

**MINUTES OF THE 102nd MEETING OF THE
SOUTH EAST ENGLAND DEVELOPMENT AGENCY**

HELD ON 26th MARCH 2009

SEEDA HQ, GUILDFORD

Present:

Jim Brathwaite (Chair)
Zenna Atkins
Jeremy Birch
Pamela Charlwood
Bob Goldfield
Peter Jones
Keith Mitchell

Alex Pratt
Keith Riley
Bill Wakeham
Phil Wood
Les Dawson
Dolores Byrne

In attendance:

Pam Alexander,
Robert Crawford
Colin Byrne (GOSE)
Paul Lovejoy
Oona Muirhead

Jeff Alexander
Lee Amor
Heather Bolton
Andrew Merritt-Morling (minutes)
Barbara Buczek
Susan Priest

Item 1 Welcome and apologies for absence

- 1 Apologies were received from Sue John and Imtiaz Farookhi.

Item 2 Declarations of Interest

- 2 In respect of item 8a – Manufacturing Advisory Service – new contract, Alex Pratt as the recipient of MAS assistance.
- 3 In respect of Item 7 Airport Policy, Bob Goldfield notified his interest in the Port of Dover.

Item 3 Minutes of Last Meeting (28th January 2009)

- 4 Pam Alexander highlighted a number of detailed changes which needed to be reflected in the existing minutes before being approved by the Chairman.

Matters Arising

- 5 **Sub-National Review Implementation Process** - Working Group involving Pamela Charlwood and Alex Pratt is holding its first meeting on the 27th March 2009.
- 6 **Europe Report Follow Up** - Alex Pratt pointed out that the Power Interreg Project was a fantastic example of co-operation between SEEDA and Europe.
- 7 **Financial and Operational Review** – will be discussed later in the meeting.
- 8 **South Hampshire**, *reflections on issues raised at the dinner* –a meeting with Network Rail has been scheduled for 23rd April 2009.
- 9 **Major Projects and Programmes** – Oona Muirhead said that the consultation with Local Authorities on ERDF match funding has not been completed and will not be ready for the next Major Projects Committee (MPC).
- 10 **MKOB Area Update** – Pam Alexander met with representatives of HBOS on Monday. All plans on restructuring are being kept very tight. SEEDA staff be in touch will Lloyds Banking Group HQ again and fix another meeting for the Chairman and Chief Executive. The Chairman suggested that we need to mobilise local MPs and politicians. He encouraged Alex Pratt to speak to MPs to highlight the issues and support provided by SEEDA. Les Dawson pointed out that one of his Non Executive Directors is a board member of HBOS and asked for a briefing note which he could use to discuss SEEDA's view with him.
- 11 **Regional Select Committee** – The first enquiry is seeking general evidence on SEEDA and the RES, particularly in relation to the recession, but will also focus on coalfield deprivation. The first hearing is expected during the first week of May. Pam Alexander had met with Stephen Ladyman the previous week and he indicated the focus would be on the impact of partners on the regeneration of Coalfields.

Items for Discussion

Item 4 Economic Conditions and SEEDA's Response

- 12 Paul Lovejoy presented a paper which pointed to signs that the economic situation may be stabilising - but risks remain. Exports in particular are holding up.
- 13 There was some evidence to suggest that the renewable energy sector might be facing difficulties following a Spanish company withdrawing investment in its on-shore wind farm.

- 14 Peter Jones suggested that initial results of a survey suggested that the use of Business Link by businesses in East Sussex has collapsed from 14% to 5%, and echoes the trend seen in the decreasing use of accountants and legal service providers. This appeared to be at odds with SEEDA's own evidence.
- 15 The Board discussed a Property Conference held on 25th March 2009 entitled 'Beyond the Crunch – Building a Stronger South East'. A large number of issues were affecting the sector. One of the conclusions reached at the conference was that the Tax Increment Financing proposal was central and not a great deal of work had been done on the alternative solutions. Some commentators were suggesting that regulation was deemed as a problem – but a converse argument could be that there was more regulation in France and Italy and investment in these countries was continuing. With falling land values, companies should be encouraged to reassess the values of their portfolios and not hold on until property values increase again. Another issue affecting the construction industry is the argument that environmental issues are getting in the way, and even if companies are able to build they are finding it difficult to find insurance cover. Because of the breadth of the issues affecting the sector, it was agreed that the land and property issue would be put on the agenda of the 18th June meeting. This would also follow publication of the anticipated CB Richard Ellis research.
- 16 The Board **NOTED** the report.

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

Board's 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.

Items for Decision

Item 5 Implementing the Sub National Review

- 17 Martin Tugwell introduced a paper which updated Board Members on nominations for new Board structures. The Board was invited to agree the nominations to the South East Partnership Board and Strategy Board, and to note the arrangements for implementing the new arrangements.
- 18 In discussion, it was pointed out that the Strategy Board is going to have to do a lot of work before papers are submitted to the Partnership Board. A clear picture is needed of how evidence is going to be gathered and decided. The faster the Partnership Board wanted to move things, the more intensive the work experienced by the Strategy Board.

- 19 There was a discussion on where this fitted into the overall regional architecture. The Board wanted to be the architects of a sensible infrastructure. The board timeline for preparing the new Regional Strategy was expected to be between 18 and 24 months.
- 20 The Board **AGREED** the nominations to the South East England Partnership Board and Strategy Board and **NOTED** the arrangements for implementing the new arrangements.

Item 6 Business Planning 2009

- 21 Pam Alexander introduced this item and began by setting the financial and historical context. It was pointed out that there has been a tremendous amount of goodwill demonstrated to SEEDA, both across the organisation and among partners who are undergoing their own reviews in light of the current circumstances.
- 22 Julie Anderson also provided an overarching presentation which provided more detail on the financial envelope as well as the background to the budget raids before presenting detail on SEEDA's corporate focus.
- 23 The Board welcomed the work undertaken thus far and advised staff to now pare down and focus on what SEEDA does itself, highlighting where it needs to encourage other partners to lead. Board Members would like to see costs profiled to help them make decisions and direct funds where they are needed.
- 24 Several Board Members said SEEDA needs to direct more support to industries which will lead the South East out of recession, while supporting areas which need pulling out of recession. Many of the reductions are predicated on other partners taking up the slack. But this will need to be handled sensitively.
- 25 Discussion took place about applying Impact Evaluation Framework measures on projects. However, caution was urged on applying these too rigidly to brownfield developments such as Ropetackle in Shoreham, where real and lasting benefits were achieved for the area as a whole. Such projects might not have proceeded had Impact Evaluation Framework metrics alone been used to assess the viability of the project.
- 26 Discussion also focused on scheme prioritisation. Phil Wood proposed that the future would be about connecting people to the wealth (and vice versa) rather than the physical movement of wealth or people.
- 27 The discussion concluded with Pam Alexander stating next steps. In particular the views of Board Members would be taken into account in preparing a document to submit to BERR in late May.
- 28 The Board **AGREED** the proposals for re-shaping and focusing delivery

of the Corporate Plan for the next two financial years.

Action: *Item 6 – Business Planning 2009*

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

Item 7 Airport Policy

- 29 Tim Stansfeld introduced this paper which sought continued support for the expansion of Heathrow Airport as the only effective way to deliver additional capacity for global travel to support the sustainable economic development of the South East.
- 30 Board Members believed that the paper, as presented, put the main points well. The Board noted the range of actions to be taken by SEEDA and partners to maximise the environmental performance and the economic development value of Heathrow.
- 31 Board Members pointed out that while there is good evidence for a business need for additional capacity for a hub airport to provide new routes and help companies expand into emerging markets, there was a lack of a feasible alternative, whether through expanding capacity at other existing airports or building a new airport in the Thames Estuary. SEEDA should look in more detail at the needs of businesses for additional airport capacity and the carbon impact of Heathrow. These are two additional pieces of evidence.
- 32 Tim Stansfeld responded that SEEDA already has work in hand to look at surface access issues and that preliminary results from this work should be in the public domain soon. We are also investing money as part of strategy on innovation for composite wings, engine design improvements and technology for ground/flight crew. All these will go towards improving passenger experience and/or the environment.
- 33 Board Members believed that future work also needed to offer perspectives on global competitiveness. For example, what other leading industrial countries have had to develop their airports in the last 10 years, and what can we expect in the next 10 years. The paper needs comparisons with Schipol, Paris and Frankfurt.
- 34 Keith Mitchell said that in his opinion, the Government's arguments in

favour of Heathrow's expansion were intellectually flawed. Whilst there was clearly an economic case, the expansion needed to be seen in the context of its location and the impact it will have on the surrounding area. He believed the Government could not continue to encourage people to fly and said the airline and associated industries are being allowed to let rip. Consequently, he did not see the case put forward at the Board Meeting as proven, and therefore did not support the SEEDA line presented today. He requested that his opposition be recorded.

- 35 Paul Lovejoy reported on SEEDA's recent meeting with the managers of Gatwick Airport. The acknowledgement of the wider Gatwick Diamond and its potential is particularly encouraging. Unlike Heathrow, which is a hub, Gatwick is considered a point-to-point airport.
- 36 Pam Alexander concluded by saying that SEEDA had decided in June 2008 not to take for granted the Government work but to seek evidence to support the future expansion of Heathrow.
- 37 The Board **AGREED** to continue to support the expansion of Heathrow Airport as the only effective way to deliver additional capacity for global travel to support the sustainable economic development of the South East. The Board **NOTED** the additional work to be carried out to improve our evidence base on the value of Heathrow to businesses and on its regional carbon impact and the significant work SEEDA is already carrying out, and will undertake in the future, to help overcome barriers to the delivery of the expansion of Heathrow and maximise its effectiveness as an economic development driver.

Item 8 Major Projects and Programmes

Item 8a – Manufacturing Advisory Service – new contract

- 38 Jeff Alexander introduced this paper inviting the Board to approve funding of £6m over three years to support the Manufacturing Advisory Service (MAS) following the Major Projects Committee's recommendation at a meeting on 25th February.
- 39 After some discussion about the effectiveness of some of the metrics and evaluation, the recommendation was supported to approve the funding requested.
- 40 Pam Alexander warned that any future budget cuts will make it quite hard to protect MAS – and a contraction of support was considered this time round.
- 41 The Board **APPROVED** funding of £6m over three years to support the Manufacturing Advisory Service.

Item 8b – Train 2 Gain and Business Link 2009/10

- 42 Sarah Watson introduced the paper and reminded the Board that the brokerage element of T2G was the focus of this paper. This is ring-fenced funding with no opportunity cost. Can only be spent on this programme but still needs Board approval because it is over £3m. After some discussion about outputs and outcomes, the Board supported the two proposals.
- 43 The Board **NOTED** the progress and performance of Business Link and Skills South East (Train to Gain Skills Brokerage) since January 2008.
- 44 The Board **APPROVED** continued funding of £24million to the six Business Link Providers (BLPs) for the delivery of BL services in 2009-10 subject to detailed consideration of the new RDA budgets for 2009-10, SEEDA Corporate Plan priorities and the criteria set out in the paper.
- 45 The Board **APPROVED** continued funding of £6.1million to Skills South East for the delivery of the Integrated Brokerage Service (Train to Gain Skills Brokerage) in 2009/10.

Item 8c – ELF Environmentally Lightweight Fan Project

- 46 Ian Boyd invited the Board to approve the Major Project Committee recommendation to provide investment of £7.4m over 4 years for the ELF programme.
- 47 The Board expressed some concerns about the risk of setting up pre-production facilities with support, then moving all the moveable parts of the assets out of the region or offshore. The Board agreed that SEEDA should consider retaining ownership of the assets. The Board furthermore thought this idea could be applied to intellectual property and other invisibles.
- 48 The Board **APPROVED** the Major Project Committee recommendation to provide investment of £7.4m over 4 years for the ELF programme.

Item 8d – Eco-construction Skills in Thames Gateway

- 49 Oona Muirhead asked the Board to agree the investment of £4m in an Eco-Construction Skills programme, to comprise £2m new ESF funding and £2m single-pot match from across existing, legal or near-legal high priority programmes (Business Link, Innovation and Growth Teams, Continuous Employment Support Service, and Institute for Sustainability). Board provided required support.
- 50 The Board **AGREED** the investment of £4 Million in an Eco-Construction

Skills programme, to comprise £2 Million new ESF funding and £2 Million single-pot match from across existing, legal or near-legal high priority programmes (Business Link, Innovation and Growth Teams, Continuous Employment Support Service, and Institute for Sustainability).

Item 9 Feedback from Board Committees

Feedback from Regional Housing Board

- 51 In the absence of Imtiaz Farookhi, Lee Amor outlined details of a meeting held on 10th February 2009, at which the key issues under discussion were: affordable housing delivery and RHB input to the Regional Funding Advice.
- 52 The Board **NOTED** the Feedback from Regional Housing Board.

Feedback from Regional Transport Board

- 53 Bob Goldfield introduced a meeting of the Regional Transport Board on 16th January which was preceded by a closed workshop for members. Two substantial issues were considered: (i) key regional transport challenges post 2014; (ii) updating the transport investment programme to 2014.
- 54 The Board **NOTED** the Feedback from Regional Transport Board.

Feedback from Regional Funding Advice

- 55 Martin Tugwell responded that the Regional Funding Advice was submitted to the Regional Minister on 27th February. He was anticipating an early response from the Department for Transport; in particular with regards the recommendation to vire some transport funding from the regional budget to local authorities. The proposed funding related to proposals that had been prioritised and were in the forward programme. The virement of funding would help with delivery of the proposals.
- 56 The Board **NOTED** the submission of the Regional Funding Advice to the Regional Minister.

Item 10 Financial and Operating Review

- 57 Robert Crawford introduced his report; highlighting that accruals at £17m will be significantly below last year's levels. Retrospective Purpose Orders have also been reduced further and are well on the way to being eradicated entirely.
- 58 The Board **NOTED** the Financial and Operational Report for February

2009.

Item 11 Projects

List of Projects

59 The Board **NOTED** the list of projects.

Major Project Committee Minutes

60 Minor amendments were suggested to the minutes of the meeting held on 25th February 2009. All future Board reports will include a Communications paragraph assessing how SEEDA communicates decisions taken on big items. This would come into with effect from the May Board meeting.

Item 12 Chairman's Report

61 The Chairman referred to the launch of Pathway to Zero Waste in Reading which was very well attended and supported by the Chair of the Environment Agency, construction business leaders, etc.

62 The Chairman also referred to a dinner with the Institute of Directors.

63 The Chairman attended a tree planting event at St Catherine's Catholic Primary School in Littlehampton, which followed a year-long campaign to help children identify where their food comes from.

64 The Chairman expressed disappointment that Government Departments are not really maximising the opportunities to engage with the RDAs. For example, the South East is the strongest area in the country in terms of the electronic games industry, but SEEDA received no contact about Digital Britain Initiative. The Chairman expressed hope that GOSE could assist us to build relationships with Home Departments.

Action: *Item 12 – Chairman's Report*

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

Item 13 Agency Report

65 Pam Alexander invited comments on the Agency Report which covered activity spanning February and March.

66 In addition to the structural changes within SEEDA, Pam Alexander

considered the Strategy Advisory Group of the Technology Strategy Board to be one of the very best meetings she has recently attended.

- 67 Pam Alexander attended a round-table discussion hosted by Harriet Harman to discuss women entrepreneurs. The Women's Enterprise Task Force had commissioned research on Access to Finance.
- 68 Despite the economic downturn inward investment activity remains at the same level as it was a year ago. The Confidential Annex will include the geographic spread. The Board was reminded that this was for their own use only.
- 69 The Board **NOTED** the Agency Activity Report for February and March representing a cross section of reports from within SEEDA organised according to the themes of SEEDA's Corporate Plan 2008-11.

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.

Jeff Alexander to ensure that the confidential annex on inward investment includes details of where the successes referred to are located.

Heather Bolton to ensure that a communication paragraph at the end of every Board paper with proposals for presenting decision made is included.

Item 14 AOB

- 70 Alex Pratt attended an EADS Astrium visit following Cabinet Meeting in Southampton during February and enquired how the intelligence gathered from the Cabinet meetings would be followed up. Colin Byrne for GOSE confirmed that the table reports were circulated to the Cabinet Office within 24 hours.

SEEDA BOARD MEETING

SUMMARY OF ACTIONS

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.

To be discussed at the June Board meeting.

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.

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.

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.

A note is being prepared for the SESETAC and once completed, it will be circulated to the Board.

Jeff Alexander to ensure that the confidential annex on inward investment includes details of where the successes referred to are located.

Action Completed.

Heather Bolton to ensure that a communication paragraph at the end of every Board paper with proposals for presenting decision made is included.

Action completed.

28TH JANUARY MEETING

Action: *Item 12 – Financial and Operational Review*

Heather Bolton and Julie Anderson to ensure that there is a timely set of positive external messages regarding the South East results in the National Impact Evaluation.

Report formally published on 31st March.

18TH SEPTEMBER MEETING

Action: *Item 5 – MKOB Area Update*

Jim Brathwaite and Pam Alexander to meet with Lloyds TSB management at very senior level to make the case for the 2000 jobs at Aylesbury.

Pam Alexander met with Lloyds HBOS representatives on 23rd March. Restructuring plans being kept tight. Announcement anticipated in May. However, another meeting being planned involving The Chairman and Pam Alexander.

Alex Pratt to speak to MPs to highlight the value added by SEEDA.

Action completed.

Jeff Alexander to provide Les Dawson with a short speaking note and brief to use with one of his Directors who is a NED of Lloyds HBOS.

Action completed.