

MINUTES OF THE 113th MEETING OF THE SOUTH EAST ENGLAND DEVELOPMENT AGENCY HELD ON 22 July 2010, SEEDA HQ, GUILDFORD

Present:

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

Apologies: Colin Byrne (Guest, GOSE)

In attendance:

Pam Alexander	Jane Fisher
Oona Muirhead	Chris Budleigh
Paul Lovejoy	Katie Lloyd
Susan Priest	Alex Hunter
Lee Amor	Robert Crawford

1 Item 1 STANDING ITEMS

1.01 Apologies for absence and Declarations of Interest

1. All Board Members were present for this meeting. Apologies were received from Colin Byrne (GOSE) who was called away immediately before the meeting.
2. Julian Crampton declared an interest in Hastings and Bexhill Renaissance Limited (HBRL) and University Centre Hastings.

1.02 Minutes of previous meeting

3. The minutes of the meeting held on 15th June were agreed and signed as an accurate record of the proceedings, subject to the correction of the attendee list and a spelling correction in paragraph 46.

1.03 Matters Arising

4. The Matters Arising were reviewed and noted.

1.04 Chairman's report

5. The Chairman said that he had become increasingly concerned about the personal impact on SEEDA staff of comments about RDAs that had been made by

members of the Government over the past few weeks. The Chairman indicated that he had raised this issue in meetings with Government (including the Head of the Civil Service) and urged Ministers to consider the consequences of the negative comments on staff morale and reputation. The Chair also highlighted the RDAs wish to support a smooth transition to the new structures. The Board understood that Government wished to change the mechanisms of delivery of economic development and that as a part of this Government needed to demonstrate that change was required and he felt that this need had, in part, led to the negative comments. The Board were keen that staff understood that this was not a reflection on them or the work that SEEDA had contributed to the South East economy over the past 10 years, as many partners had been quick to emphasise.

6. The Chairman informed the Board that the 'Call for Proposals' to establish Local Enterprise Partnerships (LEPs) was live and that the deadline for submissions was 6 September; early submissions were being encouraged so that LEP 'asks' could feed into Ministers' decisions in the CSR. Any central views on the content and functions of LEPs remained unclear and it was considered that clarity as to the priorities sought by Government would not emerge until the publication of a White Paper in the autumn.
7. The current information around "Growth Hubs" was less well defined and the Chairman considered, that if they emerge, Growth Hubs might have an England-wide coverage to support expected high technology and innovation, possibly focused around key universities.
8. The Chairman highlighted that he had heard some concerns from rural areas that the direction of policy around LEPs and Growth Hubs was too city centric and that rural areas could be disadvantaged.
9. The Chairman informed the Board that he would be attending a meeting with David Willets MP, Minister for Universities and Science on 26 July to discuss innovation.
10. The Chairman attended a breakfast meeting to discuss the UKTI results, to which RDAs had contributed significantly. The meeting was addressed by the Prime Minister, Vince Cable and Mark Prisk. The Government were keen to highlight the need for foreign investment into the UK; Ministers were made aware of the concerns raised by business about the inevitable loss of momentum to economic development created by the abolition of RDAs and the setting up of LEPs.
11. The Chairman announced that the Greater South East RDA Chairs no longer intended to meet formally.
12. The Board were informed by the Chair of the Government's announcement in principle to abolish the Government Office(s). The Board noted the nature and tone of the announcement, and registered their concern for the staff at GOSE.
13. The Chairman opened the floor for comments. The following points were raised:

- **Timeframe for the closure of SEEDA**

Dolores Byrne queried whether the timeframe for the closure of SEEDA by March 2012 had been confirmed. It was expected that some functions would transfer or close during 2011.

Whilst Board Members considered that a quicker timeframe for closure would be preferable, both for effective operation and to give staff certainty, the Chairman indicated that other RDAs felt that a longer transition period would be needed, given the complexity of our assets and liabilities.

- **Board Membership**

The Chair informed the Board that as new recruitment to RDA Boards had been suspended, BIS had agreed to extend the terms of Board Members who were due to complete their terms in December 2010. The Chairman was pleased that all Board Members had agreed to continue on the Board of SEEDA.

- **Establishing LEPs**

Alex Pratt indicated that he was concerned about the realism of LEPs being 'business-led'. He felt that the 'business voice' was not being heard and there was a danger of LEPs being viewed as too 'local authority led'. Concerns were being voiced about LEPs being too micro in outlook and that mechanisms to support the development of enabling infrastructures (e.g. broadband, transport links) were not emerging. The IoD were keen to see and contribute to all LEP proposals in August.

Jeremy Birch expressed his opinion that the South East 'Region' was not a relevant boundary now and that SEEDA needed to consider how it could support the emerging structures at a more local level once their economic boundaries were known.

1.05 Chief Executives Report

14. The Chairman invited the Chief Executive to give an update to the Board. In addition to the issues covered in her report, the Chief Executive expressed concern that as the successor bodies to RDAs are not yet in existence (neither LEPs nor central structures) that there was currently no mechanism by which RDA legacy functions or assets could be transferred in the short term. Once the establishment of LEPs was clear, RDAs would be able to begin the transfer of functions but Government has not yet put tools in place to aid the transition process nor a clear plan.
The current situation has an effect on staff morale and focus and ways to support and motivate staff need to be introduced to ensure that SEEDA delivers the £80m business plan for 2010/11.
15. The Chief Executive informed the Board that BIS had indicated it would allow RDAs to go forward with new commitments, within agreed budgets, as long as the spend was restricted to this financial year. A formal notification of this was expected to be received within the coming week.
16. Government policy was beginning to emerge and key strategy documents were being published e.g. the 'Strategy for Sustainable Growth' had just been released and a consultation on the 'Regional Growth Fund' was expected shortly.
17. The Chief Executive highlighted that BIS had set up a Transition Board to manage the closure of the RDAs.
18. The Chief Executive formally invited the Board to note the Annual Report and Accounts. Pamela Charlwood formally thanked Chris Budleigh and his team for the hard work that had gone into the report and highlighted the narrative of the report as part of the legacy of the work of SEEDA.
19. The Board formally **NOTED** the Annual Report and Accounts.

2.1 Revised Business Plan 2010 – 2011

20. Paul Lovejoy introduced this item and tabled a correction to the figures shown on page 3 of the paper.
21. Paul Lovejoy indicated that, despite the deeper cuts requested by Government, the proposal in the paper included the intention to add back some funding to specific projects after discussions with partners, such as the university campus at Bognor. This was possible due to the recent confirmation of additional receipts and claw-back from grants made to local authorities for projects that were no longer proceeding as planned. The Board reviewed the detailed cuts presented and were invited to note the forward programme of work and to agree the proposals to stop, reduce or defer programmes as set out in Annex 2.
22. Susan Priest and Lee Amor indicated that the majority of partners recognised the need for the cuts and had welcomed SEEDA giving them the opportunity to discuss the nature and direction of the cuts to their projects. Partners appreciated being asked about their priorities and the constructive dialogues around reshaping the cuts. Partners were now keen to have a final confirmation of the cuts and SEEDA now needed to renegotiate contracts formally where necessary.
23. It was highlighted that some partners had requested monthly rather than quarterly payments and this had been agreed.
24. Chris Budleigh indicated that the spreadsheet set out all the known costs and commitments but that spend profiles would alter during the year and that some discretion would be needed to allow SEEDA to deal with any reductions in predicted spend.
25. The following points were raised/discussed:
 - Alex Pratt proposed that SEEDA should consider taking leadership around the structures that will follow SEEDA. He indicated his concern about the removal of funding from sub-regional partnerships and thought that some catalyst funding to drive the future should be factored into the budget – perhaps as a challenge fund.

Imtiaz Farookhi too considered that catalytic funding might help to link sub-regional areas together and aid the involvement of business.

Andrew Finney felt that Local Authorities too were disempowered; with business chairs, the business community had a real opportunity to influence the future of their area. However, he felt that overt support from SEEDA for particular new structures would be unhelpful.

The Chairman noted that in his view SEEDA's involvement in the development of the new structures was potentially counter-productive at this stage.

- Dolores Byrne felt that clear leadership had been shown by the Board. The paper followed the Board priorities and was clear about the cuts and the direction of the programmes that were continuing. The Board could offer more support once the structure had been agreed; the rest of the world would not wait for UKplc to sort this out.
- Jeremy Birch was concerned about the cut being proposed in Hastings and queried how much of the allocation was already legally committed. He

wondered whether regional-level functions such as research could be reduced further.

- Paul Lovejoy noted that such cuts were already proposed.
- Bob Goldfield highlighted his concerns that the localism agenda was too narrow to support inward investment. He suggested that one legacy SEEDA could provide would be a virtual space with key evidence and research about the South East to ensure the information is captured and used.
- Keith Mitchell indicated that he was supportive of the budget proposed. He also shared his concerns around the need to maintain a voice for the South East but felt that SEEDA could not represent the business voice to local authorities.
- Oona Muirhead highlighted that the paper sets out the programmes that are being taken forward proactively in full or with reduced budget, not just those that are being stopped with changes in the light of input from partners and stakeholders. The executive team asked for discretion from the Board to revisit the budget as the year progressed. Oona Muirhead highlighted the consistent approach that had been taken across area-focussed but region-wide interventions such as the Innovation and Growth Teams (IGTs) and Sub Regional Partnership (SRPs) whilst individual LEP proposals were still emerging.

25. The Chairman drew the discussion to a close and thanked the executive team for the hard work that had gone into assembling the package of cuts. The executive team need a clear steer from the Board that they were in agreement with the package to allow them to execute the cuts and deliver the required in-year savings. The Chairman asked the Board to vote on the paper. One Board Member abstained, one voted against and the remainder voted in favour of the proposals.
26. The Board **NOTED** the forward programme of work and **AGREED** the proposals to stop, reduce or defer programmes as set out in Annex 2 of Paper 2.1.

ACTIONS

- PA** To consider the possibility of finding funds to aid the transition to new structures later in the year
- PL** To consider the value of a virtual site to maintain key economic evidence and research about the South East, particularly for attracting inward investment

2.2 SEEDA - Transition to Closure

27. Oona Muirhead introduced the paper which advised the Board of the work to deliver an orderly transition to closure of SEEDA by 31 March 2012 and had been discussed by the Board Transition Sub Committee. The paper also covered the functions that would be required to monitor performance against SEEDA's £80m Business Plan for the current financial year and a potential programme budget of £48m (60% of this year's budget) for 2011/12. Part of the delivery function would be to maximise the opportunity for transfer of or achieving self-sufficiency in valued interventions.

28. The Board discussed the likely timetable for staff reductions. Due to the impact of the programme cuts there was currently a case to reduce workforce capacity by up to 30 people and therefore, subject to Board endorsement, SEEDA would open a Voluntary Early Release Scheme (VERS) on 23 July 2010. Acceptance onto the VERS scheme would be agreed on a case-by-case basis depending on the need for the role: the need to retain key skills for the Agency; value for money and affordability. It was anticipated that by April 2011 deeper reductions would be required and a compulsory scheme was likely to be launched in the new year to reduce staffing levels to the numbers needed for 2011/12. The Board supported the VERS scheme for staff.
29. The Board queried what package would be available to ensure the retention of key staff while the agency winds down to closure. The Chief Executive indicated that the RDAs were putting a case into BIS.
30. The Board were keen to support SEEDA staff in any way that would be helpful (e.g. mentoring, attending team meetings, getting staff to appreciate the value of their transferable skills to both the public and private sector).
31. The Chairman noted that the role of the Board would change as there would be fewer policy decisions, they would need to engage with legacy planning and with the new structures. It was agreed that the Board should meet less frequently (every 2 months) and that other Board Sub-groups may have to increase in frequency and may therefore need to be strengthened with more expertise from the Board. It was agreed to expand the membership of Audit Committee and the Board Transition Sub Committee. It was agreed that the Board Transition Sub Committee should meet monthly and the Audit Committee should meet bi-monthly. Audit Committee Chairs from all RDAs were to meet.
32. The Board also discussed other related groups and noted that there had been no appetite from SEEC for the Economic Development and Skills Board (EDSB) to continue to meet; that SEEDA currently had a programme of work for the 'Corporate Cabinet' until at least December 2011; the Skills Working Group would meet in September; and there was considered to be value in the South East Science and Technology Advisory Council (SESETAC) subject to discussion of its forward agenda. Dolores Byrne highlighted that SESETAC and in particular business were keen to know where the innovation functions were likely to be transferred to and how they could engage with Technology Strategy Board (TSB).
33. The Chairman invited Lee Amor to update the Board on the transfer of land assets. LA informed the Board that SEEDA had been requested to submit a paper to the BIS Transition Group about the options available for the transfer of assets. SEEDA's land portfolio was, at last valuation, worth about £108m. The options available are to keep assets together; transfer the assets to central government to determine whether to develop, keep or sell them; or break up the portfolio and transfer ownership to individual local authorities, to LEPs or to other bodies. The decision would be made by Government. Meanwhile the options were being discussed with local partners too.
34. The Board agreed with the content of the paper, but requested that a statement on communication should be added to highlight the strategies that will be used for both internal and external communication. The Board requested a weekly update on the transition plans in SEEDA and key developments externally. They requested a timetable of key events and publications e.g. Comprehensive Spending Review (CSR), relevant consultations and deadlines around White Papers to be drawn up and circulated.

35. The Board **AGREED** that in light of the changes ahead, the suite of priorities for action in transition should be to:
- a. Deliver the budget cuts through effective stakeholder engagement to minimise the impact on jobs and growth and to ensure that programmes which are valued are not closed prematurely.
 - b. Work in parallel with delivery partners, national agencies and local authorities to seek to achieve a positive future for interventions and assets that are of distinctive value for the South East, including our land holdings.
 - c. Reshape the agency taking account of which programmes continue, are reduced, or stop; and the loss of any major pipeline interventions into 2011/12.
 - d. Develop and implement exit strategies for staff including exploiting any potential opportunities and transfers to other bodies and release schemes.
36. It was **AGREED** to expand the membership of Audit Committee and the Board Transition Sub-Group and increase the frequency of their meetings.
37. The Board **AGREED** to cancel the December Board meeting.
38. The Board **AGREED** to the launch of the VERS scheme on 23 July.

ACTIONS

- | | |
|-----------|--|
| OM | to consider how to use Board Members most effectively during the transition to support staff within the Agency |
| JF | to cancel the December Board and to alter the frequency of Board meeting to 6 per year from 2011 |
| RD | to discuss and augment the membership of Audit Committee and the Transition Board Sub-Committee |
| OM | to define the communication strategies to be used both internally and external stakeholders |

The Board agreed to discuss Item 3.1 before Item 2.3.

3.1 Committee Minutes – MPC minutes

39. The draft minutes of 15th June meeting were reviewed. The Board noted that the wording of the recommendation regarding the agreement of funding for Harwell was inaccurate. Paragraph 16 should be altered to state that “MPC recommended to the Board to invest, in principle, £6m over 4 years, in the Collaborative R&D Programme for the Harwell International Space Innovation Centre (ISIC) and to agree to £1.5m of this investment to be spent this financial year. The investment will support the growth of the Space industry and related supply chains in the South East, as an integral part of the wider ISIC proposal”.
40. The Board noted that MPC had recommended that the Board should approve the use of SEEDA’s powers to undertake a compulsory purchase order proposal for Hastings Priory Quarter.

ACTION

JF to ensure that the MPC minutes are corrected as indicated in paragraph 39.

2.3 Hastings Priory Quarter – Compulsory Purchase Order

41. The Board was asked to agree that SEEDA use its powers to make a Compulsory Purchase Order (CPO) on three very small pieces of land required to facilitate the Priory Quarter regeneration scheme in Hastings, being undertaken by Hastings and Bexhill Renaissance Limited (HBRL). There would be no financial cost incurred by SEEDA as the costs involved (e.g. land purchase, legal and other professional costs) would be absorbed by HBRL on a back to back land transfer from SEEDA to HBRL. [It was highlighted that BIS issued new delegation limits for financial commitments by RDAs on 25 June. BIS had been consulted and were satisfied that the CPO would not be in conflict of the guidance.] The local authorities had requested that SEEDA use its powers to provide clean title to the land and all interested parties had been consulted with no objections raised.
42. The Board **NOTED** the legal aspects of making the CPO's as set out in Annex 2 and **APPROVED** the necessary steps for the making, confirmation and acquisition of land pursuant:
- a) to acquire the land shown on Annex 1A as the CPO1, to enable the development of the part of the scheme relating to the "UCH2" development: and
 - b) to acquire the land shown on Annex 1A as CPO 2, which consolidates the Priory Square and One Priory Square development.

3.2 Operational Statements: Finance and Operational Review

43. The Board noted Paper 3.2 and approved of developing a two-part risk register to cover both risks associated with the delivery of SEEDA's business and the risks associated with the transition to closure. The risk register would be discussed at the Audit Committee meeting after the Board.

3.3 Regional Partnership Meetings – Joint meeting of the Leaders' Board and SEEDA Board (July 2nd)

44. This item was noted, and the departure of the staff of SEERA Ltd was also noted.

3.4 Project and Programmes Update

45. This item was noted.

3.5 Communications Update

46. The Board discussed the importance of communication at this time particularly with partners highlighting the benefits and risks to the South East's economy at this time. The Board acknowledged the difficulty of managing stakeholder relations within the current climate and given the messages from Government.
47. With regards to the transition to closure Alex Hunter (AH) highlighted the workstream on communication that had been started. The workstream would cover both internal and external communications. The workstream will focus on key issues such as media coverage around the budget cuts, and SEEDA's input

into the Select Committee on Local Enterprise Partnerships. There will be difficult messages to manage around redundancies both internally and from external partners as a result of the budget cuts.

48. The Chairman briefly touched on the SEEDA Annual Open meeting, and while the Board agreed that the meeting should be low cost, he felt that it was important to celebrate the achievements of SEEDA and to maintain staff morale.
49. Board Members requested a weekly update on the progress of the transition and key dates and milestones on publications coming out of Government (e.g. White Papers, consultations, CSR etc.). There was agreement that the sharing of partners would be very useful both to SEEDA Executive Directors and to Board Members. It was agreed that SEEDA would draw up a timetable of key events to be circulated to Board Members and more broadly to key stakeholders.

ACTION

- AH** to co-ordinate a weekly update for Board Members on the transition process with a timetable of key dates and milestones around issues affecting SEEDA (e.g. CSR, White Papers, Select Committees).

4. AOB

50. No items were raised.