

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

CONTEXT AND ISSUES PAPER

SUMMARY

For consultation and comment by 26 November 2008

Prepared for South East England Regional Assembly by Educe Ltd and Makesfive Ltd

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Section 1 Introduction

1.1 Role of the Summary

- 1.1.1 This is the executive summary of the Context and Issues paper which provides essential background for the investigation by the South East England Regional Assembly Select Committee on “SEEDA and Sub-regional Working”. **Electronic versions of the summary, full paper and appendices and cover sheet can be found at:** www.southeast-ra.gov.uk/accountability_selectcom.html
- 1.1.2 The Context and Issues paper provides the basis for wider consultation on these issues prior to the select committee meeting. This summary sets out key issues from the full paper. **You are invited to comment on any issues raised in this summary and in the full paper.** In particular, the Assembly is keen to hear your views on **the key questions** set out at the end of this summary. 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 the paragraph above) with your contact details in your response. **Please note submissions will be treated as public documents and will be published on our 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).

1.2 Purpose of the Select Committee

- 1.2.1 The Select Committee will look at 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. Issues being explored are likely to include:

- 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.

1.2.2 SEEDA's approach has evolved over 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. 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.

Section 2 Policy and Implementation Context

2.1 National Context

- 2.1.1 The context for the review prominently features proposals for reshaping the roles of RDAs and local authorities under the Government's Review of Sub-National Economic Development and Regeneration (2007) (the 'SNR'). The SNR has been driven by belief that strategies and delivery can be strengthened through a greater sense of ownership by organisations at all levels: local, sub-regional, regional and national. The SNR also stressed principles of managing policy "at the right spatial level" and of "place-shaping": allowing greater freedom for cities, towns and rural areas to realise their potential.
- 2.1.2 The SNR consultation, 'Prosperous Places' (2008) proposed an enhanced "strategic economic leadership" role for RDAs and a stronger role for local authorities including a duty to assess local economic conditions. 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.
- 2.1.3 Government is promoting sub-regions as the most effective level for many interventions and as a means of encouraging collaboration amongst local authorities and their partners. Illustrations include Multi Area Agreements (MAAs), incentive funding through the Local Authorities Business Growth Initiative, and prospects of devolved responsibilities for employment and skills budgets, and of statutory sub-regional partnerships. The latter proposal is to give greater teeth to partnership delivery.
- 2.1.4 Meanwhile, Local Area Agreements (LAAs) have been revamped as a statutory mechanism for setting out the 'deal' between Government, local authorities and their partners for shared objectives, streamlined funding, and performance targets. Their scope is potentially very wide, though all include some targets on employment, skills

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

and/ or enterprise. It is the duty of county and unitary councils to prepare LAAs working in partnership with district councils and other partners, including RDAs.

2.1.5 Implications of these developments for SEEDA include imperatives to:

- strengthen its corporate approach to ‘place’, furthering its knowledge of, and responsiveness to, sub-regions and localities
- change and broaden its relationships with local authorities, including engagement with LAA processes
- work closely with partners on options for ‘delegation’ and ‘devolution’.

2.2 SEEDA’s approach to sub-regional working

2.2.1 The current RES (2006-16) seeks to “bring understanding of place into SEEDA and ensure a co-ordinated approach in line with priorities”. This intent has been generally endorsed by stakeholders who welcomed the ways in which the RES captures the geographical diversity of the region. These include the definition of broad ‘economic contours’ (such as the Coastal South East), sub-regions, and three types of priority area: ‘Growth Areas’ (such as Thames Gateway and Milton Keynes), ‘Diamonds for Investment and Growth’, (such as Gatwick and South Hampshire) and ‘Regeneration Areas’ (such as Margate and Hastings and Bexhill).

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

- support for business plan development by partners in the Diamonds for Investment and Growth
- sub-regional contracts with six Business Link providers
- Place-Based Innovation Teams
- co-location of SEEDA Investment Development Managers with partners at sub-regional level, including several of the Sub-Regional Partnerships (SRPs - see 2.2.3 below onwards)
- close working with economic development companies in growth and regeneration areas
- the South East Rural Action Plan and support for EU ‘Local Action Group’ partnerships.

SEEDA Partnerships Review

2.2.3 By 2007, SEEDA was involved in a plethora of partnerships and questioning their effectiveness. It carried out a review of covering those partnerships where it was providing core funding, such as the South East Economic Partnerships (SEEPs), Area Investment Framework partnerships (AIFs), market town partnerships, Local Skills for Productivity Alliances, and Sustainable Business Partnerships. This exercise clarified the scope for ensuring greater influence and impact, requiring steps to increase capacity to deliver and to improve relationships with SEEDA. The need to adapt arrangements to relate to the emergence of LAAs and potential MAAs was also evident.

2.2.4 SEEDA proceeded to rationalise its funding and engagement with the various types of partnership, concentrating on a strengthened and better funded role for what would be formally termed ‘Sub-Regional Partnerships’ (SRPs). For SEEDA, the new SRPs are expected 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 business and economic matters
- strong business involvement and credibility amongst the business community
- ability to gather economic and business intelligence.

2.2.5 Outcomes of the Review have included:

- region-wide reconfiguration of SEEPs as SRPs
- discontinuation of AIFs, though with agreement to continue to fund some projects pending new arrangements for agreeing funding for sub-regional priorities
- the emergence of sub-regional Employment and Skills Boards from the LSPAs
- action to carry forward the rural, broadband and sustainable business partnerships in the context of LAAs and steps to simplify business support in the region.

2.2.6 The Partnership Review also led to the strengthening of SEEDA's Area Teams. Their role is now 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 (eg, PUSH and the Thames Gateway).

Section 3 Key Findings and Issues

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

3.1.1 The SEEDA Partnerships Review questioned the extent to which the various types of partnerships had achieved significant impact. Evidence remains limited, although recent evaluation of the AIFs demonstrates significant levels of output and leverage of investment, as well as improvements in partnership working and more coherent strategies.

3.1.2 Our research highlighted *added value* in SEEDA's approach to partnerships and sub-regional working:

added value for partners at sub-regional and local levels – where SEEDA has:

- helped to broker and build commitment amongst partners and spurred action
- supported the case for major infrastructure developments
- provided funding which has enabled partners to do things that they would not otherwise have been able to do, done so quickly, or to the same extent
- helped to cover the core costs of partnership development and management

added value for SEEDA of sub-regional partnerships – where the Partnerships have:

- formed vehicles for public and private sectors to come together in providing leadership for economic development, in a context where there are many political pressures pulling in many directions
- helped to align partner priorities and activities
- provided economic intelligence of high quality (eg, recently in response to the Treasury request on the impact of changing economic conditions)
- challenged SEEDA on geographical priorities.

- 3.1.3 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.

3.2 Alignment: regional, sub-regional and local

- 3.2.1 Establishing greater alignment between regional, sub-regional and local priorities has been a goal for SEEDA, a key to successful implementation of the RES. 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 directions.
- 3.2.2 Interviewees provided broadly positive feedback regarding the extent of such alignment, although with some exceptions. Issues more often arose about the ‘how’ rather than the ‘what’, eg, on appropriate targets for business support or for inward investment.

Alignment behind LAAs

- 3.2.3 Interviewees expressed a number of concerns about the effectiveness of LAAs as a means of aligning the RES and sub-regional and local priorities:
- the limited extent to which the National Indicator Set for LAAs matches RES measures. This may lead to lower priority being accorded to economic development objectives not covered by targets in the LAA
 - some interventions (eg, of a physical renewal or culture change nature) can take many years to bear fruit, outside the three year duration of LAAs
 - the difficulties that economic partners in some LAA areas have had in ensuring that economic development priorities are fully reflected within the LAA
 - the effect of local authority boundaries in constraining commitment to work across wider economic areas and labour markets.

3.3 Relationships and ways of working

- 3.3.1 Our interviews revealed, on balance, a reasonable picture of relationships between SEEDA and partners at sub-regional and local level, though there were many constructively critical comments and suggestions for improvement.
- 3.3.2 Valued aspects in SEEDA’s relationships included:
- recognition that SEEDA had made a progressive change in its approach to the RES
 - assistance/ support with introducing the new SRP arrangements, and steps to involve SRPs more in SEEDA business
 - SEEDA specialist expertise (eg, on sustainable development and on complex property developments)
 - input of SEEDA Executive and Area Directors, and Area Team members
 - clear definitions of relationships, responsibilities, and accountability, in cases where there are contractual relationships
 - early and full consultation, as in the case of the introduction of Place-Based Innovation Teams

3.3.3 Adverse comments tended to reflect one or more of the following factors:

- an apparent lack of “*transparency*” in SEEDA’s approach, especially in relation to the process for agreeing SEEDA support for area priorities and to SNR-related delegation
- how the Partnership Review and its aftermath were handled
- a lack of continuity in relationships, felt most where Area Teams were reorganised and depleted
- some in SEEDA viewing SRPs as an arm of SEEDA rather than as partners
- “*mixed messages*” from SEEDA, attributed to insufficient joining up internally (eg, in how the development of Employment and Skills Boards has been pursued apparently independently of SRP policy)
- basic relationship faults on the part of SEEDA: not listening; a perceived lack of candour; cancelling meetings at short notice

3.3.4 Poorer relationships tended to occur where those concerned lack understanding of what drives and constrains the other parties and how best to influence and negotiate.

Devolution and delegation

3.3.5 The SNR has engendered high hopes amongst local authorities about the likely extent of devolution and delegation, and about the quality of relationship with SEEDA they can expect in future. There are some strong feelings that SEEDA could have done more to keep partners in the region informed about SNR developments – or lack of these. The pressures faced by SEEDA, while awaiting national and regional decisions, have not been fully appreciated, and SEEDA has been constrained by the Department for Business, Enterprise and Regulatory Reform (BERR) in exploring delivery options where these might require legislative changes.

Business and voluntary and community sector engagement

3.3.6 SEEDA stresses the role of SRPs in facilitating business engagement. SRPs are faced with a constant challenge to maintain private sector interest, helping to articulate the needs of business and interpret ‘public sector speak’ for them. 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, the latter increasingly stressed by SEEDA as a critical function of SRPs.

3.3.7 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, for example, in not doing enough to cut out activities which do not add value.

3.3.8 There are no SEEDA requirements regarding voluntary and community sector involvement in SRPs. 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, and sector involvement in specific initiatives as appropriate. There are concerns that the sector has been marginalised at regional and sub-regional levels, weakening the contribution it could make.

Section 4 Summary of Key Questions

- 4.1.1 The research 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 SRPs 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 than before, with a commitment of core funding for the next three years, and clarified expectations of their role.
- 4.1.2 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. The findings of the Assembly Select Committee hearing will feed into this.
- 4.1.3 A challenge remains from the SEEDA Partnership Review about how best to gain the greatest return from sub-regional partnership working. The consultation questions set out below are intended to help address this, in a search for further ways of improving relationships, coherence, delivery and impact.

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)?