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**MINUTES OF THE 109th MEETING OF THE SOUTH EAST ENGLAND DEVELOPMENT AGENCY HELD ON 27 JANUARY 2010, SEEDA HQ, GUILDFORD**

**Present:**

Rob Douglas (Chair)	Jeremy Birch
Pamela Charwood	Alex Pratt
Dolores Byrne	Keith Riley
Imtiaz Farookhi	Richard Ascough
Julian Crampton	Bob Goldfield
Keith Mitchell	Keith House
Andrew Finney	

***In attendance:***

Pam Alexander	Phil Bailey
Oona Muirhead	Chris Budleigh
Paul Lovejoy	Katie Lloyd
Susan Priest	Heather Bolton
Robert Crawford	Jonathan Sadler (for item 2.04)

***Guests:***

Colin Byrne (GOSE), Sue Bishop (BIS), Sam Kabiswa (BIS)

**Item 1 STANDING ITEMS**

**1.01 Apologies for absence and Declarations of Interest**

- 1 Apologies were received from Les Dawson.
- 2 The Chair welcomed Keith House, Andrew Finney, Julian Crampton and Richard Ascough to the Board.
- 3 Alex Pratt and Imtiaz Farookhi, as members of Sub Regional Partnerships (Buckinghamshire and Milton Keynes respectively) declared an interest in respect of item 2.03 'Sub Regional Partnerships'. Julian Crampton, as Chairman of HBRL, declared an interest in item 1.09 'Operational Statements' because of the possibility of additional funding for University Centre Hastings Phase 2.

**1.02 Minutes of previous meeting**

- 4 The minutes of the meeting held on 10 December were agreed without amendment as a correct record of proceedings.

**1.03 Matter Arising**

- 5 The Board noted progress on Matters Arising.

**1.04 Committee minutes**

**(a) MPC minutes**

- 6 Keith Riley noted that the Major Projects Committee had endorsed the Chief Executive's decision on East Sussex and Brighton and Hove Innovation and Growth Team, Northfleet Embankment and the Sustainable Construction Skills Academy (subject to issues on future funding arrangements and new build/refurbishment options appraisal being resolved to her satisfaction).

**(b) Audit Committee Minutes**

- 7 Pamela Charwood noted the transitional arrangements for the provision of Internal Audit services to the Agency prior to the tender for the provision of a permanent service from 2010/11.

**1.05 Chairman's report (oral)**

- 8 The Chair reported on meetings that he had attended since the previous Board meeting. These consisted of meetings with Ministers, business and Local Authorities, including:
- Phillip Hammond – Discussed work of SEEDA in the region and his proposals for a tier between national and local government which might be business-led Local Enterprise Partnerships, reporting to groupings of local authorities.
  - South East Business Forum – the Chairman noted he had agreed to attend these on quarterly basis throughout 2010 to hear the latest concerns and issues from business.
  - Paul Carter (Chair, E England Leaders' Board and Leader, Kent County Council) – The Chair noted that Paul Carter re-iterated his comments made at SEEDA's Annual Open Meeting about the value of SEEDA in the region.
  - Cllr Andrew Bowles (Swale Borough Council) – A positive meeting and reassured Cllr. Bowles that SEEDA did recognise the land-based sector as important.
  - SEEDA/Housing and Communities Agency (HCA) Chairs and CEs' Dinner – The Chair was encouraged by the positive support by the HCA for the proposed SEEDA/HCA Joint Venture.
  - South East Economic Delivery Council (SEEDC) – The key issue was a discussion on bank lending.
  - A meeting with representatives of the defence industry, including the Minister for Defence Equipment and Support, Quentin Davies MP, and the Regional Minister, Jonathan Shaw MP. The Minister was positive about defence procurement opportunities although businesses present did indicate that they did not necessarily share that optimism.

- Attended the Regional Select Committee hearing on his appointment as Chair of SEEDA.
- Met John Williams, Chair of Tourism South East.

### **1.06 Chief Executive's Report**

- 9 The Chief Executive highlighted key elements of her report. An analysis of how Universities, supported by their RDAs, can drive growth in their region has been requested by Lord Mandelson. This report, together with a similar exercise involving business membership organizations is regarded by Lord Mandelson as a top priority. SEEDA, as the RDA lead on Universities, is leading the production of the University report and Julian Crampton is leading the University report in the South East. In response to a query from Dolores Byrne, the Chief Executive assured her that SEEDA had not overlooked the production of the regional brochures being prepared with the Technology Strategy Board which it was hoped might be published in February.
- 10 The Chief Executive informed the Board that there were three critical issues being addressed by SEEDA as the lead role on Skills. These were ensuring that the new arrangements for skills would meet business needs; that funding for the full required complement of staff would be made available to RDAs and sending in the Regional Priority Statements (done on 27 January).
- 11 The Chief Executive, with Keith Riley, had attended the Regional Economic Council seminar on 21 January. The key message from Lord Mandelson was that he stressed the need for RDAs to align with national priorities (e.g. New Industry, New Jobs - NINJ) and there should be more effective collaboration between RDAs. In regard to NINJ, Board Members acknowledged the need for sectors to be identified but asked that differentiation within sectors be recognised e.g. the low carbon sector can cover transport, energy and construction and the barriers and opportunities vary greatly.
- 12 Paul Lovejoy reminded Members that the latest provisional GDP figures had been published the previous day and summarised their implications.

### **1.07 Sue Bishop - Economic Development Directorate, BIS**

- 13 Sue Bishop outlined the structures and arrangements within BIS for working with RDAs. She took on board the request that RDAs should be seen as key delivery partners and, as such, should be involved in budgetary discussions prior to decisions on funding being made.

### **1.08 Colin Byrne - Government Office for the South East Report (oral)**

- 14 Colin Byrne reported that the Government Office had been assessing the impact of the recent severe weather conditions (e.g. the stock levels of salt).
- 15 Colin Byrne also highlighted the focus of GOSE was concentrating on core business which meant:-

- Reviewing the Local Area Agreements;
  - Planning for Recovery, which included focussing on the SEEDC, the Future Jobs Fund, Apprenticeships and Budget 2010 ;
  - Smarter Government.
- 16 Colin reminded Members that the advert for two new Board Members was due to be placed in the Sunday Times on 7 February.
- 17 Board Members, in response, indicated that:-
- it was proving difficult to identify good apprentices and the processes did not help businesses to take them on;
  - that the threats to R & D spend in the defence sector were serious.

**1.09 Operational statements (Financial and Operational Review and Risk Register)**

- 18 Robert Crawford explained that the consolidated report now covered the spend situation in 2009/10, together with a propose pipeline of additional projects, the current headline funding position for 2010/11 and the Risk Register (which remained unchanged since the previous version seen by the Board).
- 19 Members recognised the difficulties involved in ensuring full spend in 2009/10 without over-committing spend into next year but they wanted to understand the process for selecting particular projects to go ahead. It was explained how the potential projects were aligned with SEEDA's priorities as well as the NINJ agenda. They either brought forward spend from 2010/11 or were projects that the Agency had been trying to take forward in other ways as priorities.
- 20 In regard to the position for 2010/11, much of SEEDA's likely budget was either fully committed or near to being committed. Therefore headroom was constrained.
- 21 In considering the Risk Register, it was agreed that the owner of Risk No. 7 (potential culture of non-compliance with Corporate and Audit requirements) should be specified.

**ACTION**

Oona Muirhead to specify the owner of all risks in the Risk Register

**1.10 Regional Partnership Meetings**

- a) **Planning Panel Report – 12 January 2010**
- b) **South East England Partnership Board (SEEPB) – 9 February 2010**
- c) **Economic Development and Skills Board – 2 February 2010**

- 22 Lead Members indicated there was nothing to add to the Board Papers. Paul Lovejoy raised a specific issue that had emerged since the preparation of the Board papers

and required Board approval. The South East England Leaders Board (SEELB) has proposed, as part of the arrangements for delivery of CLG (Communities and Local Government) funding, that the staff employed by SEERA Ltd and reporting to the SEEPB should now report to the SEELB. Recent legislative changes meant that this transfer required the approval of the SEEDA Board.

- 23 Members expressed some unease at this change but **agreed to support** the transfer on condition that the Partnership Board and Executive Steering Group would continue to drive the work of these staff.

**ACTION**

The Board agreed that the staff employed by SEERA Ltd and reporting to the SEEPB should now report to the SEELB on condition that the Partnership Board and Executive Steering Group would continue to drive the work of these staff.

- 24 Alex Pratt reported that the Business Development Advisory Group is seeking to get a clearer of the overall picture of business support, encourage Local Authorities to implement business support implementation and secure business membership organisations' support of Business Link.

- 25 The next meeting of the Economic Development and Skills Board will be considering issues raised by the Advisory Group in regard to Business Critical Infrastructure and Local Economic Assessments (papers have been prepared on these subjects).

**ACTION**

Paul Lovejoy to produce a forward timetable of the various Partnership Board, Strategy Board and Economic Development and Skills Board meetings together with key agenda items.

**ACTION**

Paul Lovejoy to take forward Keith Riley's request that an Alternate be identified for the Planning Panel.

**Item 2 ITEMS FOR DECISION**

**2.01 Property Regeneration Partnership**

- 26 The Chair invited Keith Riley, as Chair of MPC that had closely scrutinised these proposals, to set out his conclusions.

- 27 Keith stressed that the model had not changed since the Board had last considered the proposals. However MPC had held a special meeting and had sought reassurance on a number of issues including governance, management of risk, protection for shareholders (SEEDA and HCA) and whether the model had the flexibility to respond to both national priorities and the local agenda. It was also stressed that the Board was only being asked to approve phase 1 i.e. that a joint

venture be established and government approval is sought for this. Any transfer of assets would be brought back to the Board at a later stage

28 Members complimented the work of staff and the MPC and supported their endorsement of the proposal. They were reassured by the two stage proposal and that their further approval would be required for the transfer of assets. It was agreed that, between phases 1 and 2, Local Authorities should be consulted on the schemes to be transferred, particularly Kent and Hampshire were there were substantial assets.

29 The Board therefore agreed:-

- The Business Plan key principles as set out in the paper;
- The draft Joint Venture Agreement as set out in the paper;
- The principle of the transfer of SEEDA's property assets valued at £105m as at September 2009, subject to the Board's approval before transfer; and
- A formal approach to be made to BIS seeking initial permission to establish the joint venture company without an asset transfer.

#### **ACTION**

Lee Amor to begin consultation on the schemes to be transferred to the proposed Joint Venture under Stage 2.

Lee Amor to consider at what stage the JV should be brought to the Audit Committee given their concern for governance of Arms Length Vehicles.

#### **2.02 Sector and Cluster Strategy**

30 Robert Crawford introduced the paper, highlighting the proposal for close integration with the Innovation and Growth teams; that non-defined sectors will continue to receive support through business support programmes; the need to develop new expertise in SEEDA; and that operational plans would be developed by each sector team.

31 Members were content with the proposals. They indicated that it was, though, important to get the language correct because the differentiation between priority and other sectors may not always be clear. For instance, the low carbon sector will need to work with the construction sector where there is product innovation and the land-based sector, although not one of the priority sectors, could benefit from the work of the ICT and Environmental Technology teams. Cross sectoral linkages would be important and investment in infrastructure should benefit a range of businesses (e.g. broadband for the media sector). The Sector teams need to ensure that small businesses with high growth potential are also picked up. Finally, Members stressed the principle of Business Link as a universal service.

- 32 Members approved this approach to deliver high impact interventions in the six priority industry sectors and noted that the operational plans of each of the six new Sector Teams will be further developed and presented at future board meetings. These plans should take account of SEEDA's developing Economic Analysis and Forecast of Priority Sectors which should serve as a framework for future investment decisions.

**Item 3 ITEMS TO NOTE**

**3.01 Communications update (oral)**

- 33 Heather Bolton noted positive media coverage of SEEDA' work.

**3.02 Project and Programme Update**

- 34 The Board noted the update provided by Oona Muirhead who explained that the purpose of the Gateway Group was to test ideas at an early stage and subject them to a peer review within SEEDA before they go forward for appraisal and approval.

**3.03 Board Forward Look Plan**

- 35 The Board Forward Look was noted.

**3.04 AOB**

- 36 There were no items.

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**Signed off-by**

Pam Alexander, Chief Executive, 15 March 2010