MINUTES OF THE 106th MEETING OF THE SOUTH EAST ENGLAND DEVELOPMENT AGENCY HELD ON 10 SEPTEMBER 2009, SEEDA HQ, GUILDFORD

Present:

Jim Brathwaite (Chair)
Jeremy Birch
Pamela Charlwood
Les Dawson
Dolores Byrne
Imtiaz Farookhi
Bob Goldfield
Keith Mitchell
Alex Pratt
Keith Riley
Bill Wakeham
Phil Wood

In attendance:

Rob Douglas (Chair designate)
Pam Alexander
Heather Bolton
Robert Crawford
Oona Muirhead
Jeff Alexander
Minute taker
Paul Lovejoy
Lee Amor
Colin Byrne (GOSE) (items 1-10)
Julie Anderson (item 12)
Tim Stansfeld (item 6)
Martin Tugwell (items 6, 8)
A member of the European Programme Team (item 8)
A member of the business Services and Engagement Team (item 5)

Guests:
Diana Pogson, South East England Partnership Board (item 6)
Catriona Riddell, South East England Partnership Board (item 6)
John Williams, Tourism South East (item 5)
Mike Bedingfield, Tourism South East (item 5)

Item 1 Welcome and apologies for absence

1 Apologies were received from Peter Jones, Zenna Atkins and Sue John.

Item 2 Declarations of Interest

2 In respect of item 13 Projects, Bill Wakeham as the Chairman of the South East Physics Network.
In respect of item 13 Projects, Dolores Byrne as Managing Director of Innovation in QinetiQ, who are involved in the SEEDA funded Monitoring of Aircraft Component Health project.
In respect of item 15 Agency Report, Les Dawson as the Chief Executive of Southern Water which is potentially involved in the sale of land at Woolston.

Item 3 Minutes of the Last Meeting

3 The minutes of the July Board Meeting were approved as a correct record of proceedings, with the clarification that Keith Riley had attended and Jeremy Birch was not present at the meeting,

Action Points

4 With regards to Business Link, Jeff Alexander updated the Board on the progress of the grant agreement between SEEDA and SERCO which is now in the contract negotiation stage and is expected to be completed in November 2009.

5 Pam Alexander spoke about difficulties in the planning of projects beyond a 2 year period due to the potential requirement from the Department of Business Innovation and Skills Department to include a break clause in new major contracts on 1 April 2011.

6 Keith Mitchell expressed his support for the idea of sharing back office services in relation to provision of internal audit services.

7 The Board discussed the possibility of promoting SEEDA's input into London Array as well as SEEDA's engagement in Hastings Bank. Heather Bolton reported that investigations showed a lack of current media opportunities on the London Array project following the decision to supply materials using Dunquerke as the base port. The Chairman asked Jeff Alexander and Oona Muirhead to arrange a meeting with Ministers to argue in favour of domestic suppliers for future renewable energy projects. Without local sourcing the South East's renewable energy and manufacturing industry would suffer.

8 Lee Amor informed the Board that the draft Business Case for the Joint Venture with Homes and Communities Agency is now completed and will be submitted to the Major Projects Committee in November.

Action: *Item 3 - Action Points*

Jeff Alexander to arrange a meeting with Ministers to discuss maximising supply chain opportunities in renewable energy projects for UK businesses.

Items for Discussion

Item 4 SEEDA's Innovation Programme

9 Jeff Alexander presented the report which consolidated SEEDA's current innovation programmes, giving an overview of SEEDA's current investments. The paper detailed the developments in SEEDA's support for innovation over the last few years, and invited the Board to consider the next steps which should be taken in terms of support for innovation, bearing in mind the Government's New Industry New Jobs agenda, as well as SEEDA's own changing priorities. The Board was asked to consider how the Innovation

programme needs to adapt and develop for the future. The Board's input would inform the work of the South East Science, Engineering and Technology Advisory Council. An important consideration was the Innovation Strategy's influence on the Regional Strategy and the role of the new Economic Development and Skills Board in steering future activity.

10 The Board discussed the document and it was noted that the document focused on SEEDA's efforts and achievements, and could be usefully linked to a bigger picture of South East activity.

11 Alex Pratt said that bringing people together in the South East Science, Engineering and Technology Advisory Council or the Corporate Cabinet created a potential collective capability for action which should be better catalysed and reported to the Board. Bill Wakeham commented on the scale of SEEDA's investments and mentioned that the University Enterprise Networks, which are partnerships between Business, RDAs and Universities, were Government, rather than business led. The Board expressed its concern at the lack of speed and scale in the Innovation programme, in comparison to that of other countries. Dolores Byrne supported the paper but commented that SEEDA's achievements and its involvement with exciting programmes were not emphasised enough. SEEDA needed to define how its goal to become a leading global region for innovation would be achieved. Examples of SEEDA's successes, e.g. the Institute for Sustainability in Ebbsfleet and Alphasat satellite project, need to be highlighted. Opportunities for closer engagement with Oxford University should arise with the installation of the new Vice Chancellor.

12 Robert Crawford added that SEEDA, as a small organisation, faces challenges in terms of the scale of its investments. SEEDA has not been able to provide large grants, but instead it has invested in ways which deliver a significant contribution to the Regional Economic Strategy.

13 The Board also discussed SEEDA's involvement with the Government and the Technology Strategy Board in developing long term innovation strategies.

14 Robert Douglas suggested that the paper on the Innovation programme be expanded to set SEEDA's activities in a wider South East context in order for it to be considered by the South East Science, Engineering and Technology Advisory Council.

Action: *Item 4 - SEEDA's Innovation Programme*

Jeff Alexander to take a paper on the Innovation programme to the South East Science, Engineering and Technology Advisory Council and an innovation strategy to be brought to the Board early in the new year.

Item 5 Tourism South East

15 The Chairman introduced John Williams and Mike Bedingfield, respectively Chairman and the Chief Executive of Tourism South East, who jointly gave a

presentation updating the Board on the performance of the tourism sector across the region. Jeff Alexander set the scene and spoke about the important role that tourism plays in the economy of the South East of England and the excellent return for investment in Tourism South East as demonstrated by the evaluation of spend 2003 – 2008.

16 John Williams and Mike Bedingfield spoke about Tourism South East's strategic role in terms of promoting tourism across the region. They identified short and long term strategies, to maximise opportunities for the region in terms of promoting tourism and opportunities offered by 2012 London Olympic and Paralympic Games. Future events such as the 2018 FIFA World Cup will also be important for the visitor economy. The current economic conditions present both challenges and opportunities for the tourism industry.

17 Keith Mitchell spoke about encouraging collaboration within the South East and the importance of clustering; the power of the retail experience in a visitor strategy; and using technology as an attraction. South East is a 'getaway' region and people should be encouraged to visit South East instead of heading only to London. Imtiaz Farookhi identified the need to demonstrate the value of interventions in relation to return on investment.

18 Jeremy Birch emphasised the importance of tourism to costal south east and especially the opportunities from the creative coast.

19 The Chairman thanked the representatives of Tourism South East for their presentation saying that tourism should not be underestimated in terms of its importance to the economy. Many parts of the region have a great potential for tourism which needs to be maximised.

20 The Board discussed the importance of the quality of the tourism offer and all aspects of place which define the visitor experience.

Item 6 South East England Regional Strategy

Item 6a South East England Leaders Board
Item 6b South East England Strategy Board
Item 6c South East England Partnership Board

21 The Chairman welcomed Diana Pogson and Catriona Riddell, respectively Interim Managing Director and Director of Planning for the South East England Partnership Board. Apologies were received from Paul Carter, Chairman of the South East England Leaders Board.

22 The first meeting of the Strategy Board will be held on the 17 September 2009 and details of the agenda will be sent to the relevant Board Members shortly. Jeremy Birch will attend the South East England Leaders Board as a substitute for Dolores Byrne.

23 Tim Stansfeld updated the Board on the successful Partnership Board meeting which was held in July, during which it was agreed to prepare six think-pieces

covering key issues facing the region over the next 20 years, to inform the new Regional Strategy. Workshops for stakeholders to discuss these will be arranged early next year. Before then, a further private session for SEEDA Board and Leaders Board will be held, building on the success of the first workshop.

24 Catriona Riddell drew the Board's attention to the forthcoming Planning and Regeneration 'Green Paper' which will be published shortly by Conservative Party and Board Members referred also to a recent letter sent to local authority leaders by Caroline Spellman.

25 The Board suggested that papers for Partnership and Strategy Board meetings should be distributed to all Board Members.

Action: *Item 6 - South East England Regional Strategy*

Paul Lovejoy to distribute papers for Partnership and Strategy Board meetings to all Board Members.

Item 7 Government Office South East

26 Colin Byrne, Regional Director of the Government Office for the South East, spoke about the forthcoming meeting of South East Regional Grand Committee in Reading on 14 September, which would provide an opportunity to ask questions of the Regional Minister and to debate topics of importance, such as economic delivery.

27 The Board was informed that the Regional Select Committee had concluded its inquiry into SEEDA and its response to the economic recession. The results would be published soon. The forthcoming South East England Delivery Council meeting would be held on 15 September in Crawley and the Skills Summit will be held on 16 September in Slough.

Item 8 Major Projects and Programmes

Item 8a Regional Infrastructure Fund (RIF) – Ashford Pilots

28 Martin Tugwell presented the progress report of the Regional Infrastructure Fund and the proposal to fund two pilot projects in Ashford, Kent. The Regional Infrastructure Fund, to unlock critical development schemes, is being established with funding from the public sector with a potential to bring in private sector finance at a later stage. Department for Transport funding must initially be used to deliver transport projects, however, once the initial investment has been recovered, the funds can be re-invested in any infrastructure proposal. SEEDA will contribute £2m funding.

29 The Investment Panel had identified 2 priority projects which are at a sufficiently advanced stage to enable them to be recommended for funding and with a confirmed repayment mechanism: improvements to M20 Junction 9 with

cycleway/footbridge and improvements to Drovers Roundabout in Ashford. These improvements, and the terms of SEEDA's role as accountable body had been endorsed by the Major Projects Committee. The opportunities for the nearby Business Park expansion and housing schemes are unable to progress without the improvements to the M20 Junction 9.

30 Pam Alexander explained that the Regional Infrastructure Fund aims to enable transformational changes in priority areas. The criteria for identifying investment priorities were set out in the paper. The projects before the Board met these criteria and set the standard for future projects.

31 Alex Pratt requested that Regional Infrastructure Fund papers be circulated to the South East Leaders Board to inform them of the decisions.

32 The Board **APPROVED** on behalf of the Regional Infrastructure Fund the recommendation to invest in two projects relating to improvements to M20 Junction 9 with new cycleway/footbridge and improvements to Drovers Roundabout in Ashford, Kent. This subject to the conditions set out in the appendix to the paper.

Action: *Item 8* *Regional Infrastructure Fund*

Paul Lovejoy to ensure that Regional Infrastructure Fund papers are circulated to the South East England Leaders Board.

Item 8b ERDF Competitiveness Programme

33 A member of the European Programme Team presented the paper to the Board. SEEDA has responsibility for managing the South East's ERDF Competitiveness programme for the period 2007-13, a role undertaken by Government Offices in the previous (2000-6) programme. The programme's aim is to promote economic competitiveness in the region at the same time as reducing the region's ecological footprint. James Ruel spoke about Marine South East's marine sector project on designing out waste and a Remade South East project addressing bulky waste. The Board had previously asked for a report back on match against the programme. Applicants within the region have been able to provide their own match against the programme rather than seek funds from SEEDA.

34 The December 2009 'N+2' spend target set by the European Commission is the key challenge for the programme and two key mitigation strategies are being pursued. The Programme Monitoring Committee approved two Financial Engineering Instruments to proceed to the Communities and Local Government and the Department for Business, Innovation and Skills' approval stage. The Department of Communities and Local Government has confirmed its support for the funds together with its commitment to approve these as quickly as possible. The Project Selection Committee has also identified three further applications which may be conditionally supported. The Progress Monitoring Committee has sought clarification on the transparency of this and once this has been provided the applications can be progressed.

35 Dolores Byrne enquired whether the 2010 target would increase if the 2009 target is achieved. James replied that the 2010 target will be higher, but represents less of a challenge than 2009.

36 The Board **NOTED** the activity which has commenced under the ERDF programme and that the risks identified at the Board Meeting in October 2008 on match funding have not materialised. It **AGREED** that SEEDA should continue to seek match from partner organisations, with SEEDA funding committed to the programme on a project by project basis rather than with a specific match allocation, and with a report back to the Board on progress in 2010. It **NOTED** the current position with regard to the region's N+2 spend target and the work being done to ensure that the target is achieved.

Item 9 Skills Update

37 Oona Muirhead updated the Board on the Government's proposals to modify the existing plans for the creation of the Skills Funding Agency and simplify the skills landscape by making RDAs responsible for producing regional skills strategies and being the champion and advocate for employer-led skills at the regional level. She set out the benefits of a regional skills investment plan to drive mainstream funds to meet employers' needs and the risks to successful transition to the new roles.

38 The Board discussed the need for defining the Skills Funding Agency's relationship with RDAs and agreement on the ways of working together. It was noted that RDAs' responsibility for producing the regional skills strategy is a real opportunity for SEEDA to ensure that the needs of the economy are at the heart of publicly funded skills provision through the new Economic Development and Skills Board.

39 Pamela Charlwood endorsed the purpose of the changes and noted the significant work by SEEDA especially the Chairman and Oona Muirhead. She emphasised the role of local authorities and the value of this opportunity to support local skills needs.

40 Rob Douglas expressed his support for the direction of travel. He said that the creation of the Department for Business Innovation and Skills was a beneficial move, and also provided an opportunity for simplification at the regional level for the benefit of businesses.

41 The Board **NOTED** the proposal to give RDAs a key role in identifying skills needs within each region and **CONSIDERED** the issues that need to be addressed in taking the proposals forward.

Item 10 Economic Conditions and SEEDA's Response

42 Paul Lovejoy presented a paper which pointed to signs that the business activity in the South East increased in July for the first time since June 2008. Sectors such as housing and property are showing positive signs of recovery, as well as the manufacturing sector where recovery in the output indicators can be seen.

43 The Board **NOTED** the report on the economic situation, and information on a range of practical initiatives currently being taken either by, or with the involvement of, SEEDA.

Item 11 Feedback from Board Committees

Item 11a Audit Committee Minutes

44 The Audit Committee Meeting Minutes were accepted as a correct record of proceedings.

Item 11b Regional Transport Board

45 Bob Goldfield reported on the issues discussed during the Regional Transport Board meeting held on 24 July 2009, which included second Dartford Bridge Crossing and Gatwick Station improvements.

46 Lee Amor reported to the Board that the Regional Housing and Regeneration Board met on 8 September 2009.

47 The Board **NOTED** the Feedback from Regional Boards.

Item 12 Financial and Operational Review

48 Julie Anderson reported to the Board that SEEDA's 2009-10 rate of spend has slowed and the percentage of budget spent is currently less than at the same time in the previous year. Projects scheduled for 2010-11 can, therefore, be brought forward to the current year, which will now be over-profiled to provide a level of assurance regarding spend. In addition, this will help to alleviate the pressure on the 2010-11 budget, which is already much reduced. The level of Retrospective Purchase Orders has fallen to 3% and 97% of payments are being made within target time of 10 working days.

49 Les Dawson referred to the end year accruals, noting that approximately £2.2m of year end accruals were not required, with £1.1m being reversed in July followed by a further £1.1m in August.

50 Pam Alexander expressed her concern over possible future budget cuts. In addition, she informed the Board that the agency had not yet received a response to the pay remit submitted. This explained in part why there was currently an underspend showing on staff salary costs. Should there be any slack, this will be absorbed into the restructuring costs.

Item 13 Projects

List of Projects

51 The Board **NOTED** the list of Projects.

Major Projects Committee Minutes

52 Keith Riley that reported that issues regarding Knowledge Transfer Partnerships and the Vestas Research and Development project on the Isle of Wight were discussed during the Major Projects Committee meeting.

53 Pam Alexander and Oona Muirhead had held meetings recently with the Leader of the Isle of Wight Council, the MP for the Isle of Wight and former workers from Vestas Blades. The generally positive discussions focussed on key economic issues for the Island, including a collaborative approach to supporting business growth to create new employment and exploiting the Island's economic potential to attract new investment, particularly by businesses leading in environmental technologies, for which the Island's skills base is very well suited.

Item 14 Chairman's Report

54 The Chairman reported on his visit to Lodsworth where, accompanied by Valerie Carter, he met with Martin Lester, member of Lodsworth Larder organisation, which is an initiative to create a new shop in the village.

55 The Chairman also reported on the signing of the Multi Area Agreement in Kent on 9 September 2009, and reiterated SEEDA's support for the North Kent Multi Area Agreement which demonstrated SEEDA's close working relationships with local authority partners.

56 The Chairman spoke about his meeting with Chris McLaughlin vice-president of external affairs at Inmarsat, during which Inmarsat's S-band satellite programme aiming to deliver next generation telecommunications services across all 27 member states of the European Union was discussed.

Item 15 Agency Report

57 Pam Alexander reported on the meeting of the South East Financial Services Forum she chaired, during which intelligence from banking representatives on industry issues was shared and the adequacy of the support they are providing to businesses to help the economic recovery as well as suggestions for further Government action were discussed. The forum was attended by Chris Piper, the Bank of England's Agent for Central Southern England as well as Finance South East, Business Link and UKTI.

58 Pam Alexander attended the Thames Gateway Strategic Partnership Executive Group meeting on behalf of the Greater South East RDAs on 1 September. The forum considered which Gateway projects would be prioritised for progression from Homes and Community Agency funding.

59 Pam Alexander reported that the Women's Enterprise Task Force comes to the end of its 3 year existence in November 2009. The final report will set out the barriers to women's enterprise in the UK and recommendations for how these can best be addressed in the future.

60 Robert Crawford updated the Board on the progress of the Fit for Future programme. It was reported that the recruitment fair held on the 8 September was a successful event, giving an opportunity for employees to come and talk informally to directors and managers about the roles currently being advertised, and ask the HR team questions about the Fit for the Future process. He also mentioned that SEEDA is developing an economic development programme which will allow everyone in the organisation to learn about different areas of business. Issues regarding available office space and re-engineering the building to create an efficient office space use were also communicated to the Board.

61 Jeff Alexander reported that on the Environmental Light Fan contract negotiations with GKN were well advanced and SEEDA was close to agreeing a "claw-back" arrangement, as requested by the Board, that would help ensure the future benefit of SEEDA's investment to the Isle of Wight economy.

62 Pam Alexander informed the Board that the communications overview will now feature as a standing item on the Board Meeting Agenda. Heather Bolton updated the Board on the planned communication opportunities and potential implications of the key issues raised during the Board Meeting. SEEDA's new website is being developed which Board Members were encouraged to visit and provide feedback. It was noted that the volume of Freedom of Information requests has increased significantly in the past months.

63 The Board **NOTED** the Agency Activity Report for August and September which represented a cross section of reports from within SEEDA organised according to the themes of SEEDA's Corporate Plan 2008-11.

Item 16 AOB

64 The Board discussed the arrangements for the Annual Open Meeting planned for the 5 November 2009. The Chairman updated the Board on the process of the Annual Open Meeting and the Board discussed their preferences.

65 Alex Pratt requested that SEEDA's European operations, Corporate Cabinet and Business Link updates feature on future Board Meeting agendas.

66 Keith Riley informed the Board that Veolia had been signed to the Institute for Sustainability.

67 Pamela Charlwood requested an update on the current position on the establishment of the Economic Delivery and Skills Board as one of the Delivery Boards supporting the Strategy Board.

Action:	*AOB*

Board Secretary to consider SEEDA's European operations, Corporate Cabinet and Business Link/Serco updates for future Board Agenda.

Action: *AOB* **Paul Lovejoy** to update Board members on the establishment of the Economic Delivery and Skills Board.

Author

Board Manager,

Signed off-by

Pam Alexander, Chief Executive, 27 October 2009