

**MINUTES OF THE 114th MEETING OF THE SOUTH EAST ENGLAND
DEVELOPMENT AGENCY HELD ON 23 SEPTEMBER 2010, SEEDA HQ,
GUILDFORD**

Present:

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

Apologies:

Les Dawson
[REDACTED]

In attendance:

Pam Alexander	[REDACTED]
Oona Muirhead	Chris Budleigh
Paul Lovejoy	Katie Lloyd
Susan Priest	Lee Amor
Robert Crawford	
Colin Byrne (Guest, GOSE) – arrived at 11am	

Item 1: STANDING ITEMS

1.1 Apologies for absence and Declarations of Interest

1. The Chair welcomed everyone to the meeting and highlighted that it was Paul Lovejoy's last Board meeting. The Chair thanked Paul for all his hard work during his ten years service at SEEDA. Members wished Paul well in his future endeavours.
2. Apologies were received from Les Dawson.
3. Prior to the meeting, Board Members were asked to declare any interests in Local Economic Partnership bids. Please see Annex 1.

1.2 Minutes of previous meeting

4. The minutes of the meeting held on 22nd July were agreed and signed as an accurate record of the proceedings, subject to the correction of a spelling error in paragraph 13.

1.3 Matters Arising

5. The Matters Arising were reviewed and noted.

1.4 A. MPC Update

6. Keith Riley informed the Board there was nothing to update, aside from the item on Neats Court which would be discussed under Item 2.1.

B. Audit Chairs Meeting

7. The Chairman invited Pam Charlwood to feedback from the recent RDA Audit Committee Chairs meeting. Pam Charlwood informed the Board that the meeting was also attended by [REDACTED] from the National Audit Office and two BIS officials. It was clear that BIS were struggling with the need to deliver decisions and a framework for clarity. [REDACTED] gave his professional opinion that governance of the RDAs was strong. The next meeting will be held in January 2011.

1.5 Chairman's report

8. The Chairman considered that RDAs had been under fire in recent months but that he was starting to see a sense of balance return since the last Board meeting. SEEDA had a renewed focus on its current programme of work as well as the work on transition. The Chair also highlighted the positive national and local media attention that SEEDA has attracted with regard to key projects and an article in the Financial Times featuring a letter from Andrew Povey (Leader of Surrey County Council) highlighting concerns about the transfer of funds away from the South East.
9. The Chairman and Chief Executive attended a meeting with David Willetts MP (Minister for Universities and Science) on 26 July where the Minister discussed the future of innovation and the science agenda more broadly. The Chairman reminded the Board that the Department has committed £500k of new funding to Harwell Space Centre, and that SEEDA has seconded two staff to support STFC in securing the future of the Space Centre.
10. The Chairman and Chief Executive had attended the launch of the 1st phase of construction on the Centenary Quays site at Woolston. Secretary of State for Communities & Local Government, Eric Pickles MP, was present. There were numerous positive comments about SEEDA's work on the project from partners and Pam Alexander gave interviews to local television and radio. The launch event was followed by a meeting with PUSH and the Isle of Wight Council regarding SEEDA's assets in South Hampshire and the Isle of Wight.
11. The Chairman had had a short meeting with the new Chair of HESE, Professor John Craven.
12. The recent RDA Chairs meeting was attended by Mark Prisk (8 September) and BIS structural changes were highlighted. It was noted that Simon Edmonds is taking over responsibility for RDA transition from [REDACTED]. Philip Rycroft will be taking over RDA lead at DG level from Philip Rutnam, who has been made Acting Permanent Secretary. The Board noted that although no decisions were being made until after the CSR, RDAs were fully engaged with Ministers, good

relationships are enduring with BIS officials and RDAs are responding fully to government requests.

13. The Chairman and Chief Executive attended a meeting with SEEC and SEBUS (5 August) to discuss the need for underpinning support for Local Enterprise Partnership in the South East. A further meeting is scheduled in October.
14. The Chairman was concerned about recent remarks made by Ministers regarding RDAs which were critical and in some cases led to personal comments which were unjustified and unfair. The Chairman had expressed his concern about the tone of these articles to Mark Prisk and Sir Gus O'Donnell and Mark Prisk had assured the Chairman of his full confidence in the RDAs and their staff.

1.6 Chief Executive's Report

15. In addition to the issues covered in her report, the Chief Executive informed the Board that SEEDA staff were balancing the delivery of 2010/11 programmes with planning the transition to closure. As a result of the in year cuts and the lack of ability to make new commitments staff have varying workloads; some staff are working at full capacity, while others' workloads have tailed off; staff were being redeployed internally to pressure points. Once there is greater clarity from Government regarding the budget and the timescale for closure of/transfer of programmes a Compulsory Redundancy Scheme will be introduced after consultation. Support structures have been put in place to assist staff with the transition.
16. The Chief Executive informed the Board that 18 local enterprise partnership bids had been submitted within the area of the South East (the most in any region).
17. At the recent RDA Chief Executives' meeting it was noted that Treasury, BIS & CLG consider business engagement to be a key issue for local enterprise partnerships, however no specific funding for local enterprise partnerships has been agreed, and it is not clear what access they may have to the Regional Growth Fund. It was thought that BIS were still considering the growth hubs concept across England to assist high growth businesses.
18. The Chief Executive informed the Board that recent and ongoing discussions with SEEC/SEBUS had suggested the need to provide some underpinning for the nascent local enterprise partnerships or to enable the Chairs of local enterprise partnerships to work collaboratively. Key functions would disappear unless they are supported e.g. Finance South East, Tourism South East and the Innovation & Growth Teams.
19. The Chief Executive informed the Board that RDA lead roles will be retained until at least Christmas. North West Development Agency, succeeds South West as the Chair of Chairs from 1st October.
20. The [REDACTED] report has been submitted to Government and RDAs are awaiting any formal response from BIS officials.

21. The Chief Executive said that RDAs were in discussion with BIS and Treasury about the risk of key staff leaving to take on new opportunities.

1.7 GOSE – update from Colin Byrne

22. Colin Byrne noted comments from the Board about the potential consequences of the changes proposed. He explained that the Department of Transport were concerned about who to deal with in the future regarding major infrastructure needs as the number of LEP bids from the South East was likely to be too high for strategic engagement.
23. Colin Byrne said that the future of European funding after the abolition of RDAs and Government Offices was still under discussion. It was expected that the closure of Government Offices would be complete by the end of the financial year.

Item 2: ITEMS FOR DECISION

2.1 Neats Court, Sheppey, Kent

24. Keith Riley introduced the paper to seek the Board's approval to increase the project budget by £1.6m from £6.8m gross to £8.4m gross which represented an increased budget in excess of 10% and therefore required Board approval. The increase will be funded by The Crown Estate and would provide an additional 200 jobs. This will complete the preparation of the Neats Court site as the employment element of SEEDA's major regeneration project at Queenborough and Rushenden on the Isle of Sheppey in the Thames Gateway. MPC had reviewed a more detailed paper outlining the cost increase and recommended approval of the project by the Board.
25. The Board NOTED the paper and AGREED the additional expenditure of £1.6m for the conclusion of the infrastructure and enabling works at Neats Court for an improved scheme which will all be funded by The Crown Estate with no additional costs to SEEDA.

Item 3: ITEMS FOR DISCUSSION

3.1 Business Link Contract Changes

26. Susan Priest introduced the paper which advised the Board to note:
 - That the major cut to the Business Link budget, previously agreed by the Board, had been applied;
 - That the approach adopted carried forward the advice from the Board resulting in a revised specification for the Business Link service in the South East; and
 - That SEEDA had agreed a change to the notice period in the termination clause of the Serco contract from 3 to 6 months and that the required reserve to cover terminal liabilities (estimated at £1.6m) will be drawn down in April 2011 from 2011/12 funding.

27. SP informed the Board that an RDA/BIS Business Link Transition Board has been created by BIS
28. AP highlighted a concern regarding Business Link performance over the next period due to the major reduction in staff numbers. Dolores Byrne raised a concern about the costs in constantly re-negotiating contracts. Susan Priest indicated that the contract for 2010/11 would not be re-negotiated further.
29. The Board NOTED the item as outlined in paragraph 30.

3.2 Business Delivery Outputs 2010 - 2011

30. Paul Lovejoy introduced the paper which aimed to provide the Board with an update on the Agency's performance management of core output targets for 2010 – 11. It showed the revisions to output forecasts for the remainder 2010-2011 generated by in-year budget cuts of £28 million and provided the revised targets for the current year and the rationale underlying the changes.
31. The Board regretted the necessary impact of the cuts and NOTED:
 - The revised output targets in the light of the in-year budget reductions
 - The rationale for the revisions to these estimates
 - The revised forecast outturns for the current year

3.3 Update: Transition to Closure Plan

32. The Chairman thanked the Executive Board for their strong leadership and professional work around the transition to closure under increasingly difficult circumstances. The Chairman invited Oona Muirhead to introduce the paper.
33. Oona Muirhead indicated that the purpose of the paper was to advise the Board on progress in SEEDA's transition work, in particular on the work SEEDA has been undertaking to support the future economic development landscape; associated transition work; and tackling current issues and future risks. This work continues alongside delivering SEEDA's revised 2010/11 Business Plan and associated outputs.
34. OM asked the Board for their views on the following 3 areas:
 - funding options over the next 3 years
 - how we can help Local enterprise partnerships
 - loans of staff
35. The following points were raised by Board Members:
 - Alex Pratt indicated that business involvement is key to the success but felt that most businesses were not engaged with the Local Enterprise Partnership process. SEEDA's role should be to assist in building business engagement

- and relationships with local authorities and seeking their views of the relevant economic geographies.
- Dolores Byrne indicated that she considered that businesses will remain engaged as long as there was some tangible benefit (e.g. access to European funding) and that SEEDA must engage businesses on that basis.
 - Oona Muirhead highlighted a concern that the European Investment Bank (EIB) will only commit to loans at a regional level, rather than a local level. A home for SEEDA's work needed to be found if the opportunity of a £100m loan was not to be lost.
 - Keith Mitchell disagreed with DB and considered that businesses will engage in the local enterprise partnership agenda if they feel their involvement will enhance the environment for business in their local area. He was optimistic about the future for Local Enterprise Partnerships with or without Government support.
36. Oona Muirhead informed the Board that BIS had also requested RDAs to produce budget scenarios based on 60, 40, 30 and 20% of current budgets in total over the next 4 years. SEEDA was asked to model the 30% scenario. OM highlighted that the scenario model provided to BIS was the Executive Team's response and it had been made clear that if the CSR outcome suggested that the 30% scenario was a reality, the Board's full consideration of the plan would be required. RDAs had now brought their total commitments within a profile of 60/40/20 of 2010/11 budgets over the next 3 years.
37. Alex Pratt raised a concern over accountability of the Board. Pam Alexander indicated that as Accounting Officer, her role was to carry out the decisions of the Board, subject to any overriding issues of value for money.
38. Jeremy Birch asked about the timing of SEEDA's closure in relation to its remaining programmes. Pam Alexander clarified that a residual body could take on any commitments not passed to successor bodies by March 2012.
39. The Board:
- **NOTED** the work in hand at national, regional and sub-regional level on helping shape successor economic development arrangements
 - **NOTED** the progress made in ensuring SEEDA's Transition Programme is robust and focused in tackling actions, issues and risks;
 - **ENDORSED** and agreed to **CONTRIBUTE** to the proposed Board Member support programme for staff
 - From the Transition Sub-Committee meeting earlier on 23rd September, **AGREED** the recommendation that the Major Projects Committee (MPC) would take responsibility for considering and advising on the issues relating to the possible transfer/disposal of land and property assets.

ACTION

OM to include in future updates on the transition to closure plan clarification of the respective roles of the Board and the Accounting Officer.

3.4 Financial & Operational Review

40. Chris Budleigh introduced the Paper which informed the Board of the financial position of the Agency as at the end of August 2010; the position in terms of our forward commitments into the next Spending Review Period (2011/12 – 2013/14); and the delivery against outputs in Quarter 1 of this Financial Year.
41. Chris Budleigh indicated that the risk register had been updated and that he was now in a position to assign ownership and accountability to the risks to ensure that both delivery and transition risks can be managed or mitigated.
42. The Board **NOTED** the:
 - Single Pot Spend as set out on pg 2 of the paper
 - Admin Spend as set out on pg 2/3 of the paper
 - Red status entries of risk register in Annex 1

ACTION

CB to assign risk owners to risk register

Item 4: ITEMS TO NOTE (BY EXCEPTION)

4.1 Annual Report of Audit Committee

43. This report was noted and Pam Charlwood paid tribute to her predecessor in the Chair, Phil Wood.

4.2 Project & Programmes Update

44. This item was noted.

4.3 Communications Update

45. Oona Muirhead informed the Board of a noticeable reduction in press and media coverage during August. However, local and national coverage of SEEDA projects and SEEDA involvement have been positive, including a recent Financial Times article on Space featuring Harwell International Space Centre with comment from Pam Alexander.
46. PA asked the Board to note a current Freedom of Information request from the BBC requesting the Gifts & Hospitality registers for Board Members & Executive Directors over the last 3 years, which had been provided.

5 AOB

47. No Items were raised.