

*19 Collar Makers Green  
Ash, Canterbury  
Kent CT3 2BB  
Tel: 01304 813445  
E:mail: Andrew.barter@fsb.org.uk*

South East England Development Agency  
Cross Lanes  
Guildford  
GU1 1YA

For the attention of Barbara Hammond

14 March 2008

Dear Barabara

**SEEDA DRAFT CORPORATE PLAN 2008-11**

The Federation of Small Businesses (FSB) welcomes the opportunity of responding to the above named consultation document on behalf of its 36,000 members across the South East of England.

Please find our comments in the document attached, which you will also receive shortly as a hard copy by post.

We trust that you will find our comments helpful and that they will be taken into consideration. We would appreciate a copy of the synopsis of responses and of being kept apprised of further developments on this issue.

Yours sincerely

Andrew Barter  
South East Policy Manager



**RESPONSE FROM THE  
FEDERATION OF SMALL BUSINESSES (FSB)  
South East Policy Unit**

**TO THE**

***South East England Development Agency***

**Draft Corporate Plan 2008-11**



The Federation of Small Businesses is the UK's leading non-party political lobbying group for UK small businesses existing to promote and protect the interests of all who own and/or manage their own businesses. With over 210,000 members nationally and 36,000 regionally, the FSB is also the largest organisation representing small and medium sized businesses in the UK.

## **Funding Allocation 2008-11**

The FSB congratulates SEEDA on being recognised as performing strongly by the recent National Audit Office assessment. As this is the highest grade possible for an RDA to achieve it reflects well on the ability of SEEDA to deliver in spite of the government's failure to allocate sufficient resources to fund the growth of the South East economy.

The period being covered by the Corporate Plan running from 2008 – 2011 will in many ways be a very challenging time for SEEDA who are being tasked by Government under the Sub National Review (SNR) proposals with taking on a raft of new responsibilities, whilst at the same time as having to cope with a 5% real reduction in their funding as announced in the Comprehensive Spending Review 2007<sup>1</sup> (CSR)

The CSR once again fails to recognise the importance of investing in the economic development of the South East, the engine room of the UK economy. SEEDA has once again been given one of the lowest funding allocations for the period 2008-11, half that of the allocation made to the North West Development Agency<sup>2</sup>

SEEDA has correctly identified in their Corporate Plan that during the period 2008-11 they will have to take on a mainly strategic role delegating delivery to other partners. In recognising the SNR recommendations and the budgetary restrictions that the 5% real reduction in their budget imposes SEEDA have correctly identified the most productive course they can take.

Looking at the funding allocations for the five main portfolios and comparing the projected spend for 2008-11 against the period 2006-07 the percentage increases/decreases are as follows: Global Competitiveness +2%, Smart Growth -1%, Sustainable Prosperity -3%, Infrastructure and Development -9% and Strategic Influencing +2%.<sup>3</sup>

Given the pressure on SEEDA's budget resulting from the CSR allocations the proposed alterations to the portfolios funding appears to be realistic.

It is clear that the main loser is the Infrastructure and Development Portfolio. SEEDA obviously envisage the shortfall in this area being addressed by the creation of the Regional Infrastructure Fund (RIF)

The South East Business Forum (SEBUS) Housing Policy Statement supported the creation of the RIF as a means to help enable the delivery of the necessary infrastructure within the South East.<sup>4</sup>

---

<sup>1</sup> HM Treasury Pre-Budget Report and Comprehensive Spending Review 2007

<sup>2</sup> <http://www.nwda.co.uk/pdf/NWDA%20Draft%20Corporate%20Plan%202008-11.pdf>

<sup>3</sup> [http://www.southeast-ra.gov.uk/meetings/exec/2008/250108/agenda\\_item\\_6\\_seeda\\_draft\\_corporate\\_plan.pdf](http://www.southeast-ra.gov.uk/meetings/exec/2008/250108/agenda_item_6_seeda_draft_corporate_plan.pdf)

<sup>4</sup> SEBUS Housing Statement April 2007

## Sub National Review

The proposals put forward in the Sub National Review (SNR)<sup>5</sup> are a clear attempt by Government to streamline the existing regional structures and strategies while at the same time enhance the roles of local authorities in encouraging local economic development and regeneration.

These dual challenges present a series of problems which are not sufficiently dealt with in the Corporate Plan 2008-11. Much of the problem has been created by the failure of the Government to come forward with the necessary details to clarify the vague policy statements made in the original SNR report (published in July 2007)<sup>6</sup>.

The key issues for the business community which are not sufficiently addressed in the Corporate Plan 2008-11 are:

1. Prior to the proposals put forward in the SNR local authorities in the South East have had limited engagement in promoting local economic growth or regeneration. Indeed under powers granted to them by the Local Government Act (2003)<sup>7</sup> they have had the right form their own businesses in competition to existing local suppliers and to the direct detriment of the local business economy. The Business community needs to understand how local authorities will be able to deliver on the targets relating to the promotion of economic growth and regeneration. Business owners also need further clarification as to what role Business Link have in helping meet these targets. Clarification of these two points will enable the FSB to fully assess how it can contribute to the successful delivery of local economic growth and regeneration.
2. The Corporate Plan puts forward a vision of a clear alignment between the RES objectives and the Local Area Agreements targets. However examination of the “local economy” national indicator sets, published by the HM Treasury and Communities and Local Government<sup>8</sup>, leads to questions over the ability to reconcile these indicators with the RES targets in order to ensure their successful delivery in the manner envisaged by SEEDA.
3. There is a lack of clarity about how the funding available for SEEDA to delegate to local authorities<sup>9</sup> will be used for. This will presumably only become clearer once the formal consultation on the SNR is launched.
4. The FSB has raised concerns about the failure of the SNR recommendations to put forward any proposals for ensuring that the business community plays a role in the future scrutiny of SEEDA’s work. The SNR only talks about accountability at both the Parliamentary and local authority levels. In reality it may only be possible to deliver accountability at the local authority level due to the problems of securing enough South East MPs from all parties to sit on Select Committees. From the business perspective we are pleased that the Corporate Plan Framework section includes a clear commitment to

---

<sup>5</sup> HM Treasury – Sub National Economic Development and Regeneration Review, July 2007

<sup>6</sup> ibid

<sup>7</sup> [http://www.opsi.gov.uk/acts/acts2003/en/ukpgaen\\_20030026\\_en\\_1](http://www.opsi.gov.uk/acts/acts2003/en/ukpgaen_20030026_en_1)

<sup>8</sup> Communities and Local Government & HM Treasury, The New Performance Framework for Local Authorities & Local Authorities Partnerships, Oct 2007

<sup>9</sup> HM Treasury – Sub National Economic Development and Regeneration Review, July 2007

“a management framework for the RES and Single Delivery Plan that supplies a robust evidence base, a clear process for agreeing accountability with the right partners in the right place and a transparent approach to assessing and building the capacities of others.”<sup>10</sup>

SEEDA now need to delivery concrete proposals on how it will continue to engage with the business community post SNR. This clarification is made even more vital in the light of the decision made at the SEERA November 2007 Plenary for the local authorities to continue to work together post 2010, however without the participation of the social and economic partners.<sup>11</sup>

## **Core Strategy for SEEDA’s Corporate Plan 2008-11**

### **Strategic Influence**

Much of the strategic role aspirations put forward by SEEDA have already been dealt with in the SNR section of our response, however the FSB also puts forward the following point on this section:

1. South East England Brussels Office needs to be far more linked into the Smart Growth target for business regulation. According to a report from Open Europe 77% of the major regulations passed in the UK since 1998 were wholly or partly driven by EU regulation. The same study, quoting the Government’s own Regulatory Impact assessments, claimed these EU regulations had cost UK businesses £30 billion.<sup>12</sup> At present there is very limited engagement between South East England House and the FSB concerning the regulatory burden coming from the EU, in-particular we urgently need to address the opportunities for joint lobbying on upcoming EU Directives.
2. SEPU have just committed to holding a series of “open meeting” sessions for MEPs at South East England House over the next 12 months. These meetings present SEEDA with an excellent opportunity to jointly promote the small business agenda to our regions MEPs.

### **Global Competitiveness**

As the Government’s Business Support Simplification Programme is one of the guiding principles to SEEDA’s Global Competitiveness portfolio The FSB Budget Submission<sup>13</sup> put forward the following recommendations in relation to the simplification programme:

“The FSB is pleased with the progress of the Business Support Simplification Programme (BSSP). However, our recent business support survey found that Government should publicise the Information, Diagnostic and Brokerage (IDB) service to a greater level. The Government must also provide more information on business support products through the internet.”

---

<sup>10</sup> SEEDA Corporate Plan 2008-11, page 12

<sup>11</sup> <http://www.southeast-ra.gov.uk/meetings/plenaries/2007/141107/resolution-km.pdf>

<sup>12</sup> See *Less Regulation, 4 ways to cut the burden of EU red tape*, Open Europe, p.5

<sup>13</sup> <http://www.fsb.org.uk/frontpage/assets/FSBBudgetSubmission.pdf>

As SEEDA leads on the contribution of England's RDAs to this programme this message needs to be delivered to those in the government responsible for developing the BSSP.

## Smart Growth

The final report from the Examination in Public Inspectors (EiP) on the South East Plan to the Secretary of State raised the following concerns about the over reliance on the concept of smart growth:

“A major deficiency in our view in the draft Plan is the lack of a clear spatial framework for economic development and employment land in the region. Despite a strong objective of reducing intra-regional disparities, insufficient mechanisms have been included to ensure sustained economic growth throughout the region. Too much reliance has been placed on the smart growth concept without thinking through the mechanisms necessary to facilitate its delivery. And even assuming a large role for smart growth in reconciling economic pressures and demographic growth, it is almost certain that some new or substitute employment land will be needed.”<sup>14</sup>

As SEEDA takes on the responsibilities for the creation of a single regional strategy bringing together the RES and the Regional Spatial Strategy, they need to address as a matter of priority the ongoing loss of employment land. This is especially important as the ever increasing pressure to deliver on the regions housing targets threatens to exacerbate the problems of the loss of employment land over the period of the Corporate Plan.

On the specific aspects of the Smart Growth proposals the FSB has the following comments:

1. Enterprise: The FSB report “the small business view of business support”<sup>15</sup> puts forward the following recommendation that should be at the heart of any future business support offer in the South East:
  - a. The brokerage service needs to offer a number of business support options. This should, where appropriate include at least one private and one public option of provision.
  - b. It is crucial that the diagnostic service, offered by Business Link, is staffed by business people with a business background in the field for which they are providing business solutions. This will further enhance the reputation of Business Link and ensure that the advice being given is honest and business focused.
2. The FSB supports the establishment of a Business Support Board to develop a plan setting out how business support in the region will be transformed so that it is both fully compliant with the national framework and responsive to the particular needs of South East business. In order for the board to successfully meet these aspirations the FSB puts forward the following recommendations:
  - a. SEEDA should adopt a light touch to the steering of this committee rather than merely replicate the management style that has resulted in the ongoing failure of Business South East

---

<sup>14</sup> <http://www.gos.gov.uk/gose/planning/regionalPlanning/southEastPlan/>

<sup>15</sup> <http://www.fsb.org.uk/documentstore/filedetails.asp?id=381>

- b. The chairmanship of the Board should come from within the business community.
  - c. There should be a balance between public and private sector representation on the Board, and not heavily weighted in favour of the public sector participants.
3. MSE<sup>16</sup> friendly procurement can be a significant driver to economic growth. Winning more public sector contracts would lead to benefits through local multipliers and also enable MSEs to “invest” incremental profits in skills, employment, productivity, R&D etc. The South East Procurement Forum should focus on the following:
- a. Encourage training for procurement managers to engage with MSEs by offering access to business opportunities (not “favouring” MSEs).
  - b. Events to encourage MSEs to collaborate and jointly tender for public sector tenders and incentives to invest in collaboration formation.
  - c. Encourage public sector to simplify their tendering processes e.g. using simplified documents and language, particularly for Low Value Contracts; and allow sufficient time for MSEs to respond to pre-qualification questionnaires and tenders.
  - d. Encourage low value procurement portals to incorporate some of the above simplified processes e.g. having an on-line single, simplified PQQ system as part of the portal.

## **Sustainable Prosperity**

We welcome the commitment from SEEDA to provide leadership to bring partners together to move from small scale recycling projects to becoming a Zero Waste Region. As part of this project we would welcome recognition of the potential role that small businesses can play in helping deliver this target.

A recent survey by the FSB “Social and Environmental Responsibility and the Small Business Owner”<sup>17</sup> revealed that despite traditionally receiving a poor press when it comes to their views and actions toward the environment, small business owners were in fact actively working to curb their environmental impact. 84% of respondents actively engaged in waste minimisation and recycling and 43% of businesses bought products that were more environmentally friendly. Over a third (35%) reported that they engaged in energy efficiency measures and 27% changed their core products and services to be more environmentally friendly. SEEDA need to seize upon the growing perception amongst small businesses that environmental responsibility is merely a normal part of business development and growth in order to help deliver on their Zero Waste Region target.

SEEDA needs to assess very carefully the corporate social responsibility (CSR) credentials of all of the major corporates within its Corporate Cabinet. As they will be viewed as role models for CSR it is vital that they can all demonstrate that they hold the values of CSR at the heart of their operations.

---

<sup>16</sup> MSE = Micro and small businesses

<sup>17</sup> <http://www.fsb.org.uk/documentstore/filedetails.asp?id=386> results given are taken from the South East findings

Corporate Social Responsibility is not just the preserve of the large corporations and the Corporate Plan needs to recognise and reward the contribution that small businesses make to their local communities. The FSB report<sup>18</sup> into business owners' attitudes to social responsibilities revealed that over half of the respondents (53%) donated goods or services to local charities and voluntary groups and a further 46% made charitable donations from their company profits. Over a quarter of respondents (28%) were working with local schools/colleges on specific projects and a further 27% actively sponsored local organisations. Small businesses are unrivalled in their commitment to their local community. They are highly motivated by their own personal beliefs and value systems (88%) and consider these activities as good business practices (64%). Nearly half of all respondents (45%) cited 'putting something back' or altruism as their key motivation.

Given the strong commitment demonstrated by small businesses to community engagement the FSB puts forward the following recommendations:

1. Promote simple and effective ideas to increase and enhance current participation
2. Promotion of CSR through initiatives like the UK's Better Business Journey.

### **Enabling Infrastructure and Development**

Given the limited funding available to SEEDA it is important to concentrate on the delivery of fewer, big, critical projects rather than spreading the funding to thinly on small projects that would only have limited impact on the achievement of RES objectives.

The target for the Regional Infrastructure Fund to reach £350m by the end of the plan period is an ambitious target, but it is essential that through effective partnership working we deliver this level of funding. Failure to do this will prevent the South East from completing the critical infrastructure schemes essential to support major employment or housing programmes.

### **FSB Recommendations**

1. Jointly lobby government for business/stakeholder input into local authority scrutiny of their implementation of the SNR.
2. Greater emphasis on business and economic growth in the LAA indicators.
3. People from small businesses must form part of the scrutiny process to help assess the performance of Business Links.

---

<sup>18</sup> ibid