

**MINUTES OF THE 103rd MEETING OF THE
SOUTH EAST ENGLAND DEVELOPMENT AGENCY**

HELD ON 14 May 2009

HARWELL SCIENCE AND INNOVATION CAMPUS, DIDCOT

Present:

Jim Brathwaite (Chair)
Zenna Atkins
Jeremy Birch
Pamela Charlwood
Dolores Byrne
Les Dawson
Bob Goldfield

Sue John
Keith Mitchell
Alex Pratt
Keith Riley
Peter Jones
Bill Wakeham
Phil Wood

In attendance:

Pam Alexander
Paul Lovejoy
Robert Crawford
Oona Muirhead
Jeff Alexander
Lee Amor

Gosia Marshall (minutes)
Barbara Buczek
Colin Byrne (GOSE)
Heather Bolton
Julie Anderson
Susan Priest (item 8)
Robert Spencer FSE (item 6)
Sally Goodsell FSE (item 6)
Barbara Hammond (item 5)

Item 1 Welcome and apologies for absence

- 1 Apologies were received from Imtiaz Farookhi.

Item 2 Declarations of Interest

- 2 In respect of Item 11, Audit Committee Minutes, Peter Jones as a former Chairman of Rye Partnership Ltd.

Item 3 Minutes of the Last Meeting

- 3 Paul Lovejoy apologised for changes and corrections needed in the March Board Minutes which will be amended and reissued.

Matters Arising

- 4 Oona Muirhead said the Board will be updated on the Pathway to Zero Waste project progress at the next Board meeting.
- 5 Heather Bolton assured the Board that announcements resulting from Board Papers are regularly translated into press releases although this does not always immediately follow the Board Meeting.
- 6 Julie Anderson updated the Board that the Pricewaterhouse Coopers' (PwC) Impact Evaluation Report was published on the 31 March 2009 and national coverage was reported as well as some positive regional coverage of SEEDA's own return on investment figures.
- 7 Alex Pratt notified the Board that he will be attending a meeting with Lloyds Banking Group regarding the developments at HBOS in Aylesbury on the 22 May 2009 and requested a briefing from the Executive Team.
- 8 Pam Alexander informed the Board that she will be chairing the new South East Financial Services Forum which reports to the South East Economic Delivery Council. There is a good representation from the banks for the meeting, with all but Barclays confirming their attendance.

Action: *Item 3 – Minutes of the Last Meeting*

Jeff Alexander to provide a briefing for Alex Pratt's meeting with Lloyds Banking Group on the 22 May 2009.

Pam Alexander to pursue Barclays Bank to attend the Financial Services Forum meeting.

Items for Discussion

Item 4 Oxfordshire Area Update

- 9 Oona Muirhead introduced the item and Warren Ralls, the Area Director for Milton Keynes, Oxfordshire and Buckinghamshire, gave a presentation updating the Board on the economy of the area and opportunities which exist in the areas of Science Vale UK, Oxford West End (City centre) and Bicester's eco town expansion plans. SEEDA is working with partners to make the most of these opportunities.
- 10 The Board discussed the Oxford and Cherwell Valley College situation, where the project had been held up due to the freeze on Learning & Skills Council money. The issue of a skills deficit and colleges and learning establishments not providing suitable qualifications has also been highlighted. High priority has been given to the development of Abingdon and Witney College. Alex Pratt spoke about the assets of the region (such as sports and colleges) and apparent frustrations within the area, such as a

lack of collective desire to make the most of the assets and to maximise opportunities which the region provides.

- 11 The subject of Bicester and Bicester Village was also discussed. SEEDA are working with Cherwell District Council, Oxfordshire County Council and the Department of Communities and Local Government to investigate if a potential Sustainable Urban Extension towards Bicester might attract Government funding.
- 12 Keith Mitchell endorsed the perspective given in the presentation and spoke about transport issues affecting the area. There is money available for improvements and development of traffic management on the A34. A partial permission to build a business park just off the A34 has been granted, conditional on improvements being made to Junction 9 of the M40. The issues surrounding Junction 9 are a national, not regional, problem and therefore national funding is needed. Rail services are good and provide relief from the traffic congestion on Oxfordshire's roads.
- 13 Keith Mitchell said that Science Vale UK is going to be hugely successful attracting businesses of all sizes but it will still need help and support. Bicester is perceived as a dormitory town out of which people commute, and the economic conditions there need improving.
- 14 The Board discussed the importance of manufacturing industry, together with its 5000 strong workforce; notably the Formula 1 racing and car industry both of which feature prominently in the sub-region.
- 16 The Chairman spoke about the need to invest more in success which should be reflected in SEEDA's policies moving forward. He summarised the discussion by pointing out that Oxfordshire offers strong opportunities for growth which SEEDA should focus on taking forward and delivering.
- 17 The Board **NOTED** the current economic situation in Oxfordshire and the issues which could hinder further growth; the geographic and sectoral opportunities for economic development in Oxfordshire and the status of current SEEDA interventions in Oxfordshire.
- 18 The Board **AGREED** the priority actions from the Board dinner discussion which included: focussing on the Oxfordshire Diamond for Investment and Growth, specifically in relation to the economic assets of the Oxford Science Vale UK, Oxford city and universities; low-carbon growth in northern Oxfordshire especially Bicester; enhancing the potential for inward investment from overseas companies; stimulating the growth of existing companies through business support and targeted innovation activity for businesses with high growth potential; and telling the story more effectively.

Action: *Item 4 - Oxfordshire Area Update*

Paul Lovejoy to ensure that the issues surrounding Junction 9 of the M40 are pursued.

Item 5 Programme for a Green Economy

- 19 Oona Muirhead introduced the item and thanked Jeff Alexander for his assistance in preparing the report.
- 20 Barbara Hammond gave a presentation on the green economy and spoke about 'cleantech' businesses, renewable energy targets, RES targets and new UK policy developments; as well as current environment issues.
- 21 The Green Economy agenda is about economic development and global market opportunities that go hand-in-hand with business resource efficiency and community behaviour change to drive market demand. A more focused sectoral approach is needed in SEEDA's work which applies to the green economy in areas such as research, development and deployment, commercialisation, innovation and clustering, inward investment, and skills. SEEDA's products and investments could be joined up and focused to support green economic development. A 'Transition to a Green Economy' programme was proposed in order to pull together and focus work on this sector across SEEDA.
- 22 Peter Jones raised the energy supply from the incinerator at Newhaven as an example of developments of a scale to transform communities.
- 23 Dolores Byrne mentioned that the UK's share of renewables is currently the second lowest out of 27 EU member states. Issues of connection to the grid and market failings must be addressed through policy changes. The major economic opportunities presented by London Array would be lost if the parts for the turbines were imported rather than driving a domestic supply chain. Skills would be needed. The Chairman regretted that SEEDA's support has not been mentioned in the media reports of London Array Project. It was suggested that a specific funding escalator might be needed to secure investments in the green economy.
- 24 The Board **NOTED** that the South East has many of the key elements of a green economy agenda.
- 25 The Board **ENDORSED** a more focused and sectorally-based approach to the Ecological Footprint RES target which joins up existing SEEDA programmes linking them in a more purposeful way with place-based action planning.
- 26 The Board **CONSIDERED** the strategic approach and **ENDORSED** an integrated approach leading to major 'city-scale' projects which might attract major European funding; helping the region to take green market opportunities, market development to pull inward investment into the South East and to develop businesses and products for export at the same time as securing the future of the South East economy in terms of energy, water, waste and land use.

Action: *Item 5 – Programme for Green Economy*

Heather Bolton to ensure that SEEDA's input into London Array is promoted to the media.

Item 6 Finance South East – Major Programme update

- 27 Jeff Alexander introduced Robert Spencer and Sally Goodsell, respectively Chairman and the Chief Executive of Finance South East who jointly gave their annual presentation updating the Board on the organisation's performance and outputs. Finance South East was established in 2002 to help businesses gain access to funding at the various stages in their growth cycle and in 2006 an FSA-accredited subsidiary was established to enable it to play a fuller role in fund management alongside the other services it delivers in collaboration with partners.
- 28 Robert Spencer talked about the huge demand for Finance South East's services. He asked the Board to consider setting it up as a South East Bank, which would allow a more commercial approach and expertise. Sally Goodsell spoke about the Funding Escalator managed by Finance South East which was established to create a seamless regional funding escalator backing small and medium enterprise business ideas from conception through to commercialisation and growth, and which was addressing the fragmentation in the funding on offer to support innovative new business ideas.
- 29 Sally Goodsell explained that Finance South East were aware of Community Development Finance Institutions and their roles in the provision of grants to small and start up businesses. Finance South East were also involved in the Business Angel network. Alex Pratt did not favour a public sector bank. Peter Jones welcomed this proposal and referred to plans in East Sussex to create a bank based on the local authority asset base.
- 30 Pam Alexander welcomed the speed with which Finance South East had been able to respond to new initiatives designed to help businesses through the recession. 19 Transition Loans had been granted, securing some 500 jobs. Finance South East was complementary to rather than in competition with bank funding.
- 31 The Board sought clarification on their involvement in Finance South East's accounts and the governance of the organisation. Whilst Jeff Alexander sits on the Finance South East Board, the SEEDA Board has no governance responsibilities for this independent entity.
- 32 The Board **NOTED** the update provided by Finance South East.

Item 7 Economic Conditions and SEEDA's Response

- 33 Paul Lovejoy presented a paper which pointed to signs that the economic situation has weakened further in April, but highlighted that the rate of decline is slowing down. Confidence is returning to financial markets, banks have started to lend to other banks and the stock markets are some 20% higher than in March 2009. The level of redundancy notifications in the South East in April was lower than in March.
- 34 In order to prepare for the anticipated upturn, SEEDA is increasingly refocusing its projects and programmes around the core theme of global competitiveness and productivity gain.
- 35 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 8 Fit for the Future – SEEDA Structure

- 36 Pam Alexander introduced this item which sets out the direction which SEEDA will be taking forward. She reiterated endorsements made by the SEEDA Board members during the February Away Day and spoke about SEEDA's vision to be the best economic development agency a top global region could have, making effective interventions, brokering deals that create jobs and benefit the economy, and providing informed analysis, strategic advice and guidance to business and government at all levels. SEEDA wants to refocus its work and priorities to ensure that sound businesses survive the current downturn and lay the foundations to ensure that the South East enters the upturn in a position of strength. In order to do this SEEDA must focus and invest time, skills and resources in programmes with a direct and measurable impact on business investment, productivity and innovation, to support businesses now and to prepare for the upturn.
- 37 Robert Crawford presented the remainder of the item, describing the new organisational form in which more clearly defined roles and responsibilities of the teams are expressed, consisting of two significant elements of Strategy and Support and Operational Delivery. The new agency will specifically address the new 'industrial activism' agenda by putting a 'cluster-sector' focus at the operational centre of SEEDA. SEEDA will be characterized by increasing amounts of cross-team working, pulling together the expertise of different groups to deliver comprehensive, integrated and targeted development packages for critical parts of the business community.
- 38 Zenna Atkins raised questions about the governance of this process; the perceived role of the Board and issues around costs. She suggested that a testing scenario is needed to help guide SEEDA, setting benchmarks and applying these to interventions. Dolores Byrne suggested that a profile of the businesses in the region is needed before making decision regarding

the focus on specific sectors.

- 39 Alex Pratt expressed the view that SEEDA's reorganisation was challenging. SEEDA's new Chairman will expect the Board to be fully supportive of the direction which the Agency has taken. SEEDA needs to be in a position where partners want to work with the Agency. The organisation should be able to stand on its own two feet in a commercial world and in view of a politically uncertain future SEEDA needs to demonstrate the effectiveness of its actions.
- 40 Colin Byrne and Les Dawson pointed out that the executive team has a very challenging task and both the current and future Chairman must be in full agreement with the direction of SEEDA's strategy and changes which will be made. SEEDA needs to be very careful when dealing with staff selection and execution, and all the processes should be transparent to the people involved. This will result in an increased trust and confidence.
- 41 Board Members proposed the creation of a Board Task and Finish Group to consider the restructuring proposals, for which 4 Board members volunteered: Zenna Atkins, Alex Pratt, Les Dawson and Phil Wood. These would meet with Susan Priest, Robert Crawford and Pam Alexander to scrutinise the process on behalf of the Board.
- 42 The Board **NOTED** and **ENDORSED** the major shift in the focus of the Agency to respond to the current economic and political climate and to address the administration savings required.

Action: *Item 8 – Fit for the Future*

Robert Crawford to liaise with Alex Pratt, Phil Wood, Zenna Atkins and Les Dawson to set up Board Task and Finish Group to consider SEEDA restructuring proposals.

Item 9 Major Projects and Programmes

- 43 *Property Regeneration Partnerships*
- 44 Lee Amor made a presentation to the Board on Property Regeneration Partnerships, and explored all the options proposed, with a preference towards Option 1 where SEEDA forms a joint venture with the Homes and Communities Agency.
- 45 Keith Riley reported that Major Project Committee had had a cautious approach towards this proposal which had not yet been agreed, but at the same time it had not been rejected. Les Dawson expressed his concern regarding the control of the vehicle and the true competitive nature of the proposed partnership. The company formed through a joint venture with Homes and Communities Agency might want to expand in the future by engaging in financial dealings and would need to be structured

appropriately. It was felt that this was not yet reflected in the paper. Zenna Atkins disagreed with the recommended Option 1, stating that in her opinion using an existing vehicle was unwise and a new structure would be preferable.

- 46 Major Project Committee recommended that they consider more detailed proposals and particularly the proposed governance of the Partnership prior to the Board considering the full business case.
- 47 Board Members stated that they would like further information regarding financial controls and means of maintaining reputational risk. There was concern that the vehicle should not block progress on individual sites.
- 48 The Board **RECOMMENDED** that Lee Amor should take into consideration Board's comments and work closely with the members of the Major Project Committee as the business case was prepared.

Action: *Item 9 - Major Projects and Programmes*

Lee Amor to develop the business case for Property Regeneration Partnerships and bring it back to Major Project Committee and SEEDA Board.

Item 10 Financial and Operational Review

- 49 Robert Crawford updated the Board on the draft accounts for the year ended 31 March 2009 and informed the Board that the figures in the Management Report have slightly changed since the paper was written.
- 50 The Board **NOTED** the Financial and Operational Report for March 2009; the Corporate Risk Register and the actions which are being taken by the Executive Board in order to manage risk at a time of major change and to improve our programme management processes.

Action: *Item 10 – Financial and Operational Review*

Julie Anderson to provide a full year end report for the June Board Meeting once the year end position is finalised.

Item 11 Audit Committee Minutes

- 51 The Board discussed the Audit Committee Meeting records. The activities of Special Purpose Entities such as Finance South East and Tourism South East are not assessed by the Audit Committee although SEEDA's money is invested in them, and it was suggested that this issue should be considered by the Audit Committee and brought back to the Board for further discussion.

- 52 Phil Wood suggested that risk management should be on the agenda for induction meeting for all new Board Members.
- 53 The Board **NOTED** the key points from the minutes of the Audit Committee Meeting on 26th March 2009.

Action: *Item 11 - Audit Committee Minutes*

Julie Anderson to bring proposals on governance of Special Purpose Entities to the Audit Committee and to the following Board Meeting.

Item 12 Projects

- 54 Keith Riley informed the Board that the Transmarche Metro project was endorsed at the Major Project Committee meeting on condition that an economic viability study is conducted. The co-funding for this project came from the European Regional Development Fund
- 55 The Board **NOTED** the list of projects.

Item 13 Chairman's Report

- 56 The Chairman spoke about his recent visit to Brussels which went very well, identifying many opportunities for SEEDA with regards to retrofitting and low carbon economy.
- 57 The Chairman also highlighted his recent meeting and visit to Discovery Yachts in Southampton to discuss transport and supply chain problems faced by waterfront based companies.
- 58 The Board **NOTED** the Chairman's report.

Item 14 Agency Report

- 59 Pam Alexander spoke about the Regional Select Committee which took place on 11 May 2009 in Aylesham where evidence was given by Jim Brathwaite, Pam Alexander and Paul Lovejoy. The five MPs on the committee asked questions about budgets, impact, SEEDA's plans for the future and whether there was reluctance by some local authorities to engage with SEEDA. Colin Byrne has also given evidence.
- 60 On 21 April 2009 the South East Delivery Council, co-chaired by Jonathan Shaw and Jim Brathwaite, met in Milton Keynes. During the meeting a strong presentation was made by a representative of RBS and a financial forum was held afterwards with a large number of businesses.

- 61 Paul Lovejoy reported that the South East Plan was published on the 7 May 2009. An update on the developments on the structure underpinning the South East Plan will be provided at the June Board Meeting.
- 62 Jeff Alexander notified the Board that SEEDA is currently working with other RDAs developing a response to 'New Industry, New Jobs'.
- 63 Colin Byrne informed the Board that a report on public service efficiency has been published by Sir Michael Bichard on 21 April 2009. Bidding for the Future Jobs Fund was announced recently and local authorities and sector partners are encouraged to bid in.
- 64 The Board **NOTED** the Agency Report for April and May which represented a cross section of reports from within SEEDA organised according to the themes of SEEDA's Corporate Plan 2008-11.

Item 15 AOB

- 65 There was no other business.

SEEDA BOARD MEETING

SUMMARY OF ACTIONS

14 MAY 2009 MEETING

Action: *Item 3 – Minutes of the Last Meeting*

Jeff Alexander to provide a briefing for Alex Pratt's meeting with Lloyds HBOS on the 22 May 2009.

Action completed.

Pam Alexander to pursue Barclays Bank to attend the Financial Services Forum meeting.

Action completed.

Action: *Item 4 - Oxfordshire Area Update*

Paul Lovejoy to ensure that the issues surrounding Junction 9 of the M40 are pursued.

Paul Lovejoy to ensure that this issue is included in the next report back from Regional Transport Board at September Board meeting.

Action: *Item 5 – Programme for Green Economy*

Heather Bolton to ensure that SEEDA's input into London Array is promoted to the media.

The Communications team will look for opportunities to do this once pre election publicity restrictions have ended.

Action: *Item 8 – Fit for the Future*

Robert Crawford to liaise with Alex Pratt, Phil Wood, Zenna Atkins and Les Dawson to set up Board Task and Finish Group to consider SEEDA restructuring proposals.

The Group met on the 26 May 2009.

Action: *Item 9 - Major Projects and Programmes*

Lee Amor to develop the business case for Property Regeneration Partnerships and bring it back to Major Project Committee and SEEDA Board.

A special MPC meeting dedicated to Property Regeneration Partnerships is proposed for September and the Property Regeneration Partnerships paper will be discussed during the November Board Meeting.

Action: *Item 10 – Financial and Operational Review*

Julie Anderson to provide a full year end report for the June Board Meeting once the year end position is finalised.

To be discussed at the June Board Meeting, Agenda Item 10.

Action: *Item 11 - Audit Committee Minutes*

Julie Anderson to bring proposals on governance of Special Purpose Entities to the Audit Committee and to the following Board Meeting.

To be discussed at the July Board Meeting, after the Audit Committee.

26TH MARCH 2009 MEETING

Action: *Item 4 – Economic Conditions and SEEDA's Response*

Board Secretary to ensure that the discussion on evidence gathered at the "Beyond the Crunch – Building a Stronger South East" conference on 25th March is discussed at a future SEEDA Board Meeting in June.

Partially discussed at May Board Meeting and will be further discussed during the June Board meeting, Agenda Item 5.

Action: *Item 6 – Business Planning 2009*

Julie Anderson to ensure that future mapping of SEEDA investment includes monies leveraged in, where possible.

To be discussed at the June Board Meeting, Agenda Item 9.

Action: *Item 12 – Chairman's Report*

Oona Muirhead to update Board Members on progress on the Pathway to Zero Waste programme.

To be discussed at the June Board Meeting, Agenda Item 8.

Action: *Item 13 – Agency Report*

Jeff Alexander to circulate to Board Members a report relating to Strategic Advisory Group of Technology Strategy Board following recent meeting attended by Pam Alexander.

Action completed.