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**MINUTES OF THE 112th MEETING OF THE SOUTH EAST ENGLAND DEVELOPMENT AGENCY HELD ON 15 June 2010, SEEDA HQ, GUILDFORD**

**Present:**

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

**Apologies:** Keith Mitchell

***In attendance:***

Pam Alexander	Emma Crickmay
Lee Amor	Jane Fisher
Chris Budleigh	Alex Hunter
Robert Crawford	Katie Lloyd
Paul Lovejoy	Warren Ralls (item 2.04)
Susan Priest	Heather Bolton (item 2.03)
Oona Muirhead	

**Guests:** Colin Byrne (GOSE)

**Item 1 STANDING ITEMS**

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

1. Apologies were received from Keith Mitchell.
2. The Chair welcomed Alison Hewett as an observer to the meeting from the 'About Time Public Leaders Course'.
3. Keith Riley declared an interest as a Director and Trustee of the Institute for Sustainability.
4. No new items of business were raised by the Board.

**1.02 Minutes of previous meeting**

5. The minutes of the meeting held on 13<sup>th</sup> May were agreed and signed as a correct record of proceedings, subject to two minor amendments on page 2 paragraphs 7 and 8.

**1.03 Matters Arising**

6. It was noted that MPC had discussed various options for taking forward the joint venture with the Home and Communities Agency in the light of the new circumstances.

#### **1.04 Chairman's report (oral)**

7. The Chairman indicated that he had spent a lot of time over the past month dealing with responses to press statements, and communicating with Ministers to gain intelligence on the current policy landscape. Similarly, he had been engaging with South East businesses to encourage them to be proactive about their needs. It was noted that the Chairman had attended constructive meetings with Sir Harry Studholme and Mark Prisk around the emerging picture of Local Enterprise Partnerships and Growth Hubs.
8. The Chairman was concerned about getting a consensus view for the South East across 74 local authorities.
9. It was noted that South East business representative groups (FSB, South East Chambers of Commerce and the CBI) had written to Ministers to highlight the need for a regional voice and the risks of not investing in the South East economy.
10. RD highlighted that he had attended the Space Leadership Council at which David Willets had spoken. The Chairman was hopeful that the Government's investment in Harwell would remain 'ring-fenced' as part of the science budget. The work that SEEDA did in engineering and developing relationships was recognised and acknowledged at the meeting.

#### **1.04b Chief Executives Report**

11. The Chief Executive considered the possible shape of Local Economic Partnerships. These may be focused around areas of deprivation and regeneration where there are fewer private sector businesses to aid economic recovery. Local Economic Partnerships may have access to a 'challenge fund'.
12. Growth Hubs might be introduced in selected areas to drive innovation and facilitate investment into high growth companies. These may be nationally accountable and funded.
13. The Chief Executive discussed with the Board the issues around functions that were likely to be centralised and those that might move to local control. The Board were concerned about whether there was sufficient knowledge centrally around local supply chains and HEI contacts to take over the RDA role. PA highlighted that RDAs had offered to BIS the possibility of seconding key staff to assist with the transition process.
14. The Board also highlighted its concerns about the importance of a South East voice around business critical infrastructure and the need to attract into the UK globally mobile investment.

15. Board Members were keen to highlight that, despite the Government's suggestions that investment is needed more in the North than the South, SEEDA needed to continue to highlight the deprived areas of the South East that had high levels of public sector employment.
16. The Chief Executive reported that in response to the Government's requests SEEDA had announced a recruitment freeze, a pay freeze and the re-evaluation of all temporary and consultant contracts.

#### **1.04bi Continuous Improvement and the Independent Supplementary Review**

17. The contents of this paper were **noted** and the Board agreed to make the Transition Sub-Committee a formal sub-committee to the Board. The Group will report into the Board quarterly from July 2010 and will be chaired by Les Dawson.

#### **ACTION**

**Oona Muirhead** to organise meetings of the Sub Committee and propose its terms of reference.

#### **1.04c Colin Byrne - Government Office for the South East Report**

18. Due to time constraints – no separate discussion was held.

#### **2.01 Budget Planning**

19. The Chief Executive set the scene for the paper by highlighting the budget changes that have taken place since 2009. The original settlement from the Comprehensive Spending Review for 2010/11 was £148m, this was reduced to £107.3m after recession related cuts were made in 2009/10. The budget has now been further reduced by the RDA formula to £83.8m in May in line with the budget cuts announced in May 2010, and will be reduced further as part of Ministers' efforts to redirect RDA resources from the South to the North. PA also highlighted that a further efficiency saving of 10% (£2.1m) also had to be made against administration costs. The paper outlined the proposed budget cuts that have been submitted to BIS at their request to a very short deadline. BIS have not yet agreed the cuts and the RDAs are awaiting a formal response.
20. Susan Priest and Lee Amor outlined the proposed cuts to the Business programmes, and the Enabling Infrastructure and Development programme. It was highlighted that the proposed cuts had been taken with reference to the steer given by the Board in February. The cuts are based around trying to maintain the portfolio focussed on innovation, inward investment and enabling infrastructure (including business critical infrastructure), taking into account partners' likely or expected preferences and the need to meet a high level of existing commitments.
21. The cuts will nonetheless require existing contracts to be renegotiated and may incur exit costs.

22. The Board discussed the proposed cuts and agreed that they should also be made with a view to providing a functional legacy for SEEDA programmes which were likely to be valued by partners into the future.
23. Board Members highlighted their concerns for staff and were keen to support the Executive Board in trying to maintain morale and developing a legacy that protected the South East economy.
24. Pam Alexander informed the Board that a staff 'away day' was being held on 22 June to inform staff of the current situation and provide an opportunity to ask questions. The key messages would be around ensuring an orderly transition for both SEEDA's programmes and the staff; and ensuring there is open communication.
25. The timescale for the transition process was still not known but there was agreement that a shorter transition would be preferable, to avoid losing expertise ahead of transfer or closure.
26. Board members agreed that they could play a useful role in communicating with partners and stakeholders and supported the development of a communication plan.
27. The Board made several points for consideration by the Executive Directors:
- The agency's move in approach towards managed closure and legacy planning and avoiding reputational damage was accepted;
  - Deeper cuts to Business Link should be considered to maintain more support for priority and legacy projects supporting growth;
  - It may be possible to assist some projects to find alternative funding (e.g. through venture capital funding);
  - Possible opportunities for staff (including TUPE) should be explored where possible;
  - It is important to identify the value of SEEDA's assets and to avoid a 'firesale';
  - SEEDA's commitment to legal contracts should be maintained as far as possible.
28. The Board **endorsed** the approach that was being taken by the Executive Directors and **agreed** that the proposed cuts and future planning should be used as the basis for consultation with local authorities and stakeholders in order that the necessary savings can be fully achieved in-year.

### **2.02 Paul Carter – South East England Councils (SEEC)**

29. The Chairman welcomed Paul Carter and Heather Bolton to the meeting. The chairman invited Paul Carter to discuss with the Board the current political landscape from his perspective.
30. Paul Carter highlighted that the funding situation was unclear at all levels.
31. With regards to the structures that might emerge for the South East, Paul Carter informed the Board that South East England Councils were meeting on 16 June and they would be discussing the possibility of setting up a small secretariat to represent supralocal issues across the South East.

32. Rob Douglas asked whether Paul Carter had heard any concerns from South East MPs around the intended impact on the South East of the proposed cuts. Paul Carter indicated that he had not.
33. The Board raised their concerns around how issues such as innovation, planning and interactions with EU institutions and funding would be dealt with post RDAs. Paul Carter indicated that there was no clear solution at present but that there would be a need to ensure that infrastructure was linked at the supralocal level; the SEEC subgroup that deals with EU projects may be enlarged.
34. Board Members were concerned that there may be negative consequences on the South East economy if business critical infrastructure interests were not adequately represented.
35. Rob Douglas indicated that SEEDA was now moving towards transition and legacy planning and indicated that SEEC may want to consider what functional legacy would be most valuable to the South East economy.

### **2.03 Innovation Programme Review**

36. Susan Priest introduced this Paper and the Board agreed that this was a continuation of the Budget Planning exercise and noted the current programme of interventions.
37. The Board **agreed** in light of the deeper cuts expected that the programme should focus on fewer interventions that would be targeted to high growth businesses in priority sectors.
38. The Board also **endorsed** the recommendation to make significant efficiency savings to the current dispersed model of delivery.

### **2.04 Harwell International Space Innovation Centre**

39. Robert Crawford introduced the Paper, which laid out SEEDAs instrumental role in setting up a collaborative project that will create a critical mass of Space capability in the UK.
40. The Board noted the review the Strategic Investment Framework funding agreed in January and hoped that it would still be forthcoming but since no clear decision had yet been announced.
41. The Board noted that failure to invest at this time would jeopardise the UK's leadership role within the sector. Equally, the Government may decide to withdraw SIF funding if those elements of the International Space Innovation Centre proposal to be funded by SEEDA are not realised.
42. The Board questioned whether the £1.5m investment would be value for money if the remaining £4.5m investment was not available. Warren Ralls explained that SEEDA had consulted with the Technology Strategy Board to design a flexible programme that would deliver real value within one year if no further funding was available.

43. The Board **approved, in principle**, the recommendation from Major Projects Committee to invest, £6m over four years in the Collaborative R&D project for the Harwell International Space Innovation Centre.

44. The Board **agreed**, subject to the availability of budget, to invest £1.5m to be spent during this financial year on collaborative research and development. The Board **requested** that the investment should be made subject to its use in funding local supply chains in the South East. Board members asked that it be well targeted.

### **Item 3 ITEMS TO NOTE – by exception**

#### **3.01 Operational Statements – Finance and Operational Review**

45. Chris Budleigh highlighted that SEEDA was preparing its annual accounts. The Audit Committee were meeting on 25 June to endorse the annual accounts. It was agreed that in future years that the Annual Accounts should also come to the Board for endorsement.

46. The Board **agreed** that the Chairman and Chief Executive should sign the 2009/10 accounts on the advice of the Audit Committee.

#### **ACTION**

**Oona Muirhead** to ensure that the Annual Account for 2010/11 are brought to the Board in 2011 for endorsement ahead of signing.

#### **3.02 Regional Partnership Meetings**

47.

- a) South East England Partnership Board – item noted
- b) Economic Development & Skills Board – item noted
- c) Transport Board – item noted

#### **3.03 Project and Programme Update**

48. The Board noted the update provided by Oona Muirhead.

#### **3.04 Communications Update (oral)**

49. Alex Hunter noted that there were 367 articles in May that mentioned SEEDA, of which 169 were positive in tone and 48 were negative, the rest were neutral.

50. The Board **endorsed** the importance of a strategy for engaging in discussions with partners about the necessary budget cuts.

#### **3.03 Board Forward Look Plan**

51. The Board Forward Look was noted.

#### **3.04 AOB**

52. No items were raised.

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**Signed off-by:**

Pam Alexander, Chief Executive, 14 July 2010