

BY EMAIL ONLY

27 July 2010

Dear Colleague

I wrote to you on 28th June about SEEDA's budget this year, in the light of the 20% deeper cuts that the South East and other Southern RDAs had been asked to make in order to protect the budgets of the West Midlands and the Northern RDAs.

I am most grateful for the constructive discussions we have since had with partners about the implications for our programmes and activities, to allow us to reduce our commitments from £107m to £79m. Our Board has taken account of the input partners have made in those discussions and, as a result, we have made some adjustments to our proposals. We have, in particular, sought to minimise the impact on the economic growth needed and to ensure that programmes that are valued, and are likely to survive beyond SEEDA, are not closed prematurely. Partners directly affected will either have just received, or will be about to receive, a letter setting out the final position. I set out below the overall picture in relation to our larger programmes of work.

SEEDA has had to withdraw funding for taking forward:

- New projects under development, such as support to achieving next generation broadband across the South East, and new collaborative R&D programmes enabling businesses to access and commercialise new opportunities.
- Support to inward investment programmes led by other partners.
- Funding to the Regional Infrastructure Fund.
- Specific retrofit programmes led by other partners.

We will be continuing to take forward the following significant programmes and activities, although with reductions in our investment:

- Business support through the Business Link service, where we will cease support for some specific offers.
- The Innovation and Growth Teams, with a lower cut than initially proposed in view of the value placed on this service by partners and businesses developing new models of support for economic development.
- The sub-regional Economic Partnerships, ensuring some funding to allow these business-led partnerships to contribute to developing Local Enterprise Partnerships.
- SEEDA's strategic leadership for the 2012 Olympic and Paralympic Games, reducing some programme elements.
- Tourism South East, where we have put back some investment following discussions of the impact of the proposed cuts, to ensure key services are retained.
- Rural schemes providing support to market towns and access to rural services.
- Knowledge Networks, Knowledge Transfer Partnerships and Innovation Vouchers, building collaborations between business and the knowledge base.



- Input to environmental programmes such as European Pathway to Zero Waste.
- Physical development, master-planning and other work to develop regeneration areas including Dover; Ashford; Hastings; Shoreham; Tipner, Portsmouth; Daedalus, Lee-on-the-Solent; Whippingham, IOW.
- In addition, whilst our work to support an integrated regional strategy has now stopped, we will continue to publish research on the state of the economy.

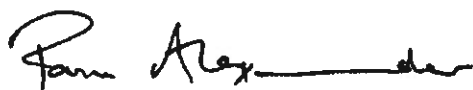
In addition to the programmes outlined above where we have had to make reductions, SEEDA will also continue to support the following as originally budgeted:

- The Manufacturing Advisory Service, highly valued by businesses to help them to drive up productivity and profit margins.
- The services of Finance South East, providing access to finance.
- Leadership and financial support to the development of the South East's high-growth sectors, both through our arms-length Sector Consortia and directly in relation to transformational interventions: the International Space Innovation Centre at Harwell; the establishment of an off-shore wind R&D centre; the international centre of excellence in telecare, the aerospace sector; the marine sector, through the improvement of facilities in South Hampshire; and the composites centre of excellence on the Isle of Wight.
- Completing inward investment projects across the South East.
- SEEDA's funding of UKTI's international trade sector advisers.
- Physical development projects including Chatham Maritime; Rochester Riverside; Centenary Quay/Woolston Riverside, Southampton; Hythe Marine Park, New Forest; Brighton Community Stadium; Turner Contemporary, Margate; University of Chichester at Bognor Regis.
- Leadership and management of the South East's significant portfolio of European programmes (including ERDF and RDPE) and the development of innovative funding models for driving growth in the low-carbon economy, including drawing down £100m loan funding from the European Investment Bank for retrofit and renewable programmes.

We will keep our programme portfolio under close review and will, of course, be in contact again if there is any scope to adjust the funding we are able to provide. Looking ahead, we are unlikely to be funded for 2011/2012 beyond legal commitments but will not receive confirmation until after the publication of the Comprehensive Spending Review towards the end of October.

Our programme of nearly £80m for 2010/2011 plus another £35m from European and other programmes represent a significant portfolio of work. As we move towards closure, SEEDA will continue to take it forward with energy and enthusiasm, to deliver a positive impact on the South East's economy. We look forward to continuing to work with you to make this happen and also to plan for the transition of programmes, expertise and assets where this is relevant to the future.

Yours sincerely



Pam Alexander
Chief Executive

BY EMAIL ONLY

28 June 2010

Dear Colleague

I wrote to you on 25 May to explain how SEEDA's budget this financial year would be affected by the Chancellor's budget reductions of £6.25bn in 2010/11, which included a £270m contribution by RDAs. I indicated that the share for the South East would be £24m (22%), possibly more.

The Government has now decided that the West Midlands and North of England should take less of the cuts. This is on top of the protection already afforded by the way in which the RDA single pot funding is allocated across the 9 regions. This has increased SEEDA's programme cut by £4m to £28m in total; or 26% of our budget.

SEEDA's original programme budget for this financial year was already reduced from £148m in the 2007 Comprehensive Spending Review to £107m. Following the in-year measures detailed above, this budget now stands at £79m, which is below our in-year commitments. We have already been in discussions with partners and stakeholders to work through the issues and take the cuts in the best possible way for the South East. I will be writing to you again, setting out our proposals for any cuts that may affect you, in the first half of July.

You will know that the emergency Budget on Tuesday 22nd June clarified that the Government's policy to replace RDAs with Local Enterprise Partnerships means closure for all RDAs. It is clear that some programmes are likely to be centralised, but we do not know the extent of this yet. Our main aim is therefore to carry out an orderly transition to closure in collaboration with partners and stakeholders so as to transfer those projects and programmes which partners wish to take forward after SEEDA's closure.

The timing of closure for SEEDA is not clear. We expect that the necessary legislation will achieve Royal Assent by summer 2011. In the meantime, we will continue to work individually and collectively with you to use our remaining resources to achieve the best possible support for businesses across the South East.

I attach our monthly Intelligence Snapshot. The data is required by BIS and, through close monitoring of the local economies, will demonstrate any trends following reductions in public sector budgets, for example, the impact of public sector redundancies and the extent to which the private sector in the South East is able to compensate. We intend to continue to produce these monthly with input from partners. I am grateful for your assistance and I hope you find this information of continued use.

Yours sincerely
Pam Alexander



