

**MINUTES OF THE 97<sup>TH</sup> MEETING OF THE  
SOUTH EAST ENGLAND DEVELOPMENT AGENCY**

**HELD ON 18 SEPTEMBER 2008**

**GUILDFORD**

**Present:**

Jim Brathwaite (Chair)  
Pamela Charlwood  
Poul Christensen  
Bob Goldfield (am)  
Keith House  
Sue John

Peter Jones  
John Peel  
Alex Pratt  
Keith Riley  
Bill Wakeham  
Phil Wood

***In attendance:***

Pam Alexander  
Jeff Alexander  
Lee Amor  
Julie Anderson  
Paul Lovejoy  
Oona Muirhead  
John Parsonage

Barbara Hammond (minutes)  
Barbara Buczek  
Warren Ralls (item 5)  
Howard Davidson (item 6)  
Simon Brooks (item 8)  
Paul Carter (item 9)  
Diana Pogson (item 9)  
Colin Byrne  
Tim Stansfeld (item 11)  
Phil Bailey (item 12)  
Sarah Watson (item 12)  
Peter Cusdin (item 13)

**Item 1                      Welcome and apologies for absence**

- 1 Apologies were received from Dolores Byrne, Imtiaz Farookhi and Rob Anderson. Keith House and Julie Anderson joined the meeting for the afternoon session

**Item 2                      Declarations of Interest**

- 1 In respect of item 5, MKOB Area Update: Bill Wakeham in relation to the Harwell Science and Innovation Campus.
- 2 In respect of item 6, Environment Agency: Jim Brathwaite as member of the Environment Agency Board

**Item 3                      Minutes of Last Meeting (22<sup>nd</sup> July 2008)**

- 1 Pamela Charlwood asked for a change on page 5, Item 13, para 35. the penultimate sentence to read 'Pamela Charlwood added that the

Regional Skills for Productivity Alliance had met the previous week and focused on the Action Plan following the Skills Summit.'

**2 Communications**

Paul Lovejoy reported that his action to consider the communications aspects of each Board would be implemented for the next Board meeting. For this meeting the Interim Director of Communications, Isabella Szredski, gave an update on the Communications Strategy agreed at the previous Board meeting.

3 Fringe events at the Party Conferences are going well and focusing on the value SEEDA adds to business. The amount and quality of press coverage has increased with good TV and newspaper coverage. By the end of December when the permanent Communications Director will take over, the delivery of the Communications Strategy will be well under way with quick wins in place for the new team to take over.

4 Jim Brathwaite asked about morale given that the restructuring would result in an almost complete change of personnel. Paul Lovejoy confirmed that most existing team members had decided not to apply for the new posts, and said that the interim appointments had quickly won the confidence of colleagues and partners alike. Pam Alexander reminded the Board of the wider context of SEEDA's Organisational Development programme through which three major restructures have now happened: the Area Teams; the Culture, Consumers and Communities Team; and now the Communications Team. Having now completed these the Executive Board is turning its attention to plans for Year 3 of the Corporate Plan and will bring discussion of these to future Board meetings.

**5 Housing Delivery**

Oona Muirhead will report back after 25<sup>th</sup> September.

**6 Profile of Farnborough**

Jim Brathwaite reported that his visit to Seattle suggested that the profile of Farnborough was already very high in the US aerospace industry.

**7 2012 Update**

Oona Muirhead will bring this to the Board on 30<sup>th</sup> October.

**8 Women's Enterprise**

Action complete – the meeting with Sally Goodsell had taken place.

**9 Network Rail**

Action still in progress.

**10 Environment Agency**

Action complete – presentation on the agenda for this Board meeting.

- 11 **Homes and Communities Agency**  
A separate dinner has been arranged on 13<sup>th</sup> October for the Board to meet Sir Bob Kerslake, Chief Executive of the Homes and Communities Agency. Colin Byrne reported that the Regional Directors have been appointed. David Edwards moves from English Partnerships to be Regional Director for the South East. Eamonn Boyland (ex-Manchester) has been appointed Deputy Chief Executive. The Agency will go live on 1<sup>st</sup> December and a Stakeholder Event will be held on 1<sup>st</sup> October.
- 12 **RDA Funding**  
Pam Alexander updated the Board on recent Government funding decisions to address the current economic situation. £300m has been taken from the RDA single pot to pay for the recently announced housing and energy packages. English Partnerships and RDAs were reviewing regeneration schemes across all regions to assess the impact of the current downturn.
- 13 Peter Jones reported that the Department of Transport has already re-scheduled key projects in the South East.

**Item 4                      Items for Discussion**

**Item 5                      MKOB Area Update**

- 14 Oona Muirhead introduced the item and Warren Ralls, Area Director for MKOB gave a presentation updating the Board on the economy of the MKOB area and SEEDA activity in it. The MKOB area is the engine of the SE economy which is the engine of the UK economy and it is vital to delivery of the RES for it to remain successful through the current crisis. GVA per capita is 24% above the UK average across the area. SEEDA spends about 5% of its programme budget in the area, not on big regeneration projects but on key innovation and enterprise work. Key RES targets for the area are Knowledge Transfer, Research and Development, Innovation and Creativity and Natural Resources and Environment.
- 15 Alex Pratt endorsed the perspective given in the presentation and said that in his view, from the Bucks perspective, and Imtiaz Farookhi's from the Milton Keynes perspective, the Area Team restructuring had allowed SEEDA to play a much greater role in all the right discussions. He reminded the Board of the balance to be struck between investing in underperformance and investing in success, particularly in the current climate; small shifts in funding allocation can have major benefits.
- 16 Poul Christensen said that science and innovation funding is critical because we are not just facing a credit crunch but global environmental and commodity supply crises. Inward Investment is a key investment for

SEEDA too.

- 17 Jeff Alexander said that there was already much effort around Inward Investment and R+D in the MKOB area. The next big step to build on this will be Greater South East work on the Golden Triangle between Oxford, Cambridge and London.
- 18 Alex Pratt drew the Board's attention to the possible impact of the HBOS/LloydsTSB merger on the Aylesbury area. 2000 jobs there, some originally part of the old Equitable Life, may be under threat. High level engagement is needed very quickly to make the case for retaining these jobs in Aylesbury.
- 19 Pam Alexander pointed out the importance of investment in infrastructure and skills for this part of the region and so the Regional Funding Advice will be critically important to get right.
- 20 Bill Wakeham asked about the strategy for the two Science and Innovation Campuses at Harwell and Milton Keynes. Jeff Alexander and Warren Ralls explained that the Milton Keynes initiative was a virtual collaboration in its very early stages. The Harwell campus would focus on pharma, aerospace and advanced engineering. The SEEDA offer would focus on getting local businesses involved through a voucher scheme and the development of space for small businesses.

**Action:** *Item 5, MKOB Area Update*

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

**Martin Tugwell** to address MKOB infrastructure and skills needs through the Regional Funding Advice process.

## **Item 6 SEEDA response to SNR consultation**

- 21 Howard Davidson gave a presentation on Environment Agency business planning and alignment with the RES. He emphasised that excellent, groundbreaking thinking has been done which is just about to translate into transformational initiatives. This thinking must not be lost in the pressure to address the current economic situation.
- 22 His State of the Environment report noted successes and well as issues. Successes were:
  - pollution incidents are down
  - Water consumption has reduced, although the reduction is now levelling out
  - otter populations are increasing and wildlife sites are improving

- 23 Issues are:
- populations of farmland birds, water voles and salmon are down
- Although we are recycling more waste, we are also sending more to landfill
- 70% of the region's water comes from groundwater sources and it is very expensive to treat it to remove nitrates
  - Air quality issues caused by industrial processes are reducing but those caused by traffic emissions are increasing with more Air Quality Zones being established
- 24 Pressures are:
- Longer term housing growth
  - Climate change (latest UKCIP predictions are due in the Autumn) leading to more incidents of heavy rain as last summer where 150mm fell in 24 hours
  - Organised crime involvement in the dumping of waste
- 25 Until 6-7 months ago the pressures caused by economic growth were an issue. The current economic situation must not divert us from the need to invest over the long term in all types of infrastructure including sewerage, water supply, waste, water resources and green infrastructure. £42bn is needed between now and 2026.
- 26 Key projects where EA and SEEDA are collaborating are: the Zero Waste Region which now has £4.5m of funding; Shoreham; water efficiency and the Climate Change Partnership.
- 27 In discussion, Board members agreed with the picture given in the presentation and emphasised the pressures put on Local Authority budgets by increased rainfall (road surfaces) and flooding. Keith House said that deculverting of streams was now high on the agenda to tackle local flooding problems.
- 28 Keith Riley raised the importance of regulation and the need for consistent guidance from Local Authorities when new developments are proposed. On waste, his view was that we now have a solution for the economics through the Landfill Tax which makes it more cost effective for businesses to invest in ways of not sending waste to landfill. We are very close to technological solutions for diverting waste from landfill. Changing attitudes to waste reduction is still a big issue, however. There is the need for an easy to understand philosophy.

**Action:** *Item 6, Environment Agency*

**Oona Muirhead** and **Howard Davidson** to pick up the issue of consistent guidance of flood defence.

## **Item 7                      Regional Funding Advice**

- 29 Paul Lovejoy introduced Martin Tugwell's paper on the process for developing the South East Regional Funding Advice.
- 30 Pamela Charlwood emphasised the importance of skills funding, revenue as much as programme.
- 31 Phil Wood has become a member of the regional LSC Board
- 32 Sue John raised a question about the timetable given that the Board was due to sign off the final draft the day before it would be discussed by the RES Partners Conference. Paul Lovejoy assured the Board that the detail of the process was still to be agreed and there would be discussions with partners on it throughout the Autumn. Pam Alexander reported discussion at the RES Steering Group where it was agreed that the focus on the RFA should not distract attention too far from all the other sources of funding outside the RFA which could support investment in the region. The RES Partners Conference should make space for this wider discussion.

**Action:** *Item 7, Regional Funding Advice*

**Martin Tugwell** to cover skills as part of the RFA process and include LSC revenue and programme funding.

**Martin Tugwell** to ensure that the RES Partners Conference is designed to focus discussion on the wider funding context as well as RFA.

## **Item 8                      European Investment Bank**

- 33 Simon Brookes introduced himself to the Board. He is a member of the EIB Management Committee and is resident in the South East for half the time and Luxemburg for the other half. Although previously a Treasury civil servant, he neither takes nor gives instruction to the UK government. In order to give a sense of the scale of funding possible through the EIB, he referred back to Howard Davidson's presentation and said that the figure of £42bn needed to invest in environment infrastructure by 2026 did not worry him because the Bank lends about that much every year.
- 34 He emphasised the benefit of the Bank. Because it is not run for profit, it can lend at very close to the value of the loan, so making money go further. For example, it can borrow sterling at the same rate as the UK government, adding on 13 to 14 basis points to cover its costs, depending on complexity of a project. It can also work with private sector organisations to lever more money into projects. The lower limit of funding to be practical for the Bank is 25m euros.



to end in March 2009.

- 43 There will be a debate in the House of Commons at the end of October to endorse recommendations of the Modernisation Committee on Regional Select Committees. Should the region have any views on these, now is the time to lobby MPs.

**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.

**Jim Brathwaite, Paul Carter** and **Colin Byrne** to meet on the question of long-term funding for infrastructure.

**Paul Lovejoy** to consider with **Jim Brathwaite** and **Pam Alexander** SEEDA lobbying of regional MPs on Regional Select Committees

### **Items for Decision**

#### **Item 11 South East Plan – proposed changes, consultation response**

- 44 Tim Stansfeld introduced the item by giving a broad recommendation that the Board should accept the proposed modifications because the vast majority of the panel recommendations have made it into the proposed changes. The changes would support the level of development needed to deliver the RES. Tim Stansfeld's view is different from that of the Local Authorities on the infrastructure needed to support development; there are safeguards about infrastructure being in place before new housing developments are agreed. New wording requires an agreed programme for delivery being in place rather than new development being conditional upon adequate infrastructure already being in place. The new wording is more pragmatic and gives the degree of certainty sought, in his view.
- 45 The proposals for new housing at Whitehill/Bordon, Shoreham and Dover were supported.
- 46 A major proposal for an urban extension in Reading was not supported so the overall amount of new housing in the Inner SE will be slightly less than SEEDA had recommended. This was because of Environment Agency concerns about flood risk in the Kennet Valley.
- 47 There were concerns about the quality of the evidence presented on business parks and employment land. This is the reason for the early review of these aspects of the plan.
- 48 There is reference to the SEEDA Solent Waterfront Strategy and safeguarding marine sites.

- 49 Land for the second runway at Gatwick is safeguarded.
- 50 Jim Brathwaite asked whether reference was made to eco-towns. Tim Stansfeld said that there is reference made but they will be tested through further changes to the Plan at the local level. Colin Byrne said that CLG will publish a draft Planning Policy Supplement on eco-towns.
- 51 Phil Wood asked whether the accommodation between the SE Plan and the RES on numbers still applied. Pam Alexander referred the Board to the excellent line given in Tim Stansfeld's paper.
- 52 The Board **agreed** the recommendation to respond as set out in the paper.

**Item 12                      The South East Business Support Strategy**

- 53 Jeff Alexander introduced the item reminding the Board that the programme was about reducing the number of products from 3000 to fewer than 100. Mapping of Local Authority business support products is now underway.
- 54 An enhanced role for Business Links is a critical part of the programme and so a consultation paper on the future shape of Business Links in the region has been drafted to put out in advance of a procurement process to re-tender them. Business Link has not been tested competitively for 6 years and it is very important that it is given the very significant changes under way. The new contract will come into force in April 2010. The length of the procurement process is forced by the need to advertise the tender in the OJEU.
- 55 A Business Support Advisory Board has been established for the region to oversee the BSSP. Jeff Alexander has chaired the first two meetings; Alex Pratt will take over at the next meeting on 2<sup>nd</sup> October.
- 56 The Board was very concerned that consultations on business support and innovation should be carefully targeted and coordinated so as not to alienate business at this difficult time.
- 57 Phil Wood was concerned that the tender should not just be about the basics of Business Link delivery but about added value to the region and locality. He also wanted to ensure that the need to comply with equalities duties should be included in the tender.
- 58 John Peel, Bill Wakeham, Alex Pratt and Jim Brathwaite highlighted the need for the current SEEDA model of 6 local Business Links to be tested. The procurement process would test alternative models.

A number of Board members raised different aspects of quality and added value and how it would be tested through the tendering process.

- 59 John Peel was concerned that the papers did not address the issue at all. Alex Pratt wondered how to express the spirit of the current arrangement which was really about a set of 6 partnerships backed by a contract where Business Links were prepared to go beyond their brief, such as in addressing the flooding problems of summer 2007. Sue John was clear that customers would appreciate seeing the offer set out clearly but it should include environmental and energy advice as well as community and social enterprise advice. Alex Pratt said that the interesting thing was how it all bolts together: Business Links; the regional customer relationship management system; and the Innovation and Growth Teams.

The Board **agreed** the consultation process as recommended in the paper.

60

### **Item 13 Major Projects and Programmes**

#### **61 West Medina Mills and Stag Lane Highway Improvements**

Peter Cusdin presented the proposals to the Board and explained the two possible strategies for the site, both viable but one requiring the upgrade of Stag Lane. The larger option would generate more, higher quality jobs and cost SEEDA an additional £4.947m to bring the access road to the site up to a higher standard appropriate to the use.

- 62 Comment from Board members centred around the need to present stand-alone business cases for both options and to ensure that financial risk to SEEDA is minimised in the event that the Stag Lane improvements are not needed.

- 63 The Board **agreed** to the investment to upgrade Stag Lane on these terms and in such a way as to minimise write-downs.

#### **64 Ashford Special Purpose Vehicle**

Lee Amor introduced the proposal which has developed over a long period of discussion with partners and CLG and will facilitate Ashford's development as a Growth Ace, with the potential for private sector involvement. John Peel reported MPCs comments. The Board noted these and also noted that the question of any transfer of assets into the SPV would be brought to the Board as a separate matter.

- 65 The Board **agreed** the project subject to potential future liability to SEEDA being minimised and there being a transparent methodology for appointing directors.

## Papers to Note

### Item 14 Financial and Operational Review

- 66 The Board **NOTED** the report introduced by Julie Anderson. Pam Alexander emphasised the importance of the Half-year Review currently under way. Recent cuts meant that budget would have to be moved depending on spend and need.
- 67 Jim Brathwaite asked whether the underspend showing under Strategic Influencing could be used elsewhere. Paul Lovejoy explained that this related to the Strategic Regional Partnerships for which contracting was currently underway and so the spend was delayed.
- 68 Pamela Charlwood and Phil Wood raised the issue of retrospective purchase orders given as members of the Audit Committee. Both felt that serious action would need to be taken with the Committee seeing relevant staff for a full explanation if the situation did not improve. Phil Woods said that the approach to risk was a valuable improvement.
- 69 Pamela Charlwood asked for advice on the benefits of the Board meeting to be held in Brussels in December. Paul Lovejoy reminded the Board of the approach developed this year where Cabinet members from the five Directorates General most relevant to the RES have been secured for a series of parallel meetings on the afternoon before the Board meeting. Board members will therefore have a very good opportunity to influence directly into Commissioners on South East priorities in relation to the Lisbon Agenda and will be able to reflect on discussions at their dinner before discussing and agreeing the region's Europe Action Plan at the Board meeting the following day.

**Action:** *Item 14, Financial and Operational Review*

**Julie Anderson** to bring the Half-year Review recommendations to the next Board meeting.

**Julie Anderson** to keep Audit Committee members updated on Retrospective Purchase Orders and agree action if the situation does not improve.

**Paul Lovejoy** to circulate the business case for the Board meeting in Brussels.

### Item 15 Projects

- 70 The Board **NOTED** the report introduced by Julie Anderson. A number of Board members raised questions about the appropriateness of such a broad range of projects, especially in current circumstances. Pam Alexander suggested that it would be useful to relate projects to regular updates to Board on progress in delivering the outcomes and

outputs agreed for each Programme in the Corporate Plan.

**Action: *Item 15, Projects***

**Julie Anderson** to develop a new approach to updating Board on progress with Programmes.

**Item 16                      Chairman's Report**

- 71 The Board **NOTED** the Chairman's report.
- 72 His visit to the West Coast of the US had been very instructive in the impressive business and partnerships models being developed at State level to address environmental problems, particularly waste.

**Item 17                      Agency Report**

- 73 The Board **NOTED** the Agency Report.
- 74 Pam Alexander introduced the report. She advised the Board that SEEDA was preparing advice for BERR on Norman Baker MP's formal request for an enquiry following allegations in the Argus in August concerning the Chairman.
- 75 The Board expressed its serious concerns at the £300m cut to SEEDA's Single Pot. It could not understand why money meant to be for economic development had been taken away at a time when investment in economic development is so critical for long term recovery. The Chairman assured the Board that these points had been put to Ministers.
- 76 Pam Alexander updated the Board on progress with fulfilling the requirements of the Impact Evaluation Framework and on the National Audit Office enquiry into RDAs performance on regeneration.

**Item 18                      AOB**

- 77 John Peel said that he would like the next chair of the Major Projects Committee to be identified by 23<sup>rd</sup> October to provide for a handover.
- 78 Alex Pratt asked when the new Chair and Board Members would be announced. Colin Byrne said that the new Chair could not now be announced before 6<sup>th</sup> October.

**SEEDA BOARD**  
**SUMMARY OF ACTIONS**  
**18 SEPTEMBER 2008 MEETING**

**Action:** *Item 5, MKOB Area Update*

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

**Martin Tugwell** to address MKOB infrastructure and skills needs through the Regional Funding Advice process.

**Action:** *Item 6, Environment Agency*

**Oona Muirhead** and **Howard Davidson** to pick up the issue of consistent guidance of flood defence.

**Action:** *Item 7, Regional Funding Advice*

**Martin Tugwell** to cover skills as part of the RFA process and include LSC revenue and programme funding.

**Martin Tugwell** to ensure that the RES Partners Conference is designed to focus discussion on the wider funding context as well as RFA.

**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.

**Jim Brathwaite**, **Paul Carter** and **Colin Byrne** to meet on the question of long-term funding for infrastructure.

**Paul Lovejoy** to consider with **Jim Brathwaite** and **Pam Alexander** SEEDA lobbying of regional MPs on Regional Select Committees

**Action:** *Item 14, Financial and Operational Review*

**Julie Anderson** to bring the Half-year Review recommendations to the next Board meeting.

**Julie Anderson** to keep Audit Committee members updated on Retrospective Purchase Orders and agree action if the situation does not improve.

**Paul Lovejoy** to circulate the business case for the Board meeting in Brussels.

**Action:** *Item 15, Projects*

**Julie Anderson** to develop a new approach to updating Board on progress with Programmes.

#### **22 JULY 2008 MEETING**

**Communications:** in hand

**Housing Delivery:**

**Oona Muirhead** to update the Board after 25<sup>th</sup> September meeting.

#### **19 JUNE 2008 MEETING**

**Action:** *Item 2, Matters Arising*

**Oona Muirhead** to bring an update on 2012 to the Board.

*Set for 30<sup>th</sup> October Board meeting.*

#### **20 MARCH 2008 MEETING**

**Action:** *Item 4, Regional Minister*

**Jim Brathwaite** to organise a strategic meeting with Network Rail.

*In progress. Keith House to facilitate.*

**Action:** *Items 5&6, Culture South East & Tourism South East*

**Oona Muirhead** to bring a presentation to a future Board meeting about the impact and opportunities around the 2012 Games, encompassing the range of issues including culture and tourism.

*Set for 30<sup>th</sup> October Board meeting.*