HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Hampshire Economic Board
Date:	16 February 2011
Title:	2011/12 Interim Economic Development Action Plan
Reference:	2508
Report From:	Director of Economic Development

Contact name: Alison Quant

Tel: 01962 845099 **Email:** alison.quant@hants.gov.uk

1. Executive Summary

1.1. The purpose of this paper is to determine the Council's interim economic development priorities for 2011/12.

1.2. This paper

- outlines the workstreams agreed a year ago, ahead of the economic assessment;
- summarises the key priorities for future work the Board agreed in September 2010, arising from the economic assessment;
- summarises the business priorities that were expressed to the Council at the first Business Conference in November;
- looks at key issues that need to inform our future plans such as national changes to the framework and financial support for economic development;
- suggests some principles to guide the choice of priorities; and
- lists potential actions for 2011/12, and a lead Department, under each of the suggested themes, with the outcomes against which each theme could be considered.

1.3. Subject to the approval of this interim plan, further work will be undertaken to produce a set of performance indicators which both monitor the economy against these themes and measures progress on the Council's actions.

1.4. The report recommends that the plan be reviewed once changes arising from Government policies and resourcing stabilise, and also in response to economic signals.

2. Contextual information

2010 Workstreams

2.1. In December 2009 the Board agreed to set up a number of workstreams to examine how the County Council could best support the future prosperity of Hampshire. These are:

(i) Skills

(ii) Transport and Communications

(iii) Land and Property

(iv) Growth Sectors, Inward Investment and potential constraint

(v) Access to Finance

(vi) Innovation and Entrepreneurship.

2.2. Reports were considered on the first four workstreams and actions agreed. A report on access to finance is included on the agenda for this meeting. Some work has been done to look at innovation and entrepreneurship, but this is a complex subject with no clear body of knowledge about its definition or the nature of successful interventions and it has not yet been possible to develop a thought piece for the Board to consider. More detailed commentary on 'Enterprise and Innovation' and 'Reducing Economic Inequality' is included in Appendix 1.

Economic Assessment

2.3. In July 2010 the Council published the draft Hampshire Economic Assessment, and from this, strategic priorities for future action were agreed in principle by the Board in September 2010. Further work is being undertaken to develop these potential long term interventions to inform a future meeting of the Board. The key elements are summarised below:

(i) **Nurturing an innovative, entrepreneurial and globally competitive knowledge-based economy**

Greater exploitation of the key economic assets – Universities, research facilities, role of major corporates, defining strengths and roles of different centres, more positive culture.

(ii) **Investing in the skills of the current and future workforce**

With an emphasis on improving low skills in South Hampshire and the lower incidence of degree level skills in a number of diverse areas, which will be needed to support the knowledge economy and improve productivity.

(iii) **Investing in key infrastructure**

(a) Broadband

(b) To enable housing development and employment sites.

(iv) **Addressing persistent worklessness, improving economic participation and encouraging greater attainment, particularly among young people**

Mainly in urban south Hampshire but also pockets in north Hampshire towns.

(v) **Defining – and investing in – key economic roles for cities and towns within the Hampshire Economic Area**

Including sustained investment to keep them attractive locations for business to invest.

(vi) **Exploiting the Hampshire Economic Area's locational and environmental assets and the quality of life it provides… and the implications**

Promoting Hampshire to business investors and creating opportunities for appropriate businesses to establish and grow in rural Hampshire and create a higher wage economy.

Hampshire Business Conference

2.4. In November 2010 the Council held its first Business Conference. This was mainly attended by SMEs and micro-businesses. The key issues identified by them as constraints to their growth were:

(i) Access to Finance;

(ii) Skills Shortages;

(iii) Lack of Broadband; and

(iv) Planning (obstruction by).

2.5. They also noted the difficulty for small business in providing public sector goods and services because of the (unnecessary) complexity of procurement processes and lack of consistency across councils.

2.6. Work is underway to develop 'real-time' business intelligence on skills issues, working with Hampshire Economic Partnership, which is developing a broader Business Barometer.

3. Other key issues

Government Policy and Financial Changes

3.1. In October 2010 the Government announced a significant reduction in public sector spending, and a number of policy announcements have been made which change the organisations, funding flows and accountabilities for the different workstreams supporting the economy, the workforce and the workless.

3.2. At the local level, with the intended abolition of Regional Development Agencies, South East England Development Agency (SEEDA) funding for several partnerships and public sector agencies will cease; including Partnership for Urban South Hampshire (PUSH), Hampshire Economic Partnership, Marine South-East, the Innovation and Growth Teams and Tourism South East. Business Link funding has been significantly reduced in 2010/11 and its face-to-face service in future will be focused on high growth companies only. More detail on the future business support & economic development landscape is set out in Appendix 3.

3.3. Announcements from Government in the Local Growth White Paper state that sector support and inward investment will be run at a national level. Innovation and Growth will be supported through a network of centres to be established and by publicly funded business support for high growth companies.

3.4. On the skills front, funding for Further Education colleges, Universities and non-school Education budgets has all been significantly reduced. The Government wishes to focus on improving the market between business, learners and providers to secure better value for money, and there is a move away from top down planning for skills. Public funding will go direct to providers. Apprenticeships at Level 2 (GCSE) and Level 3 (A-level) are seen as an important model for skills development. The Education White Paper places a greater emphasis on the development of STEM skills (Science, Technology, Engineering and Maths) and will also provide more local choice through reducing the core national curriculum to be taught.

3.5. Infrastructure funding to support development also moves away from the county councils to district councils, as local planning authorities will have the responsibility for collecting and assembling funding to provide infrastructure through the Community Infrastructure Levy (CIL), New Homes Bonus and, potentially, Business Rates. County Council development will be subject to CIL charges which will need to be paid to the charging authority from 2014. An exception to this transfer of funding is schools devolved capital funding, with direct funding to schools being reduced in favour of an increase in the allocation to the upper tier local authorities.

3.6. A key policy initiative is the invitation to council and business leaders to form Local Enterprise Partnerships (LEPs) in their area, which resulted in the approval of the Solent LEP submission in the first round. The Enterprise M3 submission has been resubmitted and now covers all of Hampshire outside the PUSH boundary and a larger part of Surrey. It will be important for the Council to work with LEP partnerships where objectives align and more can be achieved by doing so. It is clear that Government expects these to be the key local vehicle for delivering economic growth in their area. Where regional economic development functions are being re-absorbed into central Government Departments, there is likely to be a preference for working though LEPs when more local engagement is needed. If local councils wish to prepare development strategies above the district level and pool infrastructure funds, they may wish to use the LEP to manage related processes. However there is no core funding for LEPs and no additional powers have been granted so business engagement, scope and impact remain to be tested. For some priorities, it may be more effective to work with selected partners on a specific action.

4. Future direction

4.1. The preceding sections summarise some of the key changes that will need to influence the Council's interventions to support the economy going forward. It sets out the business view of priorities (although it should be noted that this is not necessarily reflective of big business views) and those arising from the Hampshire Economic Assessment. The new LEPs will set their own ambitions and priorities in due course and the Council will need to consider how its expertise and plans align with these.

4.2. The Council's capacity (and that of other public sector organisations) is going to be significantly affected by the need to reduce expenditure and transform services. As part of this, our ambitions for supporting Hampshire's economy will need to be kept under review. Some areas, where work has been expanding may be delayed or need to be refocused.

4.3. As a starting point, it is suggested the ambition for the next 12 months should be focused on:

(i) business priorities on which there can be a direct influence – eg achieving NGA broadband; streamlining procurement processes and encouraging others to do likewise;

(ii) actions to ensure the right arrangements are in place to support growth – eg infrastructure planning, delivery and funding arrangements;

(iii) creating business intelligence to complement the Economic Assessment and to influence providers; eg skills gaps and 'picking inners' to back on business growth; and

(iv) scrutinising new arrangements provided by other publicly funded bodies to ensure they are providing good value for money and maximum benefit for vulnerable Hampshire residents, eg the

Department for Work and Pensions 'Work Programme' and Department for Business Innovation and Skills support for high growth businesses.

(v) supporting business organisations to:

(a) provide support for business start-ups; and

(b) encourage self-help for established small business.

4.4. It is also suggested that partnership working to support economic development needs to be streamlined, and should be driven by the following criteria:

(i) the partnership is progressing one of the priorities identified through the economic assessment or a key, current concern of business;

(ii) partnership working would make a difference to a specific outcome that cannot be secured by the Council working alone; and

(iii) relevant partners have the capability, commitment and resources to achieve the outcomes.

4.5. Based on these principles, an Interim Economic Development Action Plan for 2011/12 is attached at Appendix 2, which set out contributions from all Departments. It may be useful to review this plan half-way through the year, when the position has stabilised and it is also likely LEPs will have published their action plans.

4.6. A monitor for the overall health of Hampshire's economy should be published, alongside performance information on progress with the interim plan.

5. Recommendations

5.1. That:

(i) the focus for immediate economic development interventions suggested in paragraph 4.3 of the report be endorsed;

(ii) the principles for future partnership working on economic development set out in paragraph 4.4 of the report be endorsed;

(iii) the Interim Economic Development Action Plan 2011/12 be approved; and

(iv) more detailed performance indicators be developed to measure progress against each theme, for inclusion in the next iteration of the Plan.

Rpt/2508/AQ

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

Hampshire safer and more secure for all:	yes
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes
Corporate Improvement plan link number (if appropriate):	

Other Significant Links

Links to previous Member decisions:		
Title	Reference	Date
Proposed Future Workstreams	1106	14-12-2009
Towards an Economic Strategy	2014	21-09-2010
Hampshire Business Conference	2032	21-09-2010
Direct links to specific legislation or Government Directives		
Title		Date

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document	Location
None	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

1.1. Actions to improve low skills and reduce worklessness should have a positive impact on economic equality and other indicators with which this is correlated, such as health

2. Impact on Crime and Disorder:

2.1. Actions to support growth in the economy, improve low skills and reduce worklessness should have a positive impact on crime and disorder

3. Climate Change:

a) How does what is being proposed impact on our carbon footprint / energy consumption?

It does not. The Council already supports small business to become more sustainable. The Board agreed to give priority to supporting the growth of the ‘green economy’ sector in its future property strategies

b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

It does not.

SUPPLEMENTARY INFORMATION ON WORKSTREAMS

This Appendix provides more information in support of the two workstreams which have not been covered by reports to the Board .

Enterprise and Innovation

1. Preliminary investigation of this theme showed a very broad span of activities, encompassing conventional services like support for business start-ups, Universities running Enterprise and Innovation Schools, the School for Social Entrepreneurs and the Government's announcement in January that it would be spearheading a new network of elite technology and innovation centres for the UK, to establish world-leading capability and global impact in pre-commercial development.

2. The Council already (modestly) supports some activities, such as indirect support for business start-ups. The Economic Development Office is involved in a European project ENSPIRE, which aims to identify and disseminate best practice in encouraging entrepreneurship, particularly in disadvantaged groups. Notable findings so far are:
   - rates of self employment have been falling in Europe for some time;
   - the UK rate is higher than other European countries; and
   - Scandinavian countries have strong programmes for encouraging future entrepreneurs through programmes throughout school life.

3. The Action Plan lists one potential new item relating to support for Enterprise and Innovation Centre bids for Hampshire. These are listed as ambitions in both the Solent and Enterprise M3 bid submissions.

Economic Inequalities

4. The levels of health and economic inequality in Hampshire were highlighted as an issue through the Comprehensive Performance Assessments. There are linkages between the two, with lack of employment impacting on poverty, lifestyle choices and mental health.

5. The cycle of low skills, underachievement, poor health and unemployment tends to be self-reinforcing and early intervention which crosses professional areas and organisational responsibilities tends to be the most effective.

6. The previous Government's 'Total Place' pilots covered 'complex families' with support for Family Intervention Programmes to tackle complex needs and move family members along the path to employment. The new Government has also allowed a limited number of areas to become vanguards for pooled budgets.

7. The Council already undertakes many activities to reduce economic inequality. Examples include support for apprenticeships, Adult Social Care services, working with Health teams and support for business start up and business growth to create jobs, especially in less affluent areas. There is not, however, a single dedicated programme, and a number of the existing Council activities, and those of other organisations, will be changed as a result of the financial pressures affecting the public sector. A review of the overall picture when it stabilises will be useful.

8. Whilst economic inequalities lie significantly around worklessness, there are more complex factors at play, especially now ‘digital exclusion’. Being able to play a full part in the ‘digital society’ is known to be important in economic and social equality for a range of reasons:

   - **employment** – in a more difficult job market, access to email, online job search, applications and advice, and general IT literacy;
   - **health** – researching, self help and support groups;
   - **education** – free learning resources and on-line courses;
   - **well being** – communications and social networks;
   - **leisure** – keeping in touch with friends and pursuing interests; and
   - **home working** – for adults and children.

9. In addition, a lack of access to bank accounts or credit cards are a barrier to shopping on line for the lowest prices. The availability and cost of access broadband in the home, has an impact not fully compensated for by public access points for sensitive public service transactions. Furthermore, the affordability of essential equipment – PCs, laptop or Smart phones is necessary to take advantage of on line services.

10. Fear of digital piracy – fraud, identity theft or dates security, coupled with a lack of support networks (eg. from other family members or in the workplace) are barriers to many people being able or willing to use the internet.

11. A digital society is essential for business and enterprise, broadband access and a skilled workforce are important ingredients in business start-ups and securing access to funding (e.g. how to produce a business plan, tax advice and more).

12. With a growing emphasis on individual responsibility and a shrinking state, technology and local support will grow in importance in overcoming economic inequalities, especially minority groups – older people, disabled, ethnic minorities, travelling families, and problems exacerbated by poorly designed web services.

Example tasks in 2011/12 will be to :

- consider the link between digital inclusion and economic and social well-being, in the way on-line services are developed and partnership links with other services;
- consider the relationship between economic and health inequalities and the opportunities arising from the transfer of Pubic Health into the County Council;
- develop a model for supporting enterprise (including self employment and social enterprise) as a route into employment for those currently excluded (including those excluded through disability or mental illness). Supporting enterprise through advice, training and venture capital can be a more cost effective model than funding employment support contracts which have no prospect of returning the investment to HCC, and have a mixed performance; and
- ensure that tax funded investment in employment is used effectively in Hampshire, and in particular that the Job Centre Plus contracts are performing in Hampshire. This includes promoting and assisting Hampshire based providers as sub-contractors of the prime Work Programme contracts.

No.	Priority	Item	Target Outcomes	Lead Department
1	**Skills**			
1a	Improving educational outcomes for all with an emphasis on areas of relatively low educational attainment	Support schools in making coherent use of the Pupil Premium in raising the attainment of the most disadvantaged children and young people Focus intervention on those schools where results cause the greatest concern	Increase in attainment levels at 16 and19, with an emphasis on target area and learner groups	CS
1b	Increase technology skills and IT literacy across the County	Develop adult education opportunities Consider opportunities in schools and colleges to exploit technology access	Increase the percentage of adults willing and able to transact on line	CS
1c	Improving work-ready skills (school leavers + graduates)	Businesses and learners understand the opportunities available	Business feedback on work ready skills improves	E&E/CS

No.	Priority	Item	Target Outcomes	Lead Department
		Improve business feedback on work-readiness of new recruits	Regular and robust business intelligence is provided	E&E
		Influence schools and colleges through partnership networks	Schools and Colleges take into account business feedback in their planning	CS
		Provide work experience and internship opportunities within the County Council	The number of placements supporting the development of work related skills and progression to employment is sustained	CX (HR)
		Provide apprenticeships within the County Council	Identified roles for apprenticeship recruitment	CX (HR)
		Encouraging apprentices outside the County Council	An Apprenticeship Training Agency is operating across Hampshire	CX (HR)
1d	Reducing skill shortages	Produce and disseminate systematic business intelligence	Providers and learners are aware of skill shortages and take these into account in their planning and choices, reducing the risk that skills act as a constraint on high growth companies.	E&E

No.	Priority	Item	Target Outcomes	Lead Department
		Engage the learning network to better focus on economic outcomes for young people.	Universities, colleges and schools are aware of emerging skill shortages and encourage students to acquire skills in shortage areas.	CS
2	**Providing infrastructure to support growth**			
2a	Providing superfast broadband to the final third	Secure funding from BDUK to help provide infrastructure in rural areas Develop a funding model for urban not-spots Subject to funding support and acceptable risk levels, procure broadband infrastructure	The majority of residents and businesses in Hampshire with speeds below 2 Mbps, that will not be improved by the market, have been offered an opportunity to purchase improved service speeds at an affordable price.	CC&BS CT CC&BS
2b	Delivery of South Hampshire Bus Rapid Transit scheme	Completion of Phase 1 Commence work on a delivery strategy for remaining phases of BRT	The scheme is completed and usage reaches forecast levels. Peak hour congestion on the A32 reduces or further development is accommodated without detriment to traffic speeds	E&E

No.	Priority	Item	Target Outcomes	Lead Department
2c	Promoting new business opportunities and employment in the green economy through Council led projects	Develop Hampshire Area Based Insulation Scheme and Opportunities under the "Green Deal Feasibility work to exploit Solar PV on public buildings"	Hampshire businesses are well placed to compete in the procurement process Skills development and local employment opportunities are encouraged	E&E
	Developing Hampshire businesses resilience to the impacts of climate change	Complete and promote climate impacts risk assessment and action plan	Business are aware of the risks and opportunities for them and take them into account in future planning	E&E
2d	Developing a programme of strategic infrastructure investment and funding mechanisms (with District Councils and LEP partners)	Lobby on the Localism Bill to secure a role for upper tier Councils in co-ordinating strategic infrastructure and the retention of business rates Work with LEPs to produce an infrastructure delivery plan across each LEP area and lead/support the development of a financial mechanism	A realistic infrastructure delivery plan is in place to support growth, which has the support of relevant partners and business	E&E

No.	Priority	Item	Target Outcomes	Lead Department
3	**Business Support**			**E&E**
3b	Working with Business Support Organisations to support start ups and self-help	Reviewing new public sector support landscape and identifying gaps in service provision Promotion and sign-posting of new business support services Programme in place to support Service Leavers and their families into employment or business start-up	Business start-up advice is free at the point of delivery and of adequate quality. Local sector groups have adjusted to the new funding environment and are connected to and influencing the BIS Agenda Service Leavers make a successful transition to a civilian work life	E&E
3c	Delivery of Hampshire County Council own business support programmes	Sustain range of programmes including Hampshire Fare, Village Shops Scheme, Tourism Marketing, Conference Hampshire, Film Hampshire, Ambassadors, Business Directory but increase the share of business funding	Businesses continue to trade and employment is sustained. Village communities retain businesses and local services	E&E

No.	Priority	Item	Target Outcomes	Lead Department
3d	Simplifying the Council's procurement processes and publishing forward plans to make procurement more accessible to SMEs	Signing of the Small Business Friendly Accord and publication of the agreed new protocol Continuing to work with the Federation of Small Businesses to improve SME access to our procurement opportunities	Local SMEs consider their opportunities to compete to provide goods and services are improved.	CC&BS
3e	Access to finance for SMEs	Publishing a Hampshire good practice prompt payment statement and promoting it to our contractors Working with Business Support Organisations on specific finance support schemes	SME failure rates are slower than trend	CT E&E
3f	Assisting the growth of Hampshire's tourism sector	Re-configuring support for Hampshire's tourism sector, in collaboration with public and private sector partners.	Tourism jobs are created and sustained	E&E

No.	Priority	Item	Target Outcomes	Lead Department
		Establishing a Hampshire Destination Management Organisation (DMO) as a membership based public/private partnership		
4	**Innovation and Enterprise**			
4a	Innovation and Enterprise Centres	Support LEP projects and bids to secure Government funding support	Hampshire businesses benefit from new commercial opportunities arising from for the new Innovation and Growth Centres. Commercially exploitable research arising in Hampshire FE and HE institutions is capitalised on.	E&E
		Feasibility Study for a new Enterprise Centre in the Aldershot area catering for service leavers and others	Service leavers are employed or self-employed	E&E

No.	Priority	Item	Target Outcomes	Lead Department
5	**Sustaining Inward Investment**			
5a	Promoting Hampshire to new investors	Launch the new Inward Investment website and run a technology based marketing campaign, working with UK Trade and Industry	New companies set up in Hampshire	E&E
5b	Supporting existing businesses to overcome constraints to growth	Work with the LEPs to develop business engagement mechanisms and to address problems as they arise.	Existing companies continue to invest in Hampshire Jobs increase (especially) in areas of unemployment	E&E
6	**Reducing Economic Inequality**			
6a	Providing work and training opportunities for care leavers and NEETS	Develop pre-apprenticeship training support Support managers and apprentices as required to achieve positive outcomes	Apprenticeship placements for this client group are sustained Future employment exceeds the trend for this apprentice group	CX (HR) CX (HR)

No.	Priority	Item	Target Outcomes	Lead Department
		Develop the partnership with schools, FE, HE and other training providers to expand further apprenticeship and work placement opportunities		CS
6b	Targeted interventions in workless hotspots	Scrutinise the performance of DWP Work Programme contractors in Hampshire Promote and support Work Programme sub-contracting by Hampshire based providers Develop a support model for promoting enterprise as the route into employment, including through venture capital style of investment rather than a subsidy model	Worklessness figures are better than the trend	AS
		Providing work opportunities within the Council	The number of placements offered (of all kinds) is sustained	CX (HR)

No.	Priority	Item	Target Outcomes	Lead Department
6c	Support for unemployed people to get a job	Working with Work Programme contractors and local sub-contractors and monitoring the effectiveness of the programme	Unemployment rates keep to trend and there is a low rate of repeat unemployment The Programme helps the far from market as well as near to market and covers all areas of Hampshire proportionately	E&E
6d	Support people with disabilities into work	Supporting the establishment of social enterprises to provide work opportunities for people with disabilities	There is a reduction in people with disabilities without work, who are able and wish to work	AS
6e	Access to technology and electronic services *(to be explored as part of a digital inclusion strategy)*	eg local communities securing superfast broadband are enabled to offer a public access point to those who cannot afford it or don't know how to use it.	Unemployment reduces below trend in target groups	CCBS

No.	Priority	Item	Target Outcomes	Lead Department
7	**Economic Intelligence**			
7a	Develop a successor suite of Economy Performance Indicators, both qualitative and quantitative, to measure both the need for and the overall success of interventions	LEA data sets are routinely updated to contain the latest available data and the document is completely refreshed every three to five years. Indicators are developed for each priority in the Action Plan.	The LEA is regarded as the most reliable, comprehensive and robust data set on the Hampshire economy and so is routinely used as an evidence base for a wide variety of policy, both internal and external to HCC. Indicators are used to monitor progress of actions and activity is reviewed, altered and/or ceased based on clear evidence.	E&E
7b	Business Intelligence	A business needs survey is carried out twice annually, including a comprehensive set of skills questions. Business conferences are held regularly.	Policy and interventions impacting on the business community are based on recent and relevant data. Training providers take business needs into account when devising programmes. A relationship with Hampshire's business community is built and maintained in order to understand its key issues.	E&E E&E E&E

No.	Priority	Item	Target Outcomes	Lead Department
			Business support and economic development interventions are based on business need.	
		Identify businesses with strong potential to create jobs.	Potential high growth businesses create new jobs.	

THE FUTURE BUSINESS SUPPORT & ECONOMIC DEVELOPMENT LANDSCAPE

This is a summary of current information on business support and economic development prepared by SEEDA. It has been drawn from a variety of government websites and some early insight into emerging thinking and the potential direction of support. Further details and announcements are continuing to be released, so elements may be subject to change or further modification.

Business Support

1. A Ministerial announcement on 5 January 2011 confirmed that the Regional **Business Link** services will close on 25 November 2011, to be replaced by a national service comprising a **National Contact Centre** and a new online national Business Link service (web-site).

2. The **Business Link website** will be enhanced to provide:
   - A Business Start-Up Hub with relevant advice and information, links to online incorporation, tax enrolment etc.;
   - Notification of public procurement opportunities through a “Contracts Finder”;
   - Information on Government regulation;
   - Access to training services and online tools.

3. Businesses will be able to call the National Contact Centre, and signposted to relevant web information or off-line information (if the business does not have access to the internet). Businesses will be signposted to sources of public and private support.

4. A small unit of highly experienced business advisors will be on hand to provide immediate help for those businesses in crisis and facing possible closure.

5. A **New Enterprise Allowance** scheme has been introduced to help unemployed people (who have been claiming Jobseeker’s Allowance for more than six months and are in Assisted Areas) to start a business. There will be a weekly allowance and access to loans of up to £1,000 to help with start-up costs. Support from a mentor will be available, drawn from a national network of 40,000 business mentors.

6. The New Enterprise Allowance Scheme will be targeted at specific areas, unfortunately none are in the South East. A Merseyside Trailblazer will start on 31 January 2011.

7. Other Target Areas will be rolled out over a 3 month period from the end of April 2011. The Areas in England are (by Jobcentre Plus District): Birmingham and Solihull; Black Country; Devon & Cornwall; Northumbria South Tyne & Wear; South Yorkshire; Tees Valley. There will be partial coverage in the English Jobcentre Plus Districts of: Cumbria & Lancashire; Coventry & Warwickshire; Lincolnshire & Rutland.

8. There will also be Target Areas in Scotland and Wales.

9. Tailored programmes are being considered to raise entrepreneurial activity among key parts of the community: women; Black, Asian and Minority Ethnic groups, and UK Service Leavers.

10. **Business Coaching for Growth** will back high growth SMEs with the ability to increase employment or turnover by 20% or more each year for three years. Support includes connecting these businesses to a network of external provision including UKTI and investment in leadership and management training. Support will complement the work of Technology and Innovation Centres (TICs) and will work closely with business incubators, science parks and Local Enterprise Partnerships (LEPs).

11. **Manufacturing Advisory Service** (MAS) will continue to be delivered to help with business improvement. MAS will be managed nationally from April 2012 and the current service will continue to deliver during this transition period. It is possible that the timing of transfer will be brought forward to late 2011.

12. The **Solutions for Business** (SfB) portfolio will be reviewed to ensure that publicly funded support focuses on achieving growth and business improvement. Target areas include providing access to strategic advice, helping companies to reach international markets and supporting innovation through access to products delivered through the Technology Strategy Board (TSB). An announcement on the detail of the SfB portfolio is expected in the spring of 2011.

13. The full ***Bigger, Better Business*** BIS document can be downloaded from: http://www.bis.gov.uk/assets/biscore/enterprise/docs/b/11-515-bigger-better-business-helping-small-firms.pdf

Technology and Innovation

14. New **Collaborative Research & Development** grants will be initiated and managed by the Technology Strategy Board (TSB). Existing Collaborative R&D grant contracts will either be managed out by SEEDA or transferred to a residuary body if the relevant activity continues post SEEDA's closure.

15. BIS are expected to issue direction shortly regarding current TSB products, such as **Innovation Vouchers** and **Knowledge Transfer Partnerships**.

16. On Thursday 6th January 2011 the Technology Strategy Board (TSB) released a consultation prospectus for a network of six to eight world leading **Technology Innovation Centres** (TICs) in the areas of:
    - high value manufacturing;
    - energy and resource efficiency;
    - transport systems;
    - healthcare;
    - ICT;
    - electronics, photonics and electrical systems.

17. In March 2011, the TSB will announce a High Value Manufacturing TIC. The TSB expect three or four centres in place in 2011/12 with a second phase in 2012/13.

18. The TICs will be a mixture of centres already in existence and new centres. The funding model is likely to be based on 1/3 core funding (approx. £80m per centre from the TSB), 1/3 from collaborative R&D and 1/3 from the private sector.

19. Until shortly before the launch of the prospectus it seemed that one of the TICs could be targeted at the Space sector, which would have centred on the International Space and Innovation Centre (ISIC) at Harwell in south Oxfordshire. Space is, however, not a stated area in the prospectus. This may be due to the need for open competition but also could be due to an impression that the Space sector does not need additional public intervention. SEEDA is discussing this with BIS and TSB, and highlighting the need for continued R&D funding for the Space sector in 2011/12, and beyond, which SEEDA was planning to fund. SEEDA is also highlighting to BIS other innovation opportunities in the South East, such as the International Centres of Excellence in Telecare and the Institute for Sustainability.

20. The full TIC consultation prospectus can be accessed from: http://www.innovateuk.org/_assets/pdf/corporate-publications/prospectus%20v10final.pdf

Economic Development support

21. The existing **Grants for Business Investment** (GBI) scheme will close and existing grants will be managed out by RDAs or a residuary body. The government has made clear it will only consider new GBI cases in exceptional circumstances, such as where there is a major failure in Assisted Areas. It is unlikely this will occur in the South East.

22. The **Regional Growth Fund** (RGF) has been launched (£1.4m over 3 years) with the first round of bids to be submitted by 21st January 2011. Bids are to be led by the private sector. A ministerial committee chaired by the Deputy Prime Minister Nick Clegg will take final decisions on the bids, informed by a committee chaired by Lord Heseltine and by analysis by BIS officials. The key focus is on supporting activities that will stimulate job creation in areas affected by public sector cuts. Round 2 of RGF bids will be submitted later in 2011, around early summer.

Venture Capital and Loan Funds

23. The origination and development of new **Venture Capital and Loan Funds** models and umbrella ownership of existing funds is likely to be transferred to Capital for Enterprise during the first half of 2011/12.

24. For the South East, the Venture Capital and Equity Fund management body is **Finance South East** (FSE). SEEDA is working to ensure FSE is retained for the South East with SEEDA's interest being transferred possibly in April / May 2011.

Foreign Direct Investment

25. **Foreign Direct Investment** (FDI) will be led by UKTI and delivered through a third party organisation, on a national basis. The contractor will be procured competitively; an invitation to tender was issued in December 2010.

26. The new service is planned to come into being as soon as possible in the new financial year. Further detail will emerge about how these arrangements will provide a sub-national focus and work at a local level.

BIS Local

27. There will be 5 local teams of BIS established across England made up of 6-8 people each. There will be one team for the South East and South West combined. The role of the team is likely to be: managing the relationship between BIS and LEPs; arranging ministerial visits and briefings; providing economic intelligence; links to major businesses; resilience in times of economic and other shocks.

28. It is likely that BIS Local team members will be drawn from ex Government Office and RDA staff.

Local Enterprise Partnerships

29. The contribution of **Local Enterprise Partnerships** (LEPs) to economic development is being worked through and the six “green-light” LEPs in the South East are currently working on the necessary governance arrangements, as well as looking to bid into the Regional Growth Fund.

European programmes

30. The **European Regional Development Fund** (ERDF) and **Rural Development Programme for England** (RDPE) programmes will transfer to national management. CLG will manage ERDF, Defra will manage RDPE. The planned date of transfer is the 30th June 2011.

31. **European Social Fund** (ESF) activity currently managed by SEEDA ends in March 2011 with administrative duties ending in June 2011.

32. The current ESF programme in England continues to 2013/14 and the Department of Work and Pensions (DWP) will continue to be the government department responsible for ESF. Activity will be managed through three Co-Financing Organisations - Jobcentre Plus; Skills Funding Agency; National Offenders Management Services.

12 January 2011