closer to the work of the local authorities, not least on the LAA.

3.6.14 Furthermore, this period has also seen the creation of the Partnership for Urban South Hampshire (PUSH), involving two unitary councils, eight boroughs/districts and the county - and importantly reflects a new commitment by the cities of Portsmouth and Southampton to work together. It has achieved Government designation as a Growth Point, and as an MAA, one of the first set in the country. SEEDA have supported these developments strongly. The Hampshire Economic Partnership continues with both with a formal role in relation to the Hampshire LAA (covering the Hampshire County Council area) and in support of business engagement in PUSH.

3.6.15 Consequences for the other forms of partnership were:

Area Investment Frameworks

- Area Investment Frameworks were discontinued by SEEDA at the end of their scheduled funding period in March 2008. In a few cases (in Kent and in West Sussex), local partners have agreed to continue the partnerships in a modified form. In some other areas, continued SEEDA support has been negotiated for projects previously supported under the AIF, eg, Solent Synergy which supports knowledge-based businesses and technology transfer

¹⁸ Appendix D (available on the Assembly website http://www.southeast-ra.gov.uk/accountability_selectcom.html) provides a snapshot of the current state of play in developing the new SRP arrangements, sub-region by sub-region.

Rural partnerships

- The nine county-based partnerships for small rural towns (eg, Action for Surrey Rural Towns) continue as part of a seven-year programme to 2012, though operating with greater delegated responsibility. The six geographical food partnerships are evolving as LAA-related initiatives, to varying extents linked to their respective SRPs

Local Skills for Productivity Alliances (LSPAs)

- The future of the LSPAs is bound up with proposals for developing Employment and Skills Boards (ESBs), which are seen by SEEDA as the next phase in developing employer engagement on employment and skills and integrating service delivery. Several of LSPAs are currently managed through the SRPs and it is proposed, eg, in Kent and PUSH that the ESBs come under the wing of the new SRP

Broadband and e-Partnerships/ Sustainable Business Partnerships

- the nine Broadband Partnerships/ e-Partnerships are now seen to fall under the LAAs, and similarly the seven Sustainable Business Partnerships. SEEDA is rethinking its relationship with these in the context of Business Support Simplification agenda, and has, for example, integrated the 'front end' of the support for sustainable business offer into the Business Link brokerage service.

3.6.16 SEEDA involvement with LSPs lies outside the Partnerships Review, as these have wider objectives than economic development and are not core-funded by SEEDA. In the cases of unitary and county LSPs, the local authorities and their partners have sought to strengthen the connections between the economic partnership (as was) and the LSP in rethinking their requirements for LAAs and responding to the SEEDA Partnership Review. SEEDA has been involved with some LSPs and their economic theme partnerships at the level below the sub-region, but has not had the staff resources to offer a uniform presence.

3.7 New ways of working for SEEDA

3.7.1 The need for SEEDA to become more 'place-focused' and less functionally-oriented led to internal reorganisation, with the creation of a corporate team of Executive Directors, strengthening of Area Teams, and new ways of working internally around geography.

3.7.2 Area Teams were set up originally in 2003, primarily with a programme management focus, dealing, for instance, with the AIFs. The National Audit Office (NAO) in the Independent Performance Assessment report (2006) highlighted the role of the Area Directors in developing the Agency's presence and advocated strengthening of the sub-regional voice within SEEDA.

3.7.3 The SEEDA Board agreed (July 2007) that the Area Teams needed to be re-configured to strengthen their ability to:

- act as relationship managers and as drivers of local strategies, moving away from the programme management role
- broker negotiations between SEEDA programmes and local partners
- contribute to new cross-SEEDA Task Forces focusing on geographical priorities.

The Task Forces are gradually being implemented, each chaired by an Executive Director. These are beginning to bear fruit in bringing SEEDA staff together with partners to look at shared challenges and solutions and how SEEDA's corporate

contributions in these areas can be strengthened. One recent example was a session in relation to PUSH Business Plan, involving lead local authority chief executives from the sub-region.

- 3.7.4 The number of Area Teams has been increased from four to five and a new post of Deputy Area Director has been created to support the Area Directors in their work, not least in working *within* SEEDA to integrate activities in relation to ‘place’. The Area Teams report to different Executive Directors, seeking to ensure an area dimension to each functional division. SEEDA has also allocated area briefs to Board members and members of the Corporate Management Team.
- 3.7.5 SEEDA has developed an Organisational Development programme to shape the organisation for changing roles in implementing the RES and improve its own capacity to lead and influence within the region, eg, in embedding area working and ‘Sustainable Prosperity’ as a cross-cutting theme.

3.8 Other ‘place’ dimensions to SEEDA policies

3.8.1 There is a variety of other ‘place’ dimensions to SEEDA’s work, including:

- SEEDA actively supports the development of the Diamonds for Investment and Growth, though this takes different forms in different areas. Over and above this, SEEDA has encouraged networks amongst the Diamonds, eg, on Knowledge; Skills; Cross-Boundary Working; and Sustainable Development. The latter topic is particularly important for SEEDA, as a key to implementing its priority to reduce the region’s ecological footprint.
- contracts with six Business Link providers cover the whole of the region (now incorporating Enterprise Hubs as part of the regional response to the Government’s Business Support Simplification agenda). The Business Link Enterprise Gateway Service employs 20 Outreach Workers in the most disadvantaged communities in the region to help develop an enterprise culture.
- the draft South East Business Support Strategy, led by SEEDA, has ‘enterprise for all’ as one of its strategic objectives through delivery of targeted services to disadvantaged areas and under-represented groups. Thames Gateway Kent is one of seven pilot areas nationally for testing the Business Support Simplification Programme.
- the Regional Employment and Skills Accord with Jobcentre Plus (JCP) and LSC prioritises the introduction of sub-regional multi-agency teams to work with local authorities, especially those with high levels of worklessness and deprivation
- the introduction of Place-Based Innovation Teams¹⁹, as a new model to harness SEEDA and local/ sub-regional resources to stimulate the development of new products and services.
- SEEDA Investment Development Managers are based sub-regionally and have responsibility for providing aftercare to significant companies on their patch. Typically they work with at least 50 ‘strategic’ companies in each sub-region to support expansion and identify potential difficulties which need to be taken up with parts of central government. Several are co-located with SRPs.

¹⁹ www.seeda.co.uk/innovation/background.html

- engagement with Local Delivery Vehicles in Growth Areas (eg, Ashford's Future in Kent, Aylesbury Vale in Buckinghamshire), economic development companies in regeneration areas (eg, Sea Space in Hastings and Bexhill) and the three regeneration partnerships which sit under the umbrella of the Thames Gateway Kent Partnership.
- SEEDA has worked with partners in the region to develop the South East Rural Action Plan²⁰, which serves as a delivery plan for the RES *and* to address wider social and environmental objectives. SEEDA manages the European Union-funded Rural Development Programme for England (RDPE), of which a large part (£22m over six years) is allocated to the Leader programme. Under Leader, funds are disbursed via Local Action Groups²¹ (LAGs) for projects intended to address local problems and opportunities (eg, business start-up, IT access and skills, local food initiatives, and sustainable tourism).

²⁰ www.seeda.co.uk/RES_for_the_South_East_2006-2016/RES_Action_Plans/

²¹ LAGs are meant to be representative of a wide range of interests in their specified geographic area in order to help generate a strong local identity, develop greater community ownership and ensure people work together. The public sector must not comprise more than half the membership.

Section 4 Key Findings and Issues

4.1 Looking for improved relationships and outcomes

4.1.1 The scope of this Select Committee investigation is a broad one, touching as it does on a wide range of aspects of SEEDA's activities and performance. The picture painted is complex, reflecting the many-layered forms of engagement by SEEDA with partners at sub-regional and local levels. There are strengths and weaknesses in relationships which have impacts on performance, and these emanate from a range of sources. The following analysis seeks to draw these out and frame consultation questions designed to lead to improvements. The very nature of partnership working means that some of the questions relate to what SEEDA *and* partners at sub-regional and local levels can do *together* to increase their effectiveness in pursuing common goals.

4.2 Impact of SEEDA's approach to sub-regional working

4.2.1 Given how widely SEEDA's activities involve partners at sub-regional and local levels and the spatial impacts of regionally managed programmes and services, any evaluation of SEEDA's approach to sub-regional working in large part should involve an assessment of the impact of SEEDA and the RES overall. While this is beyond the scope of the Context and Issues paper, we can highlight *illustrations* from our interviews and background research.

4.2.2 In common with other regions, limited evidence is available of the *impact* of sub-regional partnership working in the South East. The GHK report for the SEEDA Partnerships Review²² found little, and concentrated on evidence of 'Strategic Added Value' (on which, more below - Figure 2). There had been no such evaluation of the South East Economic Partnerships, not least because (a) such an exercise would be expensive in proportion to SEEDA funding; (b) the SEEPs vary considerably and protect their independence; and (c) the SEEPs adopt different practices in monitoring and reporting on their performance and achievements. GHK concluded that SEEPs overall had had marginal impact, though little direct evidence was presented and the finding was disputed by the SEEPs themselves. Some SEEPs were reckoned to have been more effective than others. A key risk was seen to be over-dependence on the Partnership Director, in what have typically been very small teams²³.

4.2.3 The AIFs, however, were evaluated towards the end of the programme²⁴. Findings made available by SEEDA suggest that the AIFs achieved net additional outputs over three years of 1,991 jobs created; 2,845 people supported to get jobs; and over 11,000 people receiving some form of skills development. On the business front, over 300 businesses were created and 5,000 businesses helped to improve their performance. Over 10 hectares of brownfield land were restored for use. These outputs were generated by some 350-400 projects across the 10 AIFs, involving expenditure of £39m.

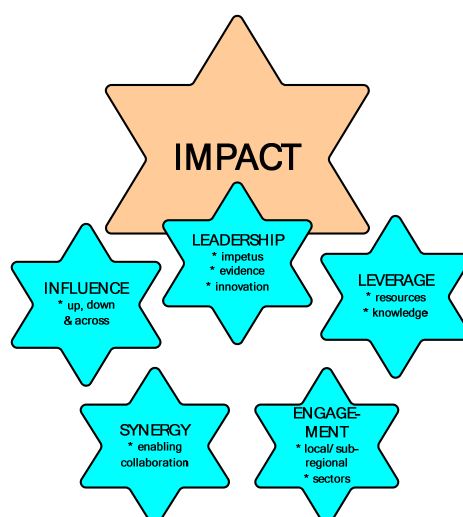
²² GHK (2007) Interim Report: SEEDA Sub-Regional Partnership Review
www.seeda.co.uk/RES_for_the_South_East_2006-2016/docs/InterimReportApril2007.pdf

²³ This is being addressed through increased level of SEEDA funding and steps, as in Kent, to bring the partnership closer to the economic development work of the top-tier local authority.

²⁴ Report to be published in 2009.

- 4.2.4 The evaluation estimated that the AIF programme contributed an additional £109m to regional GVA (£2.80 for every £1.00 spent by SEEDA). However, on deprivation indicators the position for the AIF areas as a group has worsened over the three years, calling into question the effectiveness of the AIFs in tackling underlying market failures, at least in the shorter term.
- 4.2.5 AIFs have made a difference in terms of Strategic Added Value, with the research pointing to improvements in partnership engagement and leadership, eg, in bringing partner organisations together to agree priorities (sometimes for the first time) and developing more coherent, strategic approaches. There was leverage of £64m, of which £11m was from the private sector, on a scale greater than that of predecessor SRB programmes.
- 4.2.6 Our interviews drew out a range of examples of Strategic Added Value (Figure 2), for partners at sub-regional and local levels and, for SEEDA, from sub-regional partnerships. (The diagram sets out the main forms of Strategic Added Value used in national RDA evaluation guidance²⁵.)

Figure 2 Forms of Strategic Added Value



Value to partners at sub-regional and local levels

Leadership

- examples where SEEDA has helped to broker and build commitment amongst partners and spurred action (with quotes like “[without SEEDA’s involvement] I would question whether as a group of local authorities we would have had the drive and funding to deliver”). Examples included the redevelopment of Shoreham Harbour and city promotion activities in Southampton and Portsmouth

Influence

- active SEEDA support in making the case for major infrastructure developments, eg, improvements to Gatwick rail connections and the Hastings and Bexhill Link Road

²⁵ DTI (2006) Evaluating the impact of England’s Regional Development Agencies: Developing a Methodology and Evaluation Framework www.berr.gov.uk/files/file21900.pdf

- the SRPs reckon that as a group they are now in a more influential position in relation to SEEDA, eg, now being represented on regional SEEDA-related groups such as the Regional Skills for Productivity Alliance

Leverage

- leverage of resources: many interviewees recognised the value of SEEDA funding in enabling them to do things that they would not otherwise have been able to do, or not do so quickly or to the same extent. Interviewees highlighted successes, for example, in sectors such as food, digital media and marine industries, broadband development, and physical regeneration
- SEEDA's involvement has also helped draw in resources from others, with partnership proponents using the argument, "*SEEDA will if you will*"
- knowledge: through the network supported by SEEDA, the SRPs have spread proven and promising ideas, (eg, West Sussex and Crawley District Council learned from Surrey Economic Partnership in developing proposals for transport initiatives and were successful in obtaining SEEDA funding)

Synergy

- dedicated funding for partnerships has helped cover the core costs of partnership development and management, and helped to resource engagement activities – crucially for the SRPs, those aimed at involving business.

Feedback from the Market Towns programme also indicates added value in terms of community development, business involvement, leverage, and partnership activity that would not otherwise have happened.

Value to SEEDA of sub-regional partnerships

Leadership

- the SEEPs/ SRPs have provided vehicles for bringing public and private sectors together in providing leadership for economic development at sub-regional level and influencing local priorities, in a context where there are many political pressures pulling in other directions. In reflecting business interests, they are more likely to lead on cross-boundary initiatives, such as the Diamonds (where West Sussex, for example, leads on the business plan for the Gatwick Diamond)
- evidence: one of the functions of SRPs for SEEDA is to provide economic intelligence. The recent exercise at short notice to gather information from SRPs on the impact of changing economic conditions²⁶ was considered very helpful and, with a SEEDA interviewee considering that "*the great majority of partnerships provided an order of intelligence not otherwise possible*"
- SEEPs have provided a valuable challenge to SEEDA on area priorities, to demonstrable effect in corporate plan consultations. The SEEP input to successive versions of the RES has proved for SEEDA, "*invaluable and necessary for a region of contrasts*". This included cross-region contributions, eg, on the economy in coastal and rural areas; also with contribution to major debates (eg, scenarios for housing growth) in the context of the South East Plan. The SEEPs have also been influential

²⁶ BERR, HM Treasury & SEEDA (2008) The South East England Economy - a joint response to changing economic circumstances http://www.hm-treasury.gov.uk/documents/uk_economy/regional_economies/ukecon_economy_regional.cfm

in shaping the regional approach on specific policies, eg, Business Support Simplification

- SRPs provide continuing value as a cross-sector platform for consultation not only on the RES but also on exercises such as Regional Funding Advice

Engagement

- SEEDA has welcomed the ability of the SEEPs to engage business and now places a great deal of emphasis on the potential of SRPs in engaging business, be it through direct participation, consultations or events

Leverage

- the SEEPs have provided a vehicle for partners at sub-regional level to align their activities and resources, as did AIFs more locally. SEEDA places greater stress on this for the SRPs in the future.

Question 1

What are the key outcomes and achievements resulting from SEEDA's approach to sub-regional and local partnership working?

4.2.7 The GHK research argued that more impact and Strategic Added Value could be achieved through sub-regional partnerships. Changes in SEEDA policy are intended to strengthen their contribution, but increased funding to SRPs and internal SEEDA reorganisation are only building blocks to this end, and much depends on the capabilities of the SRPs, the commitment of local partners and how well the SRP serves to mobilise their resources.

4.2.8 The sporadic evidence of partnership impact and added value is a cause for concern, in that it can undermine public accountability (calling into doubt value for money on partnership activities) and lead to situations where partners continue with activities which are not making enough of a difference. There have been criticisms to SEEDA of a lack of interim evaluation or monitoring of the AIF programmes (were they on track or not?) and recommendations that evaluation should be built in from the outset. Without this, learning and improvement are impaired. This leads to a wider question, about how partnership working should be evaluated and the evaluation evidence needed to undertake this.

Question 2

In seeking to gain the most out of collaboration, how should SEEDA and partners evaluate the effectiveness of formal partnership arrangements, including Sub-Regional Partnerships (SRPs)?

4.3 Alignment: regional, sub-regional and local

4.3.1 Establishing greater alignment between regional, sub-regional and local priorities has been a goal of SEEDA's work, and regarded as a key to successful implementation of the RES. Evidence of success in this can help to demonstrate SEEDA's 'strategic economic leadership', one criterion used by BERR and the National Audit Office in assessing SEEDA's own Strategic Added Value. In theory, tighter alignment should lead

to better, more targeted use of resources, fewer unproductive activities and less wasted effort and energy where partners pull in different directions²⁷.

- 4.3.2 Interviewees provided broadly positive feedback regarding the (growing) extent of alignment between sub-regional and regional priorities, and between those at local and sub-regional levels. It remains, however, that some still feel that the needs of their area are not as well addressed as they might be. Examples arise, for example, where the pattern of local needs is very distinctive, such as for those local authorities with particular concentrations of worklessness which are not replicated across the region as a whole. There is understanding, however, that the nature of priority setting at regional level cannot include everyone's priorities, and that SEEDA's approach to area working does allow for more tailored solutions.
- 4.3.3 In essence 'alignment' depends on there being shared vision, objectives and priorities, mutual advantage for partners, and systems and ways of working which reinforce incentives for partners to pull in the same direction. We found some inevitable differences in perspective/ views on what matters, more often relating to the 'how' than the 'what', eg, on appropriate targets for business support or for inward investment. Overall, our impression was that these were not as marked as they were when we undertook the review of relationships between SEEDA and SEEPs in 2001 during the first RES period. Our view is also that, given the scope for tensions in such a diverse region, the differences are much less than they could be. This reflects favourably on SEEDA, and how it has shaped and consulted on successive versions of the RES. The latest manifestation of this is SEEDA's efforts to draw out spatial priorities in its Corporate Plan²⁸ and how SEEDA is responding to these.

Question 3

What practical steps can SEEDA and its partners take to improve alignment, in the 'how' of delivery as well as the 'what' of strategic priorities?

- 4.3.4 Arguably, SEEDA's approach has *contributed to complexity* in the RES, along with pressures of other kinds, not least from central government departments. This was a concern raised by several interviewees who have found the descriptions of different geographical categories and terms (economic contours, Coastal framework, sub-regions, Growth Points, Diamonds, etc) difficult to grasp and convey to business and other audiences. Some interviewees resisted the use of typologies, feeling that their area was being squeezed into a category in which they scarcely belonged. Implementation in the light of the CLG consultation on the Framework for Regeneration will pick up some of these issues.

Alignment behind LAAs

- 4.3.5 Interviewees expressed concern about the limited extent to which the National Indicator (NI) Set, developed by CLG and other government departments, provides an effective means of aligning regional, sub-regional and local strategies through the new LAAs agreed in June 2008. LAAs contain up to 35 targets drawn from the NI Set,

²⁷ This is one of the principles of CLG (2008) Transforming Places, Changing Lives: a framework for regeneration www.communities.gov.uk/publications/citiesandregions/transformingplaces

²⁸ www.seeda.co.uk/Corporate_Plan_2008-2011/

which while including several economic development, skills and employment measures, have only limited overlap with the performance measures applying to RDAs and Regional Economic Strategies. This is a concern because local partners may give attention *only* to achieving the targets signed-off in the LAA. If an objective is not included, the fear is that it will be given lower priority – not least because Comprehensive Area Assessment (CAA) for local authorities starts with these targets. This concern may be exacerbated amongst economic partners in recognising that many interventions (eg, of a physical renewal or culture change nature) can take several or many years to bear fruit, outside the three-year horizon of LAAs.

- 4.3.6 A simple match with RES targets shows that less than half the LAAs in the region contain a target for VAT-registered start-ups²⁹, and that only five have targets for the overall employment rate and median earnings which taken together can provide a proxy for Gross Value Added. Interviewees highlighted the lack of measures of global competitiveness, inward investment, innovation, creativity and knowledge transfer, and infrastructure development as problems. They commented that overall, the NI Set tends to measure ‘problems’, not growth or opportunity. In a few LAAs such as Hampshire, there was an attempt to address these deficiencies in adopting *local* targets within the LAA.
- 4.3.7 SEEDA and other RDAs lobbied within government for a wider set of indicators, but were too late to influence this for 2008-11. As it is, there are weaknesses in possible national data sources because typically the size of samples used in national surveys (eg, on Gross Value Added and business research and development expenditure) do not provide sufficiently robust data at sub-regional or local level.
- 4.3.8 The indicator issue presents a risk to effective alignment. There is a need to monitor and mitigate the effects of this mismatch over the period of the new LAAs and identify what can be done to strengthen RES-related measures for use at sub-regional and LAA levels. Ultimately this is an issue for national action, but SEEDA and partners might explore what could be done and make the case for data improvements and the inclusion of new indicators in the next iteration of the NI Set.
- 4.3.9 Some questions remain about SEEDA’s emphasis on LAAs, given the breadth of LAA content and the difficulties that economic partners have had in ensuring the presence of economic development priorities in some of them. Interviewees also expressed concern about the limitations to perspectives that local authority boundaries can bring, while welcoming SEEDA’s initiatives to foster cross-boundary working.

Question 4

What more can be done to strengthen alignment between Local Area Agreements and the Regional Economic Strategy?

²⁹ See Appendix E (available on the Assembly website http://www.southeast-ra.gov.uk/accountability_selectcom.html) for a listing of economic development-related targets in LAAs in the South East.

4.4 Relationships and ways of working

- 4.4.1 Our interviews revealed, on balance, a reasonable picture on relationships between SEEDA and partners at sub-regional and local level, though there were many constructively critical comments and suggestions for improvement.
- 4.4.2 We stress that while there can be dangers in focusing too much on processes such as relationship and partnership building – which can divert attention away from achieving results – it remains important to diagnose problems with processes as these can substantially undermine delivery. There can also be high transaction costs in partnership building, co-ordination, communications, etc, which in a public sector context are often off the radar. Where partnerships and relationships are weak, these can be exacerbated: poor partnership will subtract value, all cost and no gain.
- 4.4.3 The box below sets out good practice characteristics in developing and governing relationships between tiers, building on work undertaken for SEEDA and Advantage West Midlands in 2001 and 2002³⁰ and with characteristics in common with a later review by the Audit Commission and the National Audit Office (2006)³¹.

Good practice in relationships between tiers
<p>When considering relationships between geographical tiers, especially where there are strategy, delivery and funding relationships, essential elements include:</p> <ul style="list-style-type: none"> • clarity of roles and responsibilities • performance expectations (outcomes and standards) jointly specified, and balanced with the capacity to deliver • arrangements for managing the relationship, including management of communications (eg, through lead contacts) and for joint review • mechanisms for resolving any disputes between partners • mutual feedback on performance • a problem-solving approach to issues - rather than seeking to apportion blame

- 4.4.4 We reflect on these characteristics below, separating out distinctions between relationships where organisations are primarily:
- (a) equal partners in strategic partnerships (eg, as member of an SRP or LSP), where there is a premium on influencing skills; and
- (b) in a commissioning/ funding relationship in the context of a policy delivery chain, where there is necessarily greater emphasis on specifications, deliverables, and contract management.
- 4.4.5 The key difference between ‘equal partners’ and ‘delivery chain’ is the need for the former to share in the partnership development processes, reviewing the evidence base, developing the vision, agreeing priorities, making commitments, playing their part in delivery, and so on. In the policy delivery chain, vision, objectives and priorities tend to be determined at a higher level. Some situations *can* be an uneasy mix of the two, eg, where SEEDA funds and works beside the SRPs.

³⁰ Educe and Makesfive (2002) Review of SRPs in the West Midlands (unpublished)

³¹ Audit Commission and National Audit Office (2006), ‘Delivering Efficiently: Strengthening the links in public service delivery chains’ www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp?CategoryID=ENGLISH^576&ProdID=D2432F30-E8F5-4CCB-8DC0-4875E4059329

Relationships with strategic partners

4.4.6 Valued aspects in SEEDA's relationships with strategic partners and strategic partnerships included:

- recognition that SEEDA has made a progressive change in its approach to the RES. (Several SRPs remarked along the lines of "*developing the RES seems to be both sound in process and approach, and two-way in terms of consultation and engagement*")
- assistance/ support with introducing the new SRP arrangements (eg, in Berkshire, South Hampshire, and the Isle of Wight)
- SEEDA specialist expertise (eg, on sustainable development and on site assembly and complex property developments)
- presence and input of SEEDA Executive and Area Directors, and Area Team members (with comments like they "*always have something to say on the issues, on the regional perspective, and this is welcomed by other board members*"). There were also compliments about individual Area Directors for their skills in knowing when to take a lead, when to take a back seat, and when to influence behind the scenes.

4.4.7 Where there are adverse comments, these tended to reflect one or more of the following factors:

- the local impact of the Partnership Review (typically where AIFs were ended)
- a lack of continuity of relationships, felt most where Area Teams were reorganised and operating with depleted staffing levels³². This was at a crucial time for establishing the new SRP arrangements and withdrawing from or reforming other partnerships
- skills on the part of SEEDA and its counterparts: relationships tend to be poorer where those concerned lack understanding of what drives and constrains the other parties and how best to influence and negotiate. Some players at local and sub-regional level tend to be more reactive, and expect greater prescription of what they need to do, while others are more relaxed and look proactively to shape and take opportunities
- partner attitudes to working with SEEDA along the lines of "we'll engage with SEEDA if we think it has something to offer us" or "only if we don't have to give anything up"
- a tendency for some SEEDA staff to see the SRPs as an arm of SEEDA rather than as an equal partner
- instances of "*mixed messages*" from SEEDA, coupled with a sense that SEEDA has still some way to go in joining up internally (see 4.8 below)
- basic relationship faults on the part of SEEDA: not being sufficiently frank; arranging meetings locally without consulting; cancelling meetings at short notice which were important to the other party; and lack of responses to important e-mails.

4.4.8 There are also varying opinions about how well parts of SEEDA *listen* to views from different parts of the region, from individual organisations and from particular interests, eg, in the voluntary and community sector and small business community. At

³² The teams were at only 50% of complement in April 2008.

the same time, there are strong hopes that the Area Directors and their Deputies will ensure that sub-regional and local perspectives become more influential within SEEDA.

Relationships in policy delivery chains

- 4.4.9 We found more consistently positive comments where the SEEDA/ partnership relationship is in a delivery chain, eg, in the case of Local Delivery Vehicles set up in the Growth Areas, where there was consistently good practice in terms of clear definitions of relationships, responsibilities, and accountability. Similarly, in most cases where there are formal contracts, this was felt to be the case. The DTZ evaluation concluded that the “[AIF] model of devolved responsibility and partnership works if appropriate and consistent guidance is provided”, though they highlighted as well the need for lead time in setting such arrangements up, and exit arrangements for wrapping up activities.
- 4.4.10 There were some comments which echoed criticism in the GHK review about convoluted project appraisal processes, and a more general point was that a consequence of moving away from programme funding towards commissioning is that SEEDA is more frequently in a position of having to reserve judgement until formal proposals are made.
- 4.4.11 Some comments arose about the extent of bureaucratic burdens, in monitoring and recording, with EU programmes such as Leader singled out, and felt to be more onerous for voluntary and community organisations. SEEDA has raised such issues with government departments responsible for EU programmes and has found that the scope for change is very limited or non-existent.
- 4.4.12 The introduction by SEEDA of Place-Based Innovation Teams (led by Global Competitiveness division) is a current example of good practice, with various compliments being paid on the consultation process, especially from SRPs who were involved at an early stage. This initiative provides one example of where responsibility for commissioning has been delegated to PUSH. In this, the sub-region becomes the place for the potentially difficult decision to be taken about which organisation or consortia to commission, a decision which previously would have been taken at regional level.

4.5 Delegation and devolution

- 4.5.1 Potential implications of the SNR were significant in many of our interviewees, with individuals at local level holding high hopes over the extents to which powers and responsibilities will be devolved to sub-regions and localities and decision-making on SEEDA resources be delegated. These expectations were greatest within local authorities, which were placed prominently in the reforms set out in the original SNR document. The consultation paper, Prosperous Places³³, subsequently amended the language around *delegation* of RDA funding, to refer to “those best placed to deliver economic improvements provided they have the capacity to undertake this activity” rather than local authorities per se. RDAs are expected to provide support to develop capacity at local and sub-regional levels as appropriate.

³³ www.berr.gov.uk/regional/sub-national-review/page40430.html

- 4.5.2 The more recently published CLG Framework for Regeneration consultation³⁴ stresses *devolution* of power to local authorities, such that the process of determining regeneration priorities “*starts with communities and their councils*”. Overall, Government pronouncements have tended to encourage local authorities to expect ‘more of a place in the sun’ in relation to their responsibilities for economic development, and to expect greater respect from Government bodies. This may also lead some local authorities to expect to be dealt with directly by SEEDA, rather than through SRPs.
- 4.5.3 Lack of clarity about what is to happen with SNR implementation has affected interviewee views, as reported above. We encountered strong feelings that SEEDA could have done more to keep partners in the region informed about SNR developments – or lack of these. There are varying degrees of ignorance and understanding of SNR pressures on SEEDA, and of issues within government affecting likely decisions. SEEDA itself has had to wait for national and regional decisions on implementation of the SNR, and has been advised by the Department for Business, Enterprise and Regulatory Reform (BERR) to await decisions on possible changes to the Regional Development Agencies Act 1998 before finalising proposals for delegation. Meanwhile, there is a commitment in the SEEDA Corporate Plan to invest at least £18 million in 2008-09 in priorities set by local partners, maintaining the level of locally-determined investment made in the last year of the previous Corporate Plan period³⁵.

Question 5

What is the scope for SEEDA to devolve and/or delegate to sub-regional and local levels, and what difference would this make?

4.6 Business and voluntary and community sector engagement

Business engagement

- 4.6.1 SEEDA stresses the role of SRPs in business engagement, expecting SRPs to have credibility in the eyes of local business, to play an effective role in interpreting the public sector aspects of economic development for the business community, and exert strategic influence with public bodies on behalf of business.
- 4.6.2 SRPs are faced with a constant challenge to maintain business interest, helping to articulate their needs and undertake the interpretation task, in a world where public sector agendas have become more complex. A tension can arise between the desirability of being seen to produce tangible results valued by business, while also working on strategy and influencing public sector partners – activities to ‘join up the wiring’ which are not of much interest to business. SEEDA increasingly stresses this strategic role.
- 4.6.3 There are SRP concerns that some businesspeople have given up trying to understand what is going on and criticise SEEDA for a lack of ‘business behaviour’ in the language it uses and a lack of hard-edged business decision-making, in not doing enough to cut out activities which do not add value.

³⁴ www.communities.gov.uk/publications/citiesandregions/transformingplaces

³⁵ www.seeda.co.uk/Corporate_Plan_2008-2011/

- 4.6.4 New ways of dealing with these tensions are being explored as the SRP arrangements develop, in order to find forms of engagement that businesses value while avoiding a heavy diet of policy agendas. For example:
- the Berkshire Economic Strategy Board is looking to the pre-existing Thames Valley Economic Partnership to be the vehicle for business involvement, for Berkshire as a whole and in inputting to the individual LAAs
 - Business forums are being established for PUSH and the Strategic Partnerships in East Sussex and the Isle of Wight.

Voluntary and Community sector

- 4.6.5 There are no stated SEEDA requirements regarding voluntary and community sector involvement in SRPs, although, in line with government expectations³⁶, the role of the sector is acknowledged. SEEDA policy is to leave it to local and sub-regional partners to engage voluntary and community organisations and social enterprises, especially in LSPs, while continuing to support the regional voluntary and community sector network, RAISE as well as individual organisations on specific initiatives. There are concerns within the sector (and amongst some of the other interviewees) that it has been marginalised within the RES, that there is limited understanding within SEEDA of the sector's actual and potential contribution to RES delivery, and that its interests are lost within SEEDA's structure. This picture felt is repeated to varying degrees at sub-regional level. There are also concerns about the extent of involvement in LAAs – the subject of current research by RAISE on behalf of the Regional Strategic Cross-Sector Partnership for the Third Sector.
- 4.6.6 Issues relating to administrative burdens imposed by SEEDA and EU programmes were acutely felt by voluntary organisations, including changing deadlines and unrealistic reporting and consultation periods.

Question 6

How best can SEEDA help support, sustain and widen business and voluntary and community sector involvement in partnership working at sub-regional and local levels?

4.7 SEEDA Partnerships Review and its implementation

- 4.7.1 The experience of the Partnerships Review highlights issues which lie at the heart of current partner concerns, alongside questions about SNR implementation. The Review itself was welcomed in principle (reduce complexity, seek better use of resources, etc), though there were some suspicions at the time about SEEDA's intentions for the future of the SEEPs.
- 4.7.2 The experience was found to be frustrating for several of the SEEPs and local authority representatives, with a few remarking that SEEDA “*constantly moved the goalposts*”. There was unhappiness, too, amongst the SEEPs that GHK concluded, on the basis of limited evidence, that their impact had been “*peripheral*”. Specific issues included:

³⁶ HM Treasury (2007) The future role of the third sector in social and economic regeneration: final report www.hm-treasury.gov.uk/media/2/B/thirdsectorreview_finalreport.pdf

- Delay by SEEDA in handling of eventual decisions on AIFs, with little or no communication in the interim. An illustrative response was, “The partners had expected the AIF to morph into the LAA but not for it to be ended. SEEDA gave us no warning, no explanations, we were told it was too bad”.
 - poor communications practice by SEEDA, eg, with significant letters about the Review being sent to local authority Chief Executives but not copied to SRP Directors
 - changes in SEEDA requirements for SRP business plans³⁷, leading to some unproductive work
 - a forced change in proposed funding arrangements for SRPs because of procurement rules, ending an offer of funding upfront.
- 4.7.3 SEEDA staff reckon that they are now clearer “*in what we want to buy*”, thanks in part to adopting a more robust appraisal process for SRP business plans and involving more colleagues than previously in the process. SEEDA is taking several steps to reinforce its approach to sub-regions and SRPs, eg:
- efforts within SEEDA to promote the value of SRPs and what can be achieved through and with them
 - the internal Task Forces focusing attention on SEEDA approaches to specific places
 - regular meetings with representatives of SEEP Central
 - a programme of joint half-day events with SEEDA staff on topics such as Business Support Simplification, the SNR and working with Sector Consortia³⁸.
- 4.7.4 While it is early days in implementing the new SRP arrangements, it is worth considering how effectively they are bedding down, in meeting SEEDA’s expectations (set out in paragraph 3.6.7 above), and in meeting the needs of partners at sub-regional and local level. Bearing in mind steps towards integrated planning at regional level, the Government’s emphasis on sub-regions in a growing number of policy areas, and the search in local government for efficiencies in service delivery and partnerships, there could be several ways in which SRPs could develop in future.

Question 7

Looking ahead, how might the focus, membership and capacity of the SRPs supported by SEEDA need to evolve in addressing sub-regional and local needs?

4.8 Area working, ‘transparency’ and communications

- 4.8.1 We found several interviewees questioning how well SEEDA was putting one of its key principles in the SEEDA Corporate Plan, “*transparency*”, into practice. Most frequently concerns arose in relation to:
- the process for agreeing SEEDA support for area priorities (especially ‘post-AIF’ for those areas that had benefited from this funding)
 - decisions on delegation of funding in the context of the SNR.

³⁷ SRPs submit business plans to SEEDA for appraisal and agreement of funding.

³⁸ Sector Consortia are groupings which promote competitiveness and collaboration in business sectors

There was also feedback regarding an apparent lack of follow-up to the consultations on the Coastal Framework. One interviewee commented that there has been “*no dialogue, no development, no decisions*”. The Assembly’s recent Select Committee on SEEDA and the Coastal South East (2008)³⁹ recommended that SEEDA should maintain its focus on the Coastal Framework and work with relevant local authorities and other partners to secure support and locally tailored implementation.

- 4.8.2 Critically, many people were wondering, how do we engage and agree SEEDA funding and support? Interviewees were aware that the Corporate Plan sets out ‘Area Priorities’ and that SEEDA had previously stated their intention to channel appropriate funding through LAAs and dedicated delivery vehicles. We encountered several comments along the lines of, “[*there is*] *no apparent real strategic vision within SEEDA of the place or potential of our area for the region*”. Comments like this may reflect expectations of SEEDA to lead the locality, rather than the locality determining its own vision and seeking to negotiate SEEDA’s contribution to this.
- 4.8.3 There are also uncertainties about taking forward the Diamonds for Investment and Growth, perhaps more amongst those in the second phase such as the Sussex Coast. Even in the first set there were comments to the effect that the Diamonds “*will only work if they are resourced*”.
- 4.8.4 Working with SEEDA was likened to “*playing a game of Battleships*” where one player knows the location of their own pieces and has to guess that for the other player. Interviewees close to SEEDA report such concerns and note that many of their business and public sector partners are asking questions about how to engage, on what and with whom on SEEDA business.
- 4.8.5 SEEDA intends to pursue discussions at SRP/ lead authority level on investment priorities, in the context of limited SEEDA resources: “*if you want X, are you prepared to drop, or go slower, on Y*”, etc. This becomes all the harder given the Government’s decision to limit RDA room for manoeuvre by transferring a proportion of future RDA capital funding to Homebuy Direct⁴⁰. This is a shared equity scheme intended to revive the housing market by enabling first-time buyers to purchase homes that have not been sold because of the crisis in financial markets.

Internal working and external communications

- 4.8.6 Following on from the ‘mixed messages’ issue raised above (see 4.4.7), there is recognition that there is “*still not one SEEDA, one voice*”. This echoed findings of our work reviewing relationships between SEEDA and SEEPs in 2001 and 2002. It is disappointing to report that only comparatively recently have some of the steps suggested to join up SEEDA internally (eg, through the area-based and thematic Task Forces) been introduced. For the current paper we found some contrasting comments, eg:

- “*SEEDA used to operate in silos, but they’re now moving in the right direction*”

³⁹ South East England Regional Assembly (2008) Report of the Select Committee on SEEDA’s Strategy and Activity in the Coastal South East www.southeast-ra.gov.uk/committees_select_2008-02.html

⁴⁰ Press release at www.communities.gov.uk/news/corporate/950558

- “there are eight or nine companies in one...SEEDA is difficult to get a hold of, and for businesses, difficult to understand”
 - “SEEDA doesn’t have a plan for our area. Six silos and six separate budgets”
 - “SEEDA staff need to realise that they are all working towards the same end, not competing.”
- 4.8.7 Considerable hopes are being placed on the investment in Area Teams making a difference. There are desires to see SEEDA “on the ground more day-to-day..., operationally as well as strategically” and shorter intervals between discussions.
- 4.8.8 Area Teams themselves need to be better informed about what is happening on their patch, and it was a source of frustration for some SRP Directors that SEEDA staff were engaged in project discussions and arranging events in their area without their knowledge. There are estimates of SEEDA spend by Area Team in the Corporate Plan, but detailed information is not available by SRP area. The SEEDA Task Forces are developing this picture priority area by priority area.
- 4.8.9 There was recognition within and outside SEEDA of the need for improvements in “keeping people in the loop” – though we did find instances where external interviewees did feel well informed. There were comments that the SEEDA website is underdeveloped and could be used more effectively for some forms of communication and dissemination.

Question 8

How can sub-regional and local arrangements for dialogue with SEEDA, priority setting and negotiating funding be clarified and improved?

4.9 Joining up SEEDA policies in relation to ‘place’

- 4.9.1 While SEEDA have implemented the Partnerships Review with the emphasis on the role of the SRPs as strategic entities covering the whole region, interviewees saw tensions in how SEEDA is implementing other policies which have implications for sub-regional and local partnership working, and which appear to follow parallel, if not divergent, lines. These included the lack of an agreed policy on future development of Employment and Skills Boards (ESBs) as successors to the Local Skills for Productivity Alliances. The Sussex ESB has been seen as an imposition and remote from needs, eg, in Brighton and Hove; and the way forward has not been clear in Hampshire and Isle of Wight beyond the PUSH area. There are also questions about the level of aspiration for employer engagement, governance arrangements and responsibility for commissioning employment and skills provision.
- 4.9.2 While SEEDA continues to fund the county small town partnerships and Leader programme though the Rural Development Programme for England, questions were posed about SEEDA’s priorities for rural parts of the region, as well as regarding the extent to which rural economic issues are on the agendas of the SRPs. The RES identifies the Inner South East ‘economic contour’, with its mix of market towns and rural hinterlands and affluence mixed with relative poverty. This does not appear as high a priority as the Coastal contour with its regeneration challenges, although

SEEDA has proceeded to address rural issues in working with regional partners to develop a single rural plan for the South East⁴¹.

- 4.9.3 In principle, SEEDA expects rural economic issues primarily to be addressed through the LAAs and LAA delivery planning, and at the time of writing it is too early to comment on the extents to which this is happening and policies are being ‘rural-proofed’. When prompted, several SRP interviewees noted that rural issues had not been discussed recently with SEEDA.

Question 9

How well does SEEDA’s sub-regional work - including its Area Teams, SRPs, and RES geographical priorities (Economic Contours, Diamonds for Investment and Growth, Growth and Regeneration Areas) - allow for collaboration that reflects differences in needs and opportunities across the region?

4.10 Cross-boundary collaboration and Multi Area Agreements

- 4.10.1 SEEDA has emphasised the need for cross-border collaboration, and has been helped significantly in this by the SEEPs, eg, in Sussex (Gatwick Diamond) and Milton Keynes (as part of the MK/ South Midlands Growth Area).
- 4.10.2 There has been limited interest to date in the region in developing Multi Area Agreements (MAA), or indeed the *statutory* sub-regional partnerships as envisaged in the SNR. In many cases neighbouring authorities and their partners (as in the greater Brighton area) doubt the value of an MAA reckoning that they can develop collaborative arrangements without having to ‘go through the hoops’ for central government.
- 4.10.3 The PUSH MAA was one of the first nationally to be approved in July 2008, with a substantial emphasis on how central government departments can play more of a role as partners at sub-regional level. One example is a relaxation of standard Department for Transport rules relating to the creation of motorway junctions, in order to open a substantial amount of land near to Southampton Airport. There have been early gains for the PUSH partners, which point to scope elsewhere in the region - though very much depending on what sub-regional partners and government departments want to make of the possibilities. Some of the greatest relevance may come from integrated approaches at sub-regional level, linked to housing and transport planning as sub-regional dimensions to integrated regional planning.

Question 10

What is the potential for cross-border collaboration within the region and how can SEEDA best support these developments, including through Multi Area Agreements?

⁴¹ This forms part of the suite of action plans for the RES.
www.seeda.co.uk/RES_for_the_South_East_2006-2016/RES_Action_Plans/

Section 5 Conclusions

- 5.1.1 The research for this paper has highlighted the extent and ways in which SEEDA has been translating its work in support of the RES into ‘place’, especially through the vehicles of the Sub-Regional Partnerships and SEEDA Area Teams. Implementation of these new arrangements is recent, and still needs to bed down. The new set of SRPs has a more prominent place in SEEDA’s implementation framework, with a commitment of core funding for the next three years, and clarified expectations of their role.
- 5.1.2 While these changes are recent, the SEEDA Board is anxious to see early evidence of improvement and results, and will itself be reviewing progress in January 2009, following the Assembly Select Committee hearing. A further backdrop is provided by the deteriorating economic climate and by the promise of final decisions by Government on the SNR and related legislation. The SNR has cast a cloud on aspects of SEEDA’s work at regional and sub-regional level by instilling uncertainty for SEEDA bringing further focus to existing issues regarding delegation and governance.
- 5.1.3 The research points to progress in achieving alignment between regional, sub-regional and local priorities, but with some questions about the ‘how’ of achieving the desired results. There is logic behind SEEDA’s emphasis on LAAs and MAAs, though the main benefits of this are yet to be achieved.
- 5.1.4 SEEDA’s relationships with partners appear to have been improving – with reservations – and there has been some progress in ‘joining up’ SEEDA as an organisation, though there is recognition that this has taken too long and there is still quite some way to go.
- 5.1.5 The biggest issue to emerge from the research is that couched as ‘transparency’, with many interviewees expressing uncertainties about how discussions and plans are to be taken forward with regard to what SEEDA will support, sub-region by sub-region and more locally. This was especially felt in those areas which had had Area Investment Frameworks, and now considered that they did not know how to take forward discussions with SEEDA about funding. SEEDA intends to have fuller discussions with the sub-regions about place-based priorities – albeit in a context where future capital expenditure is constrained by the Government’s decision to fund Homebuy Direct from RDA budgets.
- 5.1.6 Questions remain from the SEEDA Partnership Review about how best to gain the greatest return from sub-regional partnership working, and the consultation questions set out in this paper are intended to help address this challenge: seeking further ways of improving relationships, coherence, delivery and impact. In this, there are challenges not only for SEEDA but also for partner organisations.
- 5.1.7 The Assembly would welcome comment from you on any or all of the questions running through this context and issues paper. A summary of the questions can be found in section 2 and further information on how to respond is set out in paragraph 1.1.2.