

**MINUTES OF THE 115th MEETING OF THE SOUTH EAST ENGLAND
DEVELOPMENT AGENCY HELD ON 4 November 2010, SEEDA HQ,
GUILDFORD**


Present:


Rob Douglas (Chair)	Jeremy Birch
Pamela Charwood	Alex Pratt
Julian Crampton	Keith Riley
Bob Goldfield	Richard Ascough
Keith Mitchell	Les Dawson

Apologies:

Dolores Byrne
Keith House
Andrew Finney
Imtiaz Farookhi

In attendance:

Pam Alexander	
Oona Muirhead	Chris Budleigh
Robert Crawford	Katie Lloyd
Susan Priest	Lee Amor



Item 1: STANDING ITEMS

1.1 Apologies for absence and Declarations of Interest

1. The Chair welcomed everyone to the meeting, in particular Sheila Carroll who attended in place of Colin Byrne.
2. Apologies were received from Keith House due to ill health; Dolores Byrne was unable to attend the Board meeting and had to leave after the Annual Open Public Meeting. Both Andrew Finney and Imtiaz Farookhi attended the Annual Open Public Meeting, stayed for the closed session but had to leave at 2pm prior to the discussion of the main Board business.
3. Board Members' interests declared in Local Economic Partnerships were noted and had not changed from the previous meeting. Please see Annex 1.

1.2 Minutes of previous meeting

4. The minutes of the meeting held on 23rd September 2010 were agreed and signed by the Chairman as an accurate record of the proceedings

1.3 Matters Arising

5. The Matters Arising were reviewed and noted as being covered under agenda items 3.2 and 4.1. There were no outstanding actions.

1.4 A. MPC Update

6. Keith Riley informed the Board that the minutes of the meeting held on 23rd September 2010 were in the Board Papers and there were no outstanding items to discuss.

B. Audit Committee

7. The Chairman invited Pam Charlwood to feedback from the recent Audit Committee meeting held on 29 October 2010. The minutes of the meeting will be formally taken at the next Board meeting. Pam Charlwood highlighted the need to ensure that Audit Committee Members were updated on the status of actions from the Transition Sub-committee. It was agreed that the Transition Sub-Committee agenda and minutes would be shared with the Audit Committee.
8. Pam reported that the Committee discussed the National Audit Office (NAO) Management Letter in respect of SEEDA 2009/10 Accounts; of particular note was the need to plan for the transition of Special Purpose Entities, which the Audit Committee would keep under review. The Internal Audit reports completed since the previous meeting had received 'satisfactory' gradings. Audit Committee had discussed SEEDA's Internal Audit arrangements and agreed to extend the contract of SEEDA's internal auditors South Coast Audit.

ACTION

Oona Muirhead: to ensure the agenda and minutes of the Transition Sub-Committee are circulated to all Board Members.

1.5 Chairman's report

9. The Chairman had made several visits since the last Board meeting; most notably including a meeting with Bob Neil (Minister at CLG) about the Thames Gateway on the 12th October; and through his membership of the national Space Leadership Council attended a positive Council meeting on 14th October. It was hoped that even in this tough economic climate that the Government will still supporting this initiative.
10. Also related to the space sector, the Chairman informed the Board of his visit to the Simon Langton Boys Grammar School in Kent, where he met with the 6th form physics students to discuss space. The Chairman was interviewed by BBC South East, as part of the visit, and a report was to be broadcast on the evening edition on 4th November. The Chairman highlighted the growth of the space sector and its potential to the South East economy. SEEDA had given the school two grants to support the building of an Observatory and Exhibition Centre (2007), and the development and distribution of a school-based Cosmic Ray detector (2009). The

Chairman was so impressed with the quality of the school and the projects that he will be writing to David Willetts, Minister for Universities and Science.

11. The Chairman noted that due to the retirement of the Chief Executive of the North West Development Agency, it was agreed to pass the Chair-of-Chairs function to One North East for the current 6 month period. It has not been decided who should take up the role of Chair-of-Chairs in the next round.

1.6 Chief Executive's Report

12. In addition to the issues covered in her report, the Chief Executive thanked the Board for their support at the Annual Open Public Meeting which had drawn out the positive impact of economic development support currently provided by SEEDA and demonstrated the extent of businesses' concerns about how this would be provided post-SEEDA. Her written report touched on the main issues to be discussed with the Board under later items: the outcome of the Government's Comprehensive Spending Review and the issues around SEEDA's transition to closure. The Chief Executive commented on the recent CBI conference that she attended and the upbeat messages about the economy; in particular, the many businesses that were contemplating taking on more staff.
13. Bob Goldfield indicated that the economic growth figures available to him relating to export activity via the ports indicated that growth was flat and the economy was fragile. Most snapshot surveys have indicated unchanged growth over the past 3 months. There are concerns around the weak growth climate and decreasing consumer confidence.

1.7 GOSE – update from Sheila Carroll

14. [REDACTED] updated the Board on the closure of the GOSE office which will happen in March 2011. [REDACTED]
15. The Local Growth White Paper has been published and the Regional Growth Fund (RGF) has also been launched; CLG, DfT and Defra are all contributing to the RGF pot. The RGF's main objective is to boost private sector growth to compensate for the cut in public sector jobs. The Board were concerned that due to the perception of wealth in the South East economy, the region might be disadvantaged in its RDG bids by comparison with other regions. It was noted that the closing date for the first round of bids is the 21 January 2011. There will be at least three rounds of funding. The Government is setting up five 'regional' road shows to give advice about the RGF. Round 2 would be a 2-stage process, allowing SMEs to come together under a programme umbrella.
16. It was noted that BIS and CLG were continuing talks with proposed Local Enterprise Partnerships (LEPs) to assist areas in developing their bids to ensure appropriate geographical coverage.
17. Government departments will be publishing delivery plans next week.

Item 2: ITEMS FOR DISCUSSION

2.1 Outcome of Comprehensive Spending Review (CSR)

18. Pam Alexander introduced the paper and highlighted that the RDAs have not yet received any formal announcement of their budget allocation following the CSR. SEEDA should be able to meet all of its legal commitments if the budget allocation reflects the September return that SEEDA submitted to BIS. However, the exact breakdown of the budget, and whether it includes funds for all RDAs including the London Development Agency is not yet known.
19. Oona Muirhead highlighted the following key points in relation to the government's CSR announcements:
 - Public Sector Job Losses: The number of public sector job losses is estimated to be around 490,000 based on forecasts from the Office of Budget Responsibility; this could be an underestimation. It was noted that the current analysis indicated that the South East will be more likely to have a private sector led recovery than most other regions, particularly those in the Midlands and the North. However, the government should be reminded that there are parts of the South East that have substantial deprivation (e.g. Hastings and Margate).
 - Innovation and Growth: The overall science budget had been maintained, and the creation of Technology and Innovation Centres announced. However, overall Technology Strategy Board funding will be reduced by 25%.
 - Business Support: This has been renamed "Business Improvement" and will include a website, a call-centre and "Growth Hubs". The Growth Hubs will focus on high growth companies (not necessarily based on technological innovation), but exact details of how this will operate have not yet been clarified.
 - Skills: There were major cuts to the higher education budget with the expectation that funds will be levied by increasing tuition fees. The Government announced the end of 'Train to Gain' but gave additional funding to adult apprenticeships.
 - Infrastructure: Capital investment in transport infrastructure was protected to a large extent, but there are far more projects than there is available funding. The paper highlights those that currently have agreement to go ahead. The "Development Pool" contains those projects that meet the value-for-money case but have yet to have funding allocated (the Bexhill Hastings Link Road is in this category).
 - Physical Regeneration and Assets: Regeneration money was severely cut and the focus is on getting more private sector investment in from concepts such as Tax Incremental Financing (TIF), and from increasing social housing rents to 80% of private rents.
20. Susan Priest indicated there was still uncertainty about the continuation of some of the business support products (which are part of the Solutions for Business portfolio) and that if Government decide to cease them next year, it will impact on SEEDA's activity levels for next year. She indicated that work had been done for BIS on the implications of costs associated with terminating specific products, e.g. Manufacturing Advisory Service (MAS) or Business Link; and the RDAs are awaiting a Ministerial decision regarding the continuation of the Business Link

contract. On Solutions for Business, there was concern around the delivery of a blend of products where three out of five products may have to stop.

21. Pam Charlwood asked about the timing of Board decisions that might be needed on commitments for 2011/12. Oona Muirhead undertook to advise the Board on SEEDA's allocation as soon as this had been received, and agreed to look into establishing a process to deal with urgent issues that require Board input between official Board meetings. In addition, Board members would be invited to the 15 December meeting of the Transition Sub-Committee.
22. Alex Pratt raised the question as to whether any funding would be available to support the LEPs. Pam Alexander indicated that SEEDA is supporting LEPs through existing programmes such as the Innovation and Growth teams and Sector Consortia. SEEDA is also providing staff on loan to LEPs to provide capacity eg for RGF bids. It seemed unlikely that any new funds would be made available.
23. Pam Alexander drew attention to the significant reduction in funds available to UKTI for inward investment work in future. Currently SEEDA was involved in attracting approximately 50% of successful projects in the South East. The Board agreed that a significant cut in FDI/inward investment funding and capacity would be of particular concern for helping the country grow out of recession. The Board also raised their concern at any suggestion that weakening the South East would raise the competitiveness of the North. Such a policy would prove counter-productive: there was a need to ensure the South East remained internationally competitive in terms of inward investment.
24. The Board **NOTED** the report.

ACTION

Pam Alexander: to send a note to the Board indicating SEEDA's funding allocation from BIS once confirmed.

[REDACTED] to develop a process to allow the discussion of urgent issues that require Board Member input in between Board meetings.

[REDACTED]: to ensure that Transition Sub-Committee dates are circulated to Board Members and that non-members have an open invitation to attend all meetings as observers, starting with 15th December meeting.

Item 3: ITEMS FOR DECISION

3.1 Station Mound, Dartford

25. Lee Amor introduced the paper and highlighted that its purpose was to ask the Board to agree to an increase in funding by the Homes and Communities Agency to the Dartford Northern Gateway Implementation Project, for which SEEDA is accountable body. The project spend will increase by £680,000 (9%) and will deliver additional outputs. [REDACTED]

26. The Board **AGREED** to:

- An Increase in the level of investment in the Dartford Northern Gateway Implementation Project by £680,000 from £7,570,000 to £8,250,000; an increase of 9%. The increase is to be funded by the Homes and Communities Agency (HCA) and used for the Station Mound part of the project.

• [REDACTED]

3.2 SEEDA's Transition to Closure – next steps

27. Oona Muirhead introduced the paper which focussed on advising and seeking the Board's guidance on three key aspects relating to SEEDA's transition to closure: (i) our functions and structure for next year to deliver both our remaining programmes post CSR announcement and an orderly closure; (ii) staff release schemes; and (iii) the scope of a retention scheme.
28. The delivery functions for next year drive the required size and shape of the agency as outlined in the paper. It was noted that a significant proportion of staff into 2011/12 were associated with delivering European programmes and managing SEEDAs assets and liabilities. Unlike some RDAs, SEEDA manages its land and property in-house and – along with delivering for existing business tenants - staff will therefore be required to undertake any due diligence work and to prepare and implement transition plans.
29. With regards to redundancy issues, SEEDA considers that the current complement of staff is required until the end of the financial year to ensure effective delivery of the year end. A three month consultation will be required for a compulsory redundancy scheme as this will involve over 99 staff.
30. Further meetings of Remuneration Committee may be required to agree the key skills that SEEDA will be required to retain, and whether they will be required until closure.
31. [REDACTED] BIS have established a national RDA Transition Programme Board and SEEDA have been asked to present their Transition Plan to this Board on 22nd November 2010.
32. Alex Pratt requested further information about SEEDA's European programmes and how SEEDA is helping Local Authorities to be able to bid into Europe. Susan Priest indicated that there were still a range of activities ongoing. Some programmes (e.g. ESF) are being managed out by June 2011; but the ERDF and RDPE programmes will be transitioning other bodies. There is still a further round of ERDF funding available and SEEDA is actively taking stock of current programmes with a view to identifying bids for the next round. There is a need to

inform LEPS and interested Local Authorities to discuss how to bid for the available funds.

33. Jeremy Birch asked about the balance of resource and activity between teams, which was outlined in broad terms only in the paper. Pam Alexander indicated that the detail would be discussed by Remuneration Committee after the Board meeting. The plan was drafted by the Executive Board based on delivering legally committed programmes and transition to closure, including new closure tasks such as knowledge transfer and archiving to ensure our statutory obligations are complied with.
34. The Chairman indicated that the paper was not seeking specific decisions from the Board but rather the endorsement of the drivers for SEEDA's size and shape, and of the general principles and approach.
35. Pam Alexander indicated that the plan for the shape of the agency was still a moving picture and that until there was clarity around SEEDA's programme allocation for 2011/12; on our administration budget; and on the timetable for transfer of functions over the period to closure, the plans could not be finalised.

36. Pam Alexander informed the Board of the [REDACTED]

[REDACTED]
these and full evidence had been provided in respect of the other two. The report discussed earlier had [REDACTED]

[REDACTED] A note of BIS's formal conclusions would be sent to the Board; it is hoped that this would clarify the governance and accountability of the Board in the run up to closure.

37. The Board:

- **NOTED** the latest position on the economic development delivery functions that SEEDA was likely to be asked to deliver in 2011/12; they also noted that there was still uncertainty over the timing of transition of some functions, including European programmes; and they expressed particular concern over the future of inward investment work post-SEEDA;
- **ENDORSED** the principles used to determine SEEDA's shape and size in 2011/12;
- **NOTED** that SEEDA was planning to carry out two further staff release schemes; a voluntary scheme had been proposed, and was subject to BIS/Treasury approval - under the current terms before the end of December and a compulsory scheme between January and April, and **INVITED** the Transition Sub-Committee to help steer the detail;
- **NOTED** the financial treatment of the costs of the redundancy schemes;

ACTION

Pam Alexander: to update the Board on the outcome of the PwC report once it is received from BIS.

Item 4: ITEMS TO NOTE (BY EXCEPTION)

4.1 Financial & Operational Report

38. The paper was noted and an updated copy of the risk register was tabled. It was noted that the risk register had been reviewed by Audit Committee.

4.2 Communications Update

39. Following the Annual Open Public Meeting in the morning there was no further communications update.

4.3 Board Forward Look

40. The forward look was noted.

5 AOB

41. No Items were raised.