

**MINUTES OF THE 98TH MEETING OF THE
SOUTH EAST ENGLAND DEVELOPMENT AGENCY**

HELD ON 30 OCTOBER 2008

ASSOCIATED BRITISH PORTS, SOUTHAMPTON

Present:

Jim Brathwaite (Chair)	Keith House
Rob Anderson	Peter Jones
Dolores Byrne	John Peel
Pamela Charlwood	Alex Pratt
Poul Christensen	Keith Riley
Bob Goldfield	Bill Wakeham
	Phil Wood

In attendance:

Pam Alexander	Barbara Hammond (minutes)
Lee Amor	Barbara Buzcek
Julie Anderson	Doug Morrison (Item 1)
Robert Crawford	Kathy Slack (Item 5)
Paul Lovejoy	Keren Jones (Item 6)
Oona Muirhead	Paddy Herlihy (Item 6)
John Parsonage	Ed Metcalfe (Item 7)
	Julie Anderson (Item 10)
	Colin Byrne
	Isabella Szredski

Item 1 Welcome

- 1 Doug Morrison, Port Director, ABP.Southampton welcomed the Board to the ABP offices and gave a short presentation on future opportunities for the Port, offering to consult SEEDA on their business plan before it was published in January.

Item 2 Apologies for absence

- 2 Apologies were received from Sue John, Imtiaz Farookhi and Jeff Alexander.

Item 3 Declarations of Interest

- 3 In respect of item 11, Projects: John Peel on funding within the Gatwick Diamond.
- 4 In respect of item 13, Agency Report: Dolores Byrne on the National

Aerospace Technology Strategy including ASTRAEA, MAPS and HealthMap.

Item 4 Minutes of Last Meeting (18th September 2008)

- 5 Alex Pratt asked for paragraph 58 to be rephrased from 'all raised the question as to whether the SEEDA model of 6 local Business Links was the right way to go now' to 'highlighted the need for the current SEEDA model of 6 local Business Links to be tested'.
- 6 Pamela Charlwood asked for the spelling of 'Whitehill/Borden' at paragraph 45 to be correct to 'Whitehill/Bordon'.
- 7 Poul Christensen said that the state of affairs on appointing the new SEEDA Chair reported at paragraph 78 was unsatisfactory in the extreme and asked what action could be taken to highlight this to Government. Colin Byrne suggested that Jim Brathwaite should write to the Prime Minister's Private Secretary asking for action.

Action: Jim Brathwaite to write to the Prime Minister's Private Secretary to ask for progress on appointment of the new SEEDA Chair.

- 8 Pam Alexander said that interviews for the 4 new Board members had taken place some weeks ago. Colin Byrne said that there was a report in to BERR and the Regional Minister making recommendations.
- 9 John Peel asked for a final check to be done that the minute in paragraphs 61-63 is sufficient to the purpose.

Action: Lee Amor to check the minutes on West Medina Mills and Stag Lane Highway Improvements for commercial confidentiality.

10 MKOB Area Update

Pam Alexander reported that she and Jim Brathwaite had not yet met LloydsTSB management. Advice had been taken from Lloyd's Head Office and was clearly to prepare a business case before going in. This was in preparation with local HSBC management in Aylesbury.

- 11 Paul Lovejoy said that Martin Tugwell was addressing MKOB and other infrastructure and skills needs through the Regional Funding Advice process and will bring an update to the next Board meeting.

12 Environment Agency

Oona Muirhead will agree consistent guidance on flood defence with Howard Davidson's successor because Howard has temporarily moved to be Director, Thames Region.

13 Regional Funding Advice

Martin Tugwell will bring an update on Regional Funding Advice to the next Board meeting. Planning for the RES Partners' Conference is well underway. The conference will be designed to focus discussion on the wider funding context as well as Regional Funding Advice.

14 Government Office South East

Paul Lovejoy reported that discussions on SNR and regional joint working would be taken forward with the South East Councils once the Government's response to consultations was published.

15 Jim Brathwaite, Paul Carter and Colin Byrne are meeting to discuss the question of long-term funding for infrastructure on November 12th.

16 Paul Lovejoy is contacting regional MPs on the question of Regional Select Committees in advance of the House debate.

17 Financial and Operational Review

Julie Anderson brought half-year review recommendations and an update on Retrospective Purchase Orders under agenda item 10.

18 Paul Lovejoy tabled the business case for the proposed Board meeting in Brussels. The Chairman gathered views from all Board members present and it was decided that, whilst the programme of high-level meetings with Directorates General were of great value to SEEDA's business and should continue, the Board meeting itself should not be held in Brussels.

19 Projects

Julie Anderson covered the action to develop a new approach to updating the Board on progress with Programmes under agenda item 13.

20 Housing Delivery

Pam Alexander reported that there had been a good discussion on this at the dinner with Sir Bob Kerslake and Robert Napier, Chief Executive and Chair of the Homes and Communities Agency. The Board has now been announced and Margaret Fay of ONE is on it.

21 She also reported that Lee Amor is working with English Partnerships to identify key regeneration projects in the region which government might continue in the current economic situation.

22 2012

The update paper on preparations for 2012 was included at agenda item 6.

23 Network Rail

Jim Brathwaite now has a date for a strategic meeting with Network Rail. The Board dinner with South Hampshire stakeholders the previous evening had highlighted the need for a better working relationship, particularly in relation to the South Hampshire Strategic Employment Zone (SHSEZ).

- 24 Colin Byrne reported that Jonathan Shaw met with them just before the summer to discuss developing a protocol on how to interact with Local Authorities.
- 25 **Culture South East and Tourism South East**
This action was addressed through the update paper on preparations for 2012 included at agenda item 6.

Items for Discussion

Item 5 South Hampshire – reflections on issues raised at the dinner

- 26 Jim Brathwaite said that the mood of the dinner had been very positive. John Peel agreed and said that there had been one clear message from it on the need for help to get the access road into the land at Eastleigh for SHSEZ. 6,000 jobs rest on achieving this. Keith House supported this point and reminded the Board that the whole project rests on getting agreement from Network Rail. Both operational and strategic people need to be gathered in the same room to get broad understanding of the urgency of the project and the possibility that lack of progress could stop SHSEZ and prevent 6,000 jobs from being created.

Action: Jim Brathwaite to ask Jonathan Shaw to intercede with Network Rail to get action on the access road to the Employment Zone at Eastleigh.

- 27 Dolores Byrne said that her discussions at the dinner showed that there is a clear issue about communicating the achievements of the area better. She said that developing a 'Heritage Trail' but from the sector achievements point of view could be a very effective way of doing this. She had proposed the same for the aerospace one in Farnborough. She wondered whether the same thing could be done in Southampton using the marine industry as the basis. As well as raising the profile of the area it was also a very effective way of showing young people that there is more to life than football.

Action: Kathy Slack to consider with PUSH how to maximise the value of the marine heritage in Southampton.

- 28 Pamela Charlwood said that the absence of the third sector and social enterprise at the dinner was notable. It had, however, been a very warm and well-organised occasion which was a personal tribute to Kathy Slack and the strength of her team. The Board wholeheartedly endorsed her view and thanked Kathy and the Area Team for a very successful

evening.

- 29 Phil Wood raised a question about how effective the formula relating the amount of office space to jobs would continue to be, particularly if the recession were a 2-year one, as more and more people work flexibly or from home. He also wondered about Southampton's 'offer' for people visiting for the 2012 games. Keith House said that the Rosebowl would have the best offer but was neither central nor well connected to the public transport network.

Item 6 London 2012

- 30 Dr. Keren Jones presented the paper. It gave an update of progress coordinated by the South East Partnership for 2012 which SEEDA chairs. Mary McAnally ends her term as Chair of Sport England SE in December. The paper set out outcomes and priorities for the future under three themes: New Markets; New Aspirations; and New Lifestyles.
- 31 The Board welcomed the paper and its clear, comprehensive approach but noted different levels of Local Authority involvement. For example, Brad Roynon of Southampton City Council did not mention 2012 in his speech at the Open Public Meeting and so was not seeing it as a driver of economic development in the area. Aldershot, Dover and Kent on the other hand were seeing big opportunities and responding accordingly.
- 32 The Board advised a more focused approach, given the amount of resource SEEDA has to put into the work.

Action: Oona Muirhead and Keren Jones to identify priority actions for the South East Partnership for 2012.

Item 7 Major Projects and Programmes

Item 7a South East European Regional Development Fund Competitiveness Programme

- 33 Oona Muirhead introduced the item by reminding the Board that they were being asked to give approval on how the programme is to be delivered, since the programme was already approved. She indicated that the recommendation on match funding had changed; that SEEDA would provide a minimum of 50% match.
- 34 James Ruel introduced the paper, and explained the background to the proposal that SEEDA would provide half the match funding required to release the European funds; the other 50% to be found from other sources, such as local authorities. This would give LAs the opportunity to

draw in additional funding directly, eg to support their LAA target delivery. Over the next two years, projects based on 50% SEEDA funding are guaranteed. Since the Commission has been told that SEEDA would provide all the match funding throughout the programme, their agreement would be needed for any change to this and it was imperative that this should not be seen as a weakening of the UK commitment to delivering ERDF.

- 35 John Peel reported the MPC recommendation that the Board endorse the programme but identified the need to address the risks implicit in currency fluctuation and the importance of working with Local Authorities to identify match funding. Jim Brathwaite reminded the Board that, in a time of reducing budgets, this was one area where SEEDA might reduce its commitment but still achieve the same amount of funding for projects for the South East.
- 36 Colin Byrne advised SEEDA to carry out consultations with Local Authorities first, to get firm evidence that funding would be available from other sources, before raising with the Commission.
- 37 Jim Brathwaite said the programme was so well-related to LAA National Indicator targets that it would be in Local Authorities' interest to provide match funding.
- 38 Pam Alexander explained that the stronger euro meant that more UK funding was required to match the greater value of the programme in sterling.
- 39 The Board **APPROVED** the approach to delivery of the programme noting that further recommendations would be put to the Board about match funding from other bodies.

<p>Action: Oona Muirhead and James Ruel to consult with local authorities about match-funding of up to 25%, carry out a risk assessment on currency fluctuation, and revert to MPC.</p>
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Item 7b Leadership and Management Specialist Advice Service

- 40 John Parsonage introduced the item. He said that SEEDA had been invited to bid for the funding by the Learning and Skills Council (LSC). It would be delivered through the Business Link and South East Skills. He had been in negotiation with the LSC since August and so targets for the programme had been set to take account of the 26 months now left to deliver it. It was expected that 10,000 businesses would be helped by providing grants of £1,000 for this key training. He highlighted the low risk of SEEDA creating a VAT liability on the service element of the

programme, which could be as much as £170k in each of the three years.

- 41 John Peel recommended on behalf of MPC that this new service be approved subject to a report on value for money in the event of the VAT risk being realised. Jim Brathwaite and Alex Pratt asked whether SEEDA could make a reserve to fund the VAT liability. SEEDA could have to meet a VAT charge of up to £500k in order to secure £13m extra funding. The question for the Board was whether SEEDA would get value for money for this expenditure if it was required. Pam Alexander asked the Board for approval subject to value for money processes on the assumption that the full amount of VAT would be payable. She also asked that approval should be subject to a check that other RDAs had not found ways of delivering the programme without incurring the VAT liability.
- 42 Peter Jones said that he thought the lower limit on the size of companies eligible for help was too high. Jim Brathwaite said that John Denham had very helpfully announced that the lower limit had been reduced to a minimum of 5 employees.
- 43 Alex Pratt asked what effect this programme would have on the size of Business Link activity and whether they had the capacity to respond. Bob Goldfield asked how the quality of projects would be ensured. Ed Metcalfe said that a pilot had been tried out some years ago to prove the concept and that Business Link had been aware of the possibility of this funding for some time and were gearing up for it.
- 44 Alex Pratt asked how this new activity would be dealt with through the tendering process for the new Business Link contract and suggested that the position on it should be reserved in the tendering documentation.
- 45 The Board **APPROVED** the programme subject to a value for money assessment being carried out and on the basis that other RDAs had not found a way of delivering the programme without incurring the VAT liability.

Action: Jeff Alexander and Ed Metcalfe to check that other RDAs have not found a way of delivering the programme with no VAT liability.

Jeff Alexander and Ed Metcalfe to provide a SEEDA value for money appraisal on the assumption that SEEDA will have to pay VAT before contracting.

Papers to Note

Item 8 Round-up of Economic Conditions

- 46 The Board **NOTED** the paper introduced by Paul Lovejoy. He said that

the available evidence pointed towards a deep and prolonged recession. SEEDA needed to prepare for a very difficult winter and following year and be ready for company closures and a sharp rise in unemployment. He said that SEEDA was seen to be responding well to the current situation and the networks were starting to deliver really good regional intelligence that SEEDA could report into Government through the monthly updates to BERR and the new machinery of National and Regional Economic Committees.

- 47 Jim Brathwaite said that the sector groups would be a very good source of intelligence. He asked Board members to give a snap-shot of the current situation from their own point of view.
- 48 Phil Wood agreed that real-time figures were needed. He said it would be interesting to compare what was happening in the South West with the South East. He said the impacts of the downturn were patchy between places and so we needed to get real, not historic, information quickly.
- 49 Alex Pratt gave his view that things were tough but not desperate. People are nervous because every assumption we have ever held is being challenged. Margins are fluctuating all over the place. January-February will be a probable pinch-point with credit if we have a poor Christmas.
- 50 Peter Jones said that the last quarter's claimant count in East Sussex went up from 5,000 to 6,000. Sussex Enterprise and the Federation for Small Business were saying that order books were looking bad. He referred the Board to Galbraith's book on the crash of 1929 to get insight into the current situation. \$2-3 trillion has been taken off the capital of the world banking system in the past few weeks. Interest rates are irrelevant, it is the availability of actual cash that is the key. There are three priorities for business: 1. survival, 2. get into better shape, 3. manage the cash.
- 51 Poul Christensen said that he saw a separation between land values and the business of agriculture. Land values are still rising because land is seen to be a safe place to put money. The business of agriculture does not operate to the same cycle as the rest of the economy. Conditions on the world markets are very volatile and trading relations are seriously disturbed. In these conditions, cash is king and the focus should be on cash management, cash flow and certainty of cash coming in.
- 52 Pamela Charlwood emphasised the role of the public sector as employer given that it employs 26% of the workforce. The importance of apprenticeships in training the workforce for the future is hugely important as is the role of the Local Employment Partnerships in each JobCentre+ area. But public sector employers are not signing up. SEEDA and Jonathan Shaw could do something to raise the profile of LEPs and shame public sector employers into joining them.

- 62 Julie Anderson highlighted cost per job figures which showed the RDAs achieving a low average cost per job. She emphasised that publication of the report would need to be handled very carefully because the context and methodology are so complex, making it easy to pluck figures out of context.

Action: Julie Anderson to identify projects that could be moved forward against an underspend in the Programme budget.

Julie Anderson and **Isabella Szredski** to prepare a communications strategy for the Impact Evaluation Framework report.

Item 11 Projects

- 63 **List of Projects** Julie Anderson introduced the list and apologised that her action from the last Board meeting to develop a new approach to updating Board on progress with Programmes as the context for individual projects had not been completed. This was due to pressure of work on the Impact Evaluation Framework and dealing with changing budgets. She will action for the next meeting.
- 64 **MPC minutes** John Peel reported that the minutes were a correct record subject to minor changes recorded at the MPC meeting.

Item 12 Chairman's Report

- 65 Jim Brathwaite highlighted his visit to Newhaven Enterprise Works and the enormous potential of the data-handling technology being developed there.

Item 13 Agency Report

- 66 Pam Alexander reported that the Party Conference meetings had been very well-served by good business speakers although attendance had not been as strong as we might wish.
- 67 A dinner with the Technology Strategy Board and Lord Drayson had been very interesting.
- 68 The Board congratulated the University for the Creative Arts on attaining university status. The UCA was considering Maidstone and Thames Gateway as possible locations for an amalgamation of their three sites in Kent.

- 69 Organisational Development work is now focused on two strands: securing the present and seizing the future. A group had been set up to work on 'Getting the Basics Right'; setting standards for Team SEEDA. Seizing the Future work is about making the most of current opportunities while dealing with the reduction in admin. Budget over the next two years. SEEDA needs to become an agile, flexible, responsive business focused on relationships and deal-making. The February Board Awayday will take stock of this work and give guidance on where SEEDA should go from here.
- 70 Pamela Charlwood said that, given this understanding of the way forward, it is important to get clarity on the relationships between all the bodies dealing with skills. John Peel agreed and said that the LSC is very fragile with projects stalling even when they have planning approval.

Action: Oona Muirhead to meet with Pamela Charlwood to discuss how to get clarity on the relationship between different bodies dealing with skills.

Item 15 Any other business

- 71 Jim Brathwaite thanked Julie Anderson for her excellent work in acting up into the post of Chief Operating Officer and welcomed Robert Crawford into that post.

SEEDA BOARD
SUMMARY OF ACTIONS
30th OCTOBER MEETING

Action: *Item 4, Minutes of Last Meeting*

Jim Brathwaite to write to the Prime Minister's Private Secretary to ask for progress on appointment of the new SEEDA Chair.
JB re-appointed for a further year.

Lee Amor to do a final check that the minute on West Medina Mills and Stag Lane Highway Improvements is sufficient to record the Board decision whilst protecting commercial confidentiality. *Completed.*

Action: *Item 5, South Hampshire – reflections on issues raised at the dinner*

Jim Brathwaite to ask Jonathan Shaw to intercede with Network Rail to get action on the access road to the Employment Zone at Eastleigh. *Network Rail now engaged through SE Infrastructure Dinner and meeting date fixed.*

Kathy Slack to consider with PUSH how to maximise the value of the marine heritage in Southampton. *KS taking forward with Southampton City Council.*

Action: *Item 6, London 2012*

Oona Muirhead and **Keren Jones** to identify priority actions for the South East Partnership for 2012. *'Triple Gold' actions being identified through SE Partnership for 2012.*

Action: *Item 7, Major Projects and Programmes*

a. South East European Regional Development Fund Competitiveness Programme

Action: **Oona Muirhead** and **James Ruel** to consult with local authorities about match-funding of up to 25%, carry out a risk assessment on currency fluctuations, and revert to MPC. *Will be taken to MPC after consultations.*

b. Leadership and Management Specialist Advice Service

Jeff Alexander and **Ed Metcalfe** to put the proposal through SEEDA value for money appraisal on the assumption that SEEDA will have to pay VAT.
Done and approved.

Jeff Alexander and **Ed Metcalfe** to check that other RDAs have not found a way of delivering the programme with no VAT liability.
Done; none identified.

Action: *Item 10, Operations*

Julie Anderson to identify projects that could be moved forward against an underspend in the Programme budget. *In hand.*

Julie Anderson and **Isabella Szredski** to prepare a communications strategy for the Impact Evaluation Framework report. *In hand; publication likely in January.*

Action: *Item 13, Agency Report*

Oona Muirhead to meet with Pamela Charlwood to discuss how to get clarity on the relationship between different bodies dealing with skills. *Done and in hand.*

18TH SEPTEMBER MEETING

Action: *Item 5, MKOB Area Update*

Jim Brathwaite and **Pam Alexander** to meet with LloydsTSB management at very senior level to make the case for the 2000 jobs at Aylesbury. *Case for Aylesbury submitted and meeting requested.*

Paul Lovejoy to address MKOB infrastructure and skills needs through the Regional Funding Advice process. *Item 7 on agenda.*

Action: *Item 6, Environment Agency*

Oona Muirhead and **Environment Agency** to pick up the issue of consistent guidance of flood defence. *In hand.*

Action: *Item 7, Regional Funding Advice*

Paul Lovejoy to cover skills as part of the RFA process and include LSC revenue and programme funding. *Item 7 on agenda.*

Paul Lovejoy to ensure that the RES Partners Conference is designed to focus discussion on the wider funding context as well as RFA. *Item 7 on agenda.*

Action: *Item 10, Government Office South East*

Paul Lovejoy to pursue regional joint working on SNR to address the flexibility likely to be given to each region. *Item 6 on agenda.*

Jim Brathwaite, Paul Carter and **Colin Byrne** to meet on the question of long-term funding for infrastructure. *Regional dinner held with Jonathan Shaw; issue being taken forward in item 7.*

Paul Lovejoy to consider with **Jim Brathwaite** and **Pam Alexander** SEEDA contacting regional MPs on Regional Select Committees. *Still being formed.*

Action: *Item 15, Projects*

Julie Anderson to develop new approach to updating Board on progress with Programmes. *Item 11 on agenda.*

20 MARCH 2008 MEETING

Action: *Item 4, Regional Minister*

Jim Brathwaite to organise a strategic meeting with Network Rail.

Completed.